



Founders Advisors Early Education M&A Update Q3 2023



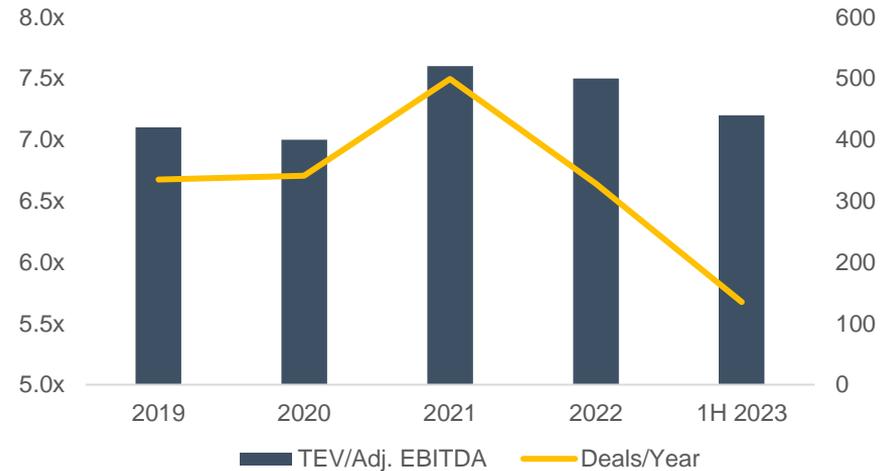
Early Education M&A Overview

Founders Advisors Commentary

Our team is pleased to share this curated collection of data with our friends in the early education industry. In this report, you will find a collection of macro economic trends, the latest early education valuations, and alerts about major recent transactions. We hope this information proves valuable. Let us know how we can help you.

– Nathan Kelly, Director

Average Middle Market Multiples and Deal Volume



Source: GF Data

What We Are Reading



[Bright Horizons Family Solutions: A Promising Outlook](#)



[America Is About to Fall Off a Child Care Cliff](#)



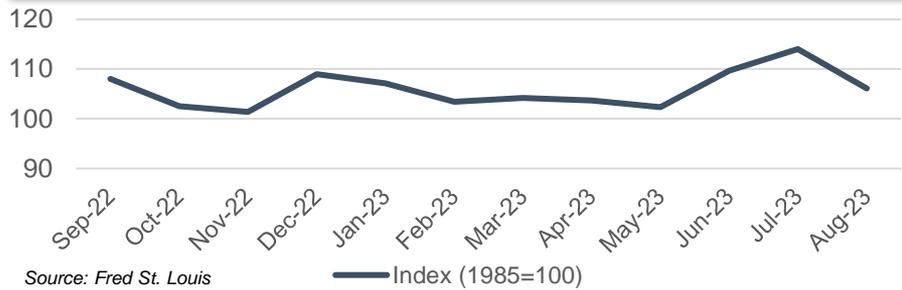
[White House Rule to Bring Childcare Costs Down](#)

Seller	Acquirer	Date
<p>Imagination Station Child Care and Preschool</p>	<p>Busy Bees 4 years of child beginnings</p>	Nov 2022
<p>little BIGminds Spanish Immersion Preschool</p>	<p>Cadence EDUCATION</p>	Aug 2022
<p>Cranfield Academy</p>	<p>ENDEAVOR SCHOOLS</p>	Jul 2022

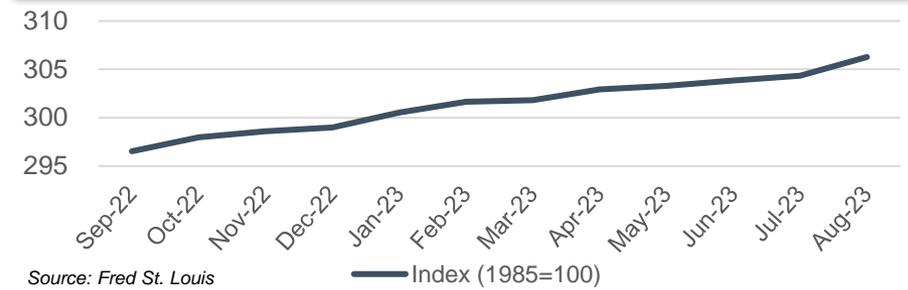


Consumer Macroeconomics

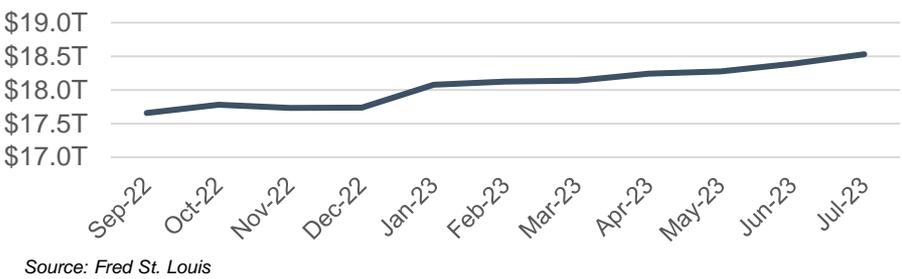
Consumer Confidence



Consumer Price Index



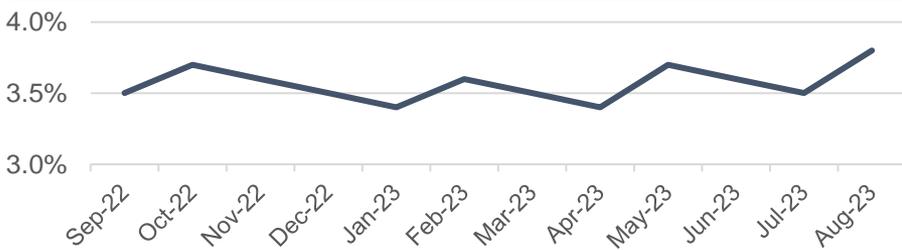
Consumer Spending



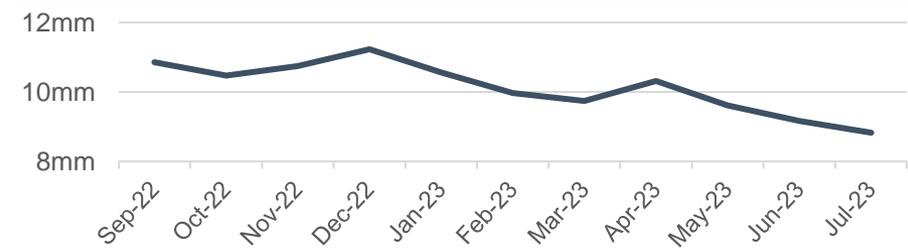
Gross Domestic Product Growth



Unemployment Rate



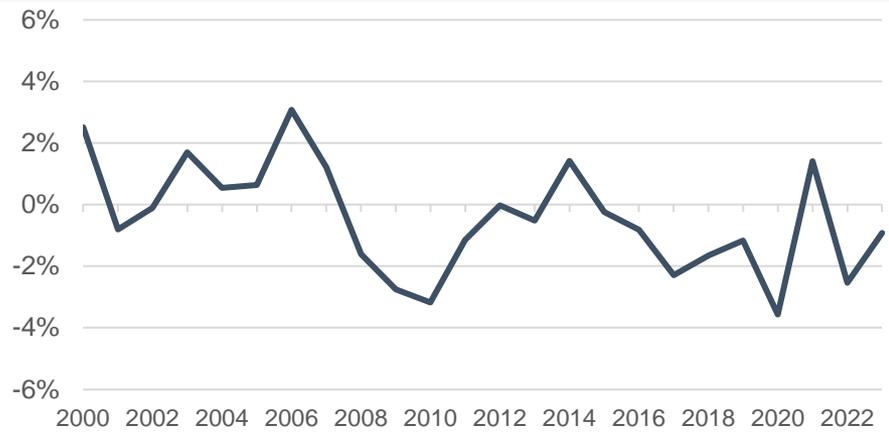
Job Openings





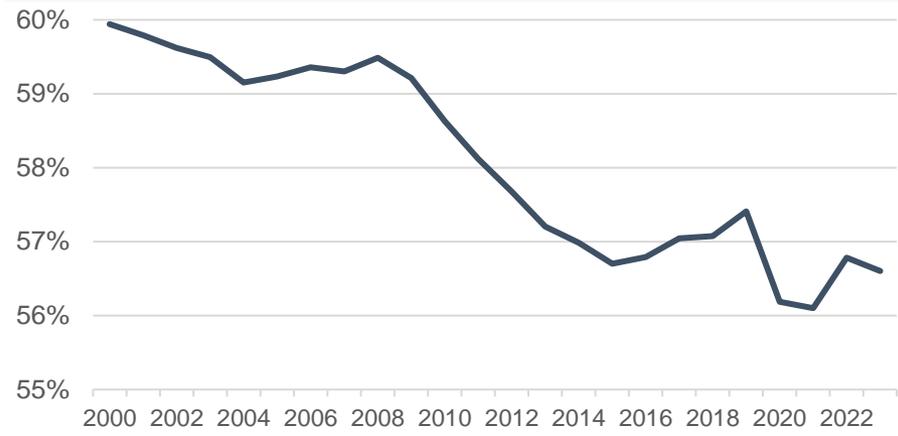
Early Education Macroeconomics

Change in # of Births



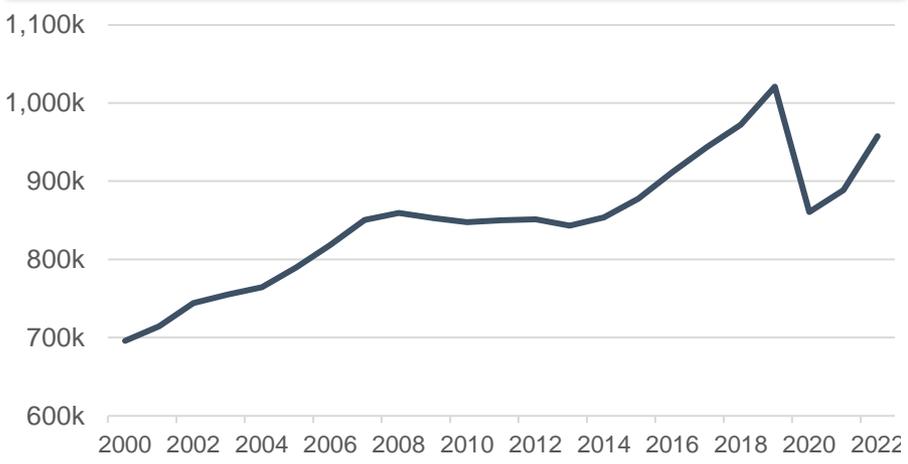
Source: IBIS World

Labor Participation Rate of Women



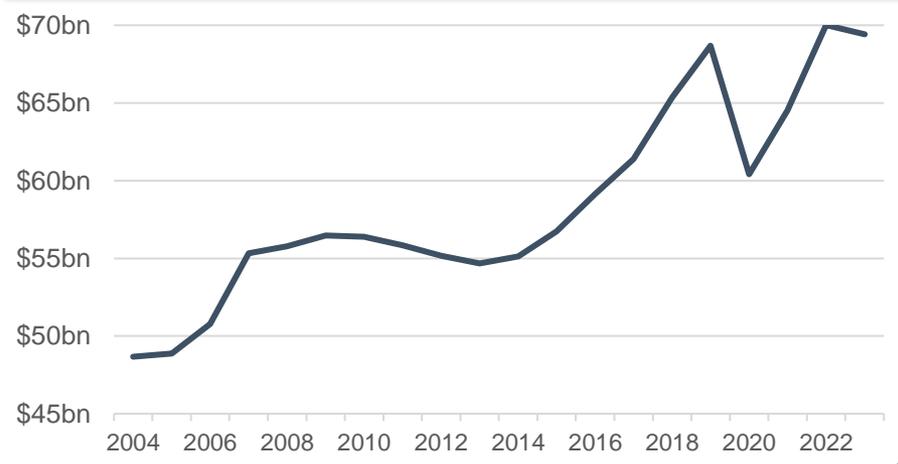
Source: IBIS World

of Childcare Employees



Source: IBIS World

Childcare Industry Revenue



Source: IBIS World



Public Comp: Bright Horizons Valuation

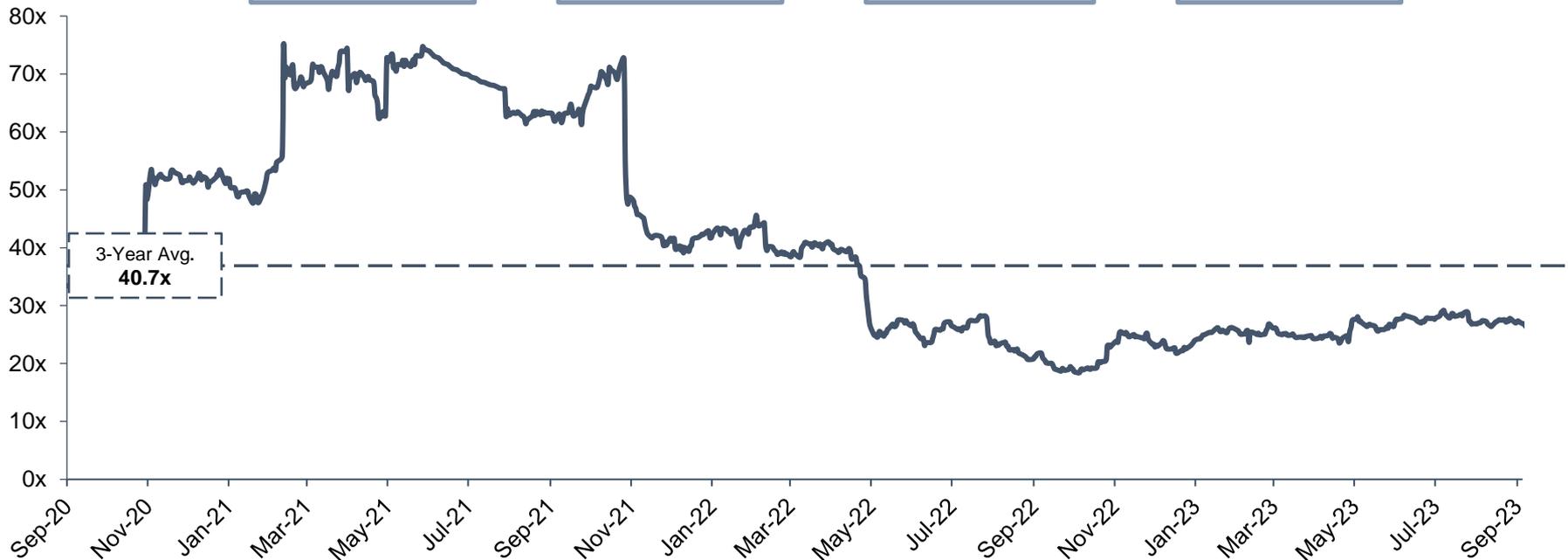
Enterprise Value (EV) / EBITDA

EV / EBITDA
3-Year Avg.
40.7x EBITDA

Current Valuation
Relative to 3-Year
Avg.
66%

3-Year CAGR
-5.4%

Current Avg. Public
Comp Multiple
25.9x



Excerpt from Earnings Call About M&A Activity

"We are making selective investments, both in the existing business to refurbish and portion of the center portfolio that we have and also to invest in new centers...We continue to look for quality acquisitions to round out our growth strategy. And so are executing on some of those this year. So there will be some capital deployment for that in the interval between now and the end of the year when we have the deferred payment due. But at this -- we're not looking at share buyback in the near term." - Elizabeth J. Boland, CFO



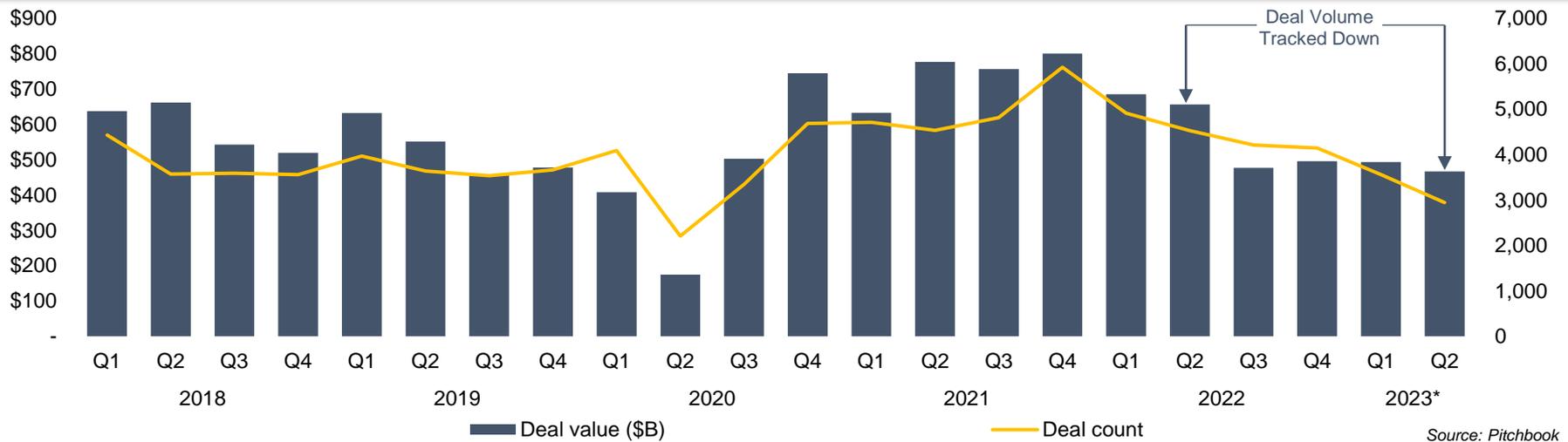
Relevant Recent Early Education Transactions

Seller	Acquirer	Date	State	Description of Seller
Undisclosed Seller	Undisclosed Acquirer	Q4 2023	AL	Operator of childcare and preschool program with two campuses in the United States.
		Nov. 14, 2022	NY	Operator of a child care and preschool intended to give every child a head start as they prepare for school.
		Aug. 30, 2022	AZ	Operator of a chain of pre-schools intended to offer primary education to children.
		Jul. 21, 2022	NC	Operator of schools based in the Raleigh, North Carolina area.
		Jul. 21, 2022	DE	Provider of child care services for all emergency personnel and essential staff.
		Jul. 11, 2022	MI	Provider of early childhood care and educational services for children aged of six weeks to ten years.
		Jun. 30, 2022	PA	Operator of childcare schools intended to make children's life successful.
		Jun. 28, 2022	MD	Operator of a private school based in Baltimore, Maryland.
		Feb. 17, 2022	NJ	Provider of child care and education service intended to meet the needs of working parents.
		Feb. 4, 2022	CA	Operator of Non-Public School intended to serve individuals with developmental disorders.
		Jan. 25, 2022	MN	Operator of a learning center intended for preschool education and kids.
		Nov. 3, 2022	AZ	Operator of a child development center intended to serve children through preschool and kindergarten in East Mesa.



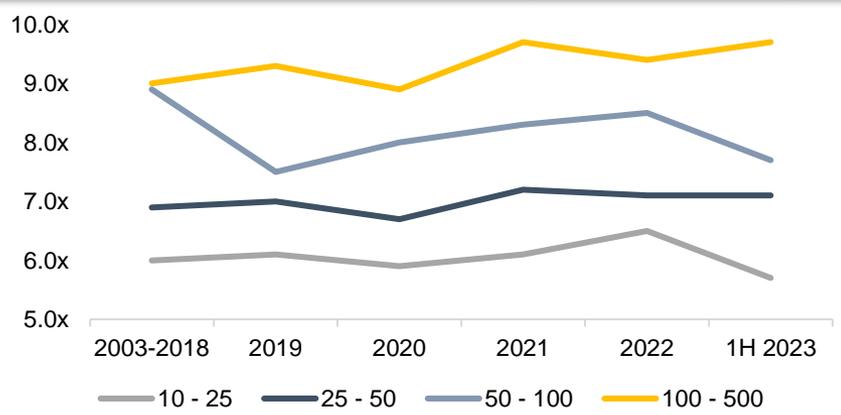
Global M&A Overview

Global Deal Activity has Slowed Amid Macroeconomic Conditions



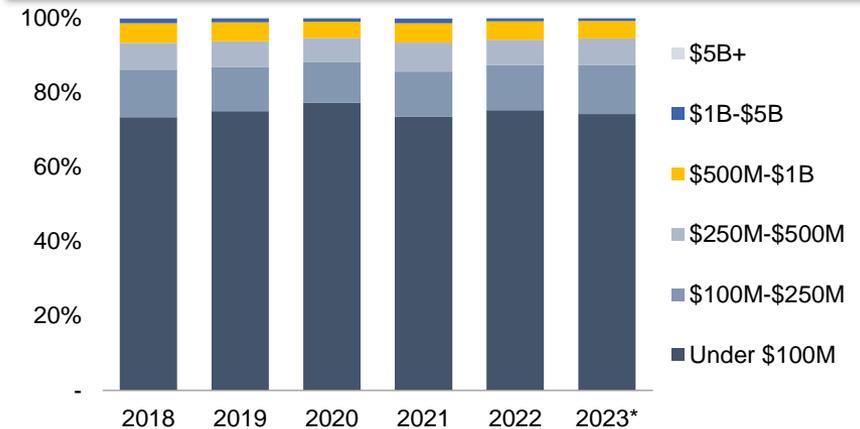
Source: Pitchbook

Lower Middle Market EBITDA Multiples Remain Strong



Source: GF Data

Deals Under \$500MM Dominate Deal Volumes



Source: Pitchbook



Early Education Buyer Universe

Strategic Buyers



(The Gardner School)



(Busy Bees)



(Bright Horizons)



(Big Blue Marble Academy)



(Cadence Education)



(Endeavor Schools)



(O2B Kids)



(Learning Care Group)



(Learn Behavioral)



(Early Learning Academies)

Private Equity Groups



(Quad Partners)



(Clear Capital Partners)



(Leeds Equity Partners)



(CIP Capital)



(Education Growth Partners)



(Elmsey Capital)



(Vista Equity Partners)



(LLR Partners)



(Roark Capital Group)



(Golden Gate Capital)



(Sycamore Partners)



Brands Y'all Consumer Summit: For Operators

FOUNDERS
ADVISORS



The Founders Advisors team is excited to share the dates of our 2024 event for owners of consumer-focused businesses. Brands Y'all offers founder/owners an opportunity to learn from industry leaders and network with like-minded entrepreneurs in a fun and relaxing environment. Our past guests rated our previous events among their all-time favorites.

Brands Y'all Consumer Summit is scheduled for April 22nd – April 24th, 2024 and will be held at Ross Bridge Resort & Spa in Birmingham, Alabama.

Join our Waitlist [HERE](#)



Founders Advisors Consumer Team

Founders Early Education Sector Coverage Leader

Select Transactions

DIRECTOR



Nathan Kelly

Nathan Kelly, Director of the Founders Advisors Consumer Group, is an experienced advisor to founder-based early education companies. Nathan serves early education owners who need help finding capital for growth and for exit/succession planning. Prior to joining Founders over eight years ago, Nathan led sales and financial teams for banking, and retail companies. Nathan attended Samford University's MBA program where he finished first in his class after completing a business degree with Troy University. Nathan and his family live in Birmingham, Alabama.

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Cavalier

Current
Process



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