

McGraw Hill Seeks IPO to Tackle \$3.6B Debt, Platinum Equity Retains Control

Filing Information

- **Company:** McGraw Hill Inc.
- **CIK:** 1951070
- **Filing Type:** S-1
- **Amended Filing:** No
- **Proposed Ticker:** MH
- **Filing Date:** June 27, 2025
- **State of Incorporation:** DE
- **Industry (SIC):** MISCELLANEOUS PUBLISHING
- **Accession Number:** 0001628280-25-033247
- **Analysis Date:** July 24, 2025

Snapshot

McGraw Hill, Inc. has filed for an initial public offering (IPO) on the NYSE under the symbol "MH," representing the educational technology company's return to public markets after being owned by private equity firm Platinum Equity. The filing reveals a complex debt structure exceeding \$3.6 billion and indicates this IPO serves as a partial exit strategy for Platinum while maintaining majority control.

Company Overview

McGraw Hill is a leading educational technology and content company operating through its primary subsidiary, McGraw-Hill Education, Inc. The company provides digital learning platforms, adaptive learning systems, and educational content to institutions and individual learners.

- **McGraw Hill** - Primary educational brand
- **ALEKS** - Adaptive learning and assessment platform
- **Connect** - Digital learning platform for course management
- **Access** - Educational platform and content access system
- **Achieve3000** - Literacy and differentiated learning program
- **Sharpen** - Educational tool and platform
- **Harrison's** - Professional reference materials

McGraw Hill has established itself as a market leader across multiple educational segments, with a strategic emphasis on transforming traditional publishing through digital innovation. The company operates across both business-to-business (B2B) institutional markets and direct-to-consumer (B2C) learner channels, maintaining a global footprint with core operations concentrated in the United States while serving international markets.

Financial Structure

Debt Obligations

The company carries a significant debt load across multiple facilities:

Facility	Amount	Interest Rate	Maturity
A&E Term Loan Facility	\$1,317.0M	Variable	TBD
2022 Secured Notes	\$900.0M	5.750%	2028
2024 Secured Notes	\$650.0M	7.375%	2031
2022 Unsecured Notes	\$725.0M	8.000%	2029
A&E U.S. ABL Revolving Credit	\$265.0M	Variable	Revolving
A&E RoW ABL Revolving Credit	\$35.0M	Variable	Revolving

Total Debt Exposure: ~\$3.892 billion

In 2024, McGraw Hill undertook significant refinancing activities to optimize its capital structure, including:

- Completing major refinancing transactions in August 2024
- Issuing new secured notes and establishing fresh term loan facilities

For financial performance evaluation, the company employs key non-GAAP metrics:

- **EBITDA and Adjusted EBITDA** to measure operational profitability
- **Adjusted EBITDA Margin** for efficiency analysis
- **Adjusted Net Income (Loss)** and **Adjusted Earnings Per Share** for bottom-line performance

Management makes several standard adjustments to derive these non-GAAP figures, excluding:

- Restructuring initiatives and cost-saving measures
- Platinum Equity advisory fees (discontinued post-IPO)
- M&A-related transaction and integration expenses
- Non-cash items including intangible asset amortization and impairment charges
- Various non-recurring operational items

IPO Structure and Terms

- **Securities:** Common Stock (par value \$0.01 per share)
- **NYSE Symbol:** MH
- **Stock Structure:** Converting from dual-class to single class with stock split
- **Shares/Price Range:** Not specified in preliminary filing (TBD)

Net proceeds will be used to repay a portion of outstanding borrowings under the A&E Term Loan Facility, indicating a focus on deleveraging the balance sheet.

Underwriters:

- Goldman Sachs & Co. LLC (Lead Book-Running Manager)
- BMO Capital Markets Corp.
- J.P. Morgan Securities LLC

- Macquarie Capital (USA) Inc.
- Morgan Stanley & Co. LLC
- Deutsche Bank Securities Inc.
- UBS Securities LLC
- Robert W. Baird & Co. Incorporated
- BTIG, LLC
- Needham & Company, LLC
- Rothschild & Co US Inc.
- Stifel, Nicolaus & Company, Incorporated
- William Blair & Company, L.L.C.

McGraw Hill's management and governance structure reflects its transition to a publicly traded company while maintaining strong private equity control. The executive leadership team includes:

- **Simon Allen** serves as both CEO/President and board nominee, operating from the company's Columbus, Ohio headquarters
- **David B. Stafford, Esq.** holds the dual role of General Counsel and Corporate Secretary

The proposed Board of Directors features seven nominees combining executive leadership and Platinum Equity representation:

- **Simon Allen** (CEO/President)
- **Felicia Alvaro**
- **Nicholas Colagiovanni**
- **Brandon Crawley**
- **Jacob Kotzubei**
- **Matthew Louie**
- **Steven S. Reinemund**

The governance framework is fundamentally shaped by Platinum Equity's controlling position, which will maintain majority voting power (>50%) post-IPO through its investment vehicle PE Mav Holdings, LLC. This controlled company status carries significant structural implications, including exemptions from certain NYSE corporate governance requirements and limited board independence due to concentrated shareholder control. Platinum Equity's influence will persist through an Investor Rights Agreement that preserves its nomination rights and decision-making authority. Key governance features include the termination of Platinum's advisory agreement upon IPO completion while maintaining extended board composition rights that continue beyond the controlled company period. The ownership structure is designed to preserve Platinum's operational control, utilizing PE Mav Holdings as the primary investment vehicle while implementing a partial exit strategy that provides liquidity while retaining governance influence. The corporate hierarchy consists of McGraw Hill, Inc. (a Delaware Corporation) as the parent company with McGraw-Hill Education, Inc. serving as the principal operating subsidiary.

Risk Factors and Competitive Landscape

1. **High Leverage:** Significant debt burden requiring careful financial management
2. **Controlled Company Structure:** Limited shareholder rights and governance protections
3. **Educational Market Cyclical:** Dependence on educational spending and enrollment trends
4. **Technology Evolution:** Need for continuous platform development and innovation

Financial Risks

- **Debt Service Requirements:** Substantial interest and principal obligations
- **Refinancing Risk:** Future need to refinance or extend debt facilities
- **Cash Flow Dependency:** Requirement for consistent cash generation for debt service
- **Non-GAAP Reliance:** Extensive adjustments may obscure underlying performance
- **Educational Technology Competition:** Intense competition in digital learning platforms
- **Market Share Defense:** Need to maintain leadership positions across product categories
- **Technology Disruption:** Risk from emerging educational technologies and competitors
- **Regulatory Environment:** Potential changes in educational regulations and funding

Strategic Analysis

- **Market Leadership:** Established positions in educational technology segments
- **Brand Portfolio:** Strong collection of recognized educational brands
- **Digital Transformation:** Well-positioned for continued shift to digital learning
- **Recurring Revenue Model:** Subscription-based platforms provide revenue predictability
- **Experienced Management:** Proven leadership team with industry expertise
- **Leverage Profile:** High debt levels limit financial flexibility
- **Controlled Structure:** Governance limitations for public shareholders
- **Market Maturity:** Educational publishing facing structural headwinds
- **Execution Risk:** Need to successfully integrate and grow platform businesses

This IPO represents a calculated partial exit by Platinum Equity, enabling some liquidity while maintaining operational control. The focus on debt repayment suggests prioritizing financial stability over aggressive growth investment, which may indicate either conservative capital allocation or necessity due to leverage constraints.

Recap

McGraw Hill's IPO represents a significant development in the educational technology sector, bringing a major player back to public markets. While the company demonstrates strong market positions and a comprehensive product portfolio, investors should carefully consider the high leverage profile and controlled company structure. The success of this offering will largely depend on the company's ability to demonstrate sustainable cash flow generation, effective debt management, and continued innovation in the rapidly evolving educational technology landscape.

The focus on debt repayment with IPO proceeds suggests a mature, cash-generative business model, but also highlights the financial constraints imposed by the current capital structure. Long-term success will require balancing debt reduction with necessary technology investments to maintain competitive positioning.