



GCC Education Industry

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Glossary

School and College-age Population: Population in the age group corresponding to pre-primary, primary, secondary, and tertiary education segments based on the official entrance age and duration

K-12: This comprises the pre-primary, primary, and lower and upper secondary education segments

Pre-primary Education: This is the first stage of formal education that aims to introduce and familiarize young students with the school environment through set-ups such as nurseries and kindergarten. The minimum permissible age of entry into pre-primary institutions is 3 years

Primary Education: This level of education offers basic formal training in the areas of reading and writing as well as introduces various subjects such as mathematics and science. This stage spans six years, with enrolments beginning at 5 years of age

Secondary Education: This stage is further classified into lower secondary education and upper secondary education. Lower secondary education covers subject-oriented basic education imparted by specialized teachers. This stage spans for three years, followed by the completion of 6 years of primary education. Mandatory education in the GCC countries ends at this stage. On completion of lower secondary education, students are eligible to pursue upper secondary education that entails a sharper subject specialization. Following the upper secondary education stage, students are expected to have completed nine years of basic education. The entry-level age is usually 15 to 16 years

Tertiary Education/Higher Education: This level entails post-secondary education, higher education as well as technical and vocational training. The course curriculum is mainly theory-based and is aimed at preparing the students to pursue advanced research programs as well as professional courses such as medicine, engineering, accountancy, and architecture. Although it spans three years generally, it could extend to four or more years in cases where on-job training is part of curriculum

Technical and Vocational Education and Training (TVET): This level of education prepares students for a particular trade or occupation in fields such as engineering, accountancy, nursing, and pharmacy, amongst others

Community Schools: A type of private school run by the embassies of countries for their nationals residing in the country

Gross Enrolment Ratio (GER): This is the total enrolment at a particular education level, which is regardless of age and is expressed as a percentage of the eligible official school-age population, corresponding to the same level of education in a given school year

Pupil-Teacher Ratio: Average number of students per teacher at a given level of education, based on the number of students and teachers

Mr. Sunny Varkey, Founder and Chairman, GEMS Education answers Alpen Capital's questions on investment drivers and opportunities in the GCC Education Industry

What is your outlook on the GCC Education Industry?

"Across the region, governments are increasingly focused on investing in education and in nurturing the skills of youth, with a special focus on equipping them for the jobs of the future.

However, it is important not to have a singular, unilateral or generalised view on the GCC's education sector because each country in the region has approaches that are rooted in their ground realities.

While the fundamentals remain the same – of providing quality education to all – factors including population, distribution of wealth and demographic differences contribute to individualistic approaches by the respective governments towards education. It is heartening, however, to see that increased budgetary allocations are being made by the governments for promoting education.

In this context, my outlook for the region's education sector is indeed robust. The private sector is increasingly serving a strong role."

What are the challenges facing the Education Industry in the region?

"The principal challenge before the education sector is to provide education that is fit for the requirements of today and the future. With the region's governments gravitating towards a digital future, it is important to impart skills that enable today's digital natives – the young people – to be competent and trained for professional jobs in diverse sectors from advanced manufacturing to artificial intelligence and more.

In the school of the 21st century, engaging with ideas and wrestling with different points of view serves children better than memorising facts and working in isolation. Exposure to a broad range of topics, with opportunities to study some of these in greater depth, gives students a richer sense of their own interests and strengths. Students must collaborate and create; this requires more group work, more projects, and less lecturing in classrooms. In addition, this calls for continuous investment.

In an increasingly digital world, our children need to be taught multiple ways of thinking, unique ways of doing and the soft skills required for effective collaboration. That is why it is important to get the curriculum right; one that goes beyond the rote learning of old, and better prepares our children for the future.

Therefore, education in this region needs to keep abreast of essential updates to modern ways of working if it is to remain competitive on a global level. The private sector, with its financial strength, heritage, excellence and quality, can help address this."

What are the factors that will aid growth in this sector?

"Increased participation of the private sector is critical in driving the education agenda of the region. I believe that while governments do have and execute their mandate of delivering education, the private sector can play a significant role in taking it to the next level – and in bringing quality education that prepares students for the future.

Across the region, the private sector offers choices that are unavailable in the public sphere; and, in the tax-free Gulf States, why should it fall to governments to provide schooling for expatriates. Yes, schooling is a huge expense for many parents, but GEMS and other private school operators offer multiple price points to ease that burden. With private schools here charging as little as AED 6,000, to AED 22,000 up to even AED 100,000, parents do have a choice.

Secondly, the private sector has the inherent ability to respond rapidly to changing environment. And fewer environments are changing as rapidly as education today, driven by advances in technology and the need to prepare a whole generation for jobs that, in many cases, don't even exist today.

In addition to an increased role by the private sector, the Public Private Partnership (PPP) model can be further explored including scenarios in which the private sector adopts government schools while being publicly funded on per child basis. This may provide a solution for problems of schools that currently incur massive expenditures per pupil.

Other scenarios from the PPP world include build, operate-and-transfer models; 'charter' schools; special academies and more. There is no one-size-fits-all solution, but Arab nations need to look, long and hard, and crucially, together, at models that can be adapted and implemented with the minimum friction."

What are the recent trends in this sector?

"In addition to the recent shifts in the scope of education to inculcate digital aptitude in children, as well as to promote STEM curricula, the most significant trend is the increased acceptance of the role

that the private sector can make to achieve the vision of governments in providing quality education for all."

Mr. Alan Williamson, Director of Education, Kings Education answers Alpen Capital's questions on investment drivers and opportunities in the GCC Education Industry

What is your outlook on the GCC Education Industry?

"Education in the GCC is still very positive. We undoubtedly have some of the best schools in the world. The investment in facilities and outstanding teachers is really second to none. Some of the premium U.K. and IB schools are sector leading in the international context. Home-grown brands sit with the not for profit schools in the top academic and wider achievement and attainment league tables. The sector continues to grow, especially in Dubai and the UAE with more big name UK and international brands opening over the last few years encouraged by growth in the premium and mid-market sectors."

What are the challenges facing the Education Industry in the region?

"The major challenge facing the education worldwide is the shortage of high quality outstanding teachers. While Dubai and the UAE remains a positive area to market in terms of recruiting the best teachers from the U.K. it remains very competitive and teachers, particularly those in shortage subject areas can demand high premiums. At a time of intense competition between premium schools in Dubai, as an example, school groups have to look at 'additionality' in terms of packages."

What are the factors that will aid growth in this sector?

"Schools are looking at expansion into other areas of the Middle East. There is probably room for more growth in the premium market in Abu Dhabi and many groups are beginning to look at less developed areas for 'big name school groups' such as Saudi Arabia. In addition, some of the largest companies have branched out across curriculum and price point, especially at lower and mid-market schools."

What are the recent trends in this sector?

"Recent trends in the UAE where we have our experience and expertise is a saturation of the premium sector, especially with U.K. and IB Curriculum. Some of the big name brands and U.K. Independent Schools have joined the market at the same time and as a result have initially struggled for student numbers. The local and expatriate population have a good knowledge of strong home-grown brands such as Kings' and also the four or five historic and excellent not for profit schools. These schools are particularly strong and dominant in the secondary sector.

As a result, some of the newer schools are pitching at mid-market where the recruitment of teachers from out with the U.K. and lesser facilities allows the schools to offer an education package at a lower price point."

Mr. Nitin Kripalani, Group Chief Operating Officer and Evolve Knowledge Investments. Chief Executive Officer, Evolve Group answers Alpen Capital's questions on investment drivers and opportunities in the GCC Education Industry

What is your outlook on the GCC Education Industry?

"While the industry has become more competitive in recent years, there are still several under-served segments that present attractive opportunities for growth. We believe that the mid-market segment in UAE mainly focusing on British and International curricula present the most compelling opportunities in the medium term while opportunities are still more abundant across the various segments in the rest of the GCC."

What are the challenges facing the Education Industry in the region?

"While demand for quality schools is still robust, the UAE in general and Dubai in particular has witnessed a surge in supply. Filling up this excess capacity is one of the major challenges facing the industry. In this competitive landscape, only the fittest will survive, and many schools will either need to lift the quality of their provision or risk failure and shutting down. In addition, with rising demand for quality private education, especially in emerging markets and the opening of many new international schools, attracting quality talent will continue to be a key challenge."

What are the factors that will aid growth in this sector?

"One of the most important factors that led to the rapid growth in the private education space in Dubai was the move from public to private schools. Today, more than 90% of pupils in Dubai are registered in private schools. In many other parts of the GCC, the share of the private sector is much lower, and there is still considerable room for growth. The ability of operators to provide a high quality education provision at affordable prices will be one of the most important factors in facilitating this migration."

What are the recent trends in this sector?

"We believe the most important trend in the sector is the improvement in the quality of the education provision, especially in schools in UAE. Pupils in UAE have demonstrated improved results in international examinations such as IB, A Levels and IGCSEs, and are increasingly receiving admissions in some of the most prestigious universities globally. As a result, more parents are choosing to continue their children's education in higher years in the UAE, versus the earlier trend of sending them back to their home countries in the senior years. This will have a long term positive impact on the industry."

Mr. Clive Pierrepont, Director of Communications, Taleem UAE

"With 13 new schools opening in Dubai in September 2018, amid some delayed launches (and 10 more planned for 2019) new operators are finding it especially tough to break into the market and achieve their projected enrolments. The promised 'Land of milk and money' is certainly not what investors and operators were pledged when they first drafted their business plans. This is especially true of new, sole operators who have found it very tough to gain traction in what is seen by some as 'the most competitive market in the world'.

The exceptions to the above are the 'affordable schools' that open with large numbers. However, parents often reconsider their choice of schools in the light of first inspection reports, when some new schools struggle to gain acceptable ratings.

Many schools are up for sale or seeking the shelter of larger, more established groups, with two closing within the first year of their launch. The situation is brighter in Abu Dhabi where there is room in the market for a range of low fee schools to open. In the five other emirates, the growth of international schools is slow, with operators acutely aware that there is not, as yet, the critical mass of expats or locals that can support such large investments. Perhaps this will change in the future when there are attractive economic stimulus packages launched, similar to Abu Dhabi and Dubai to attract a more economically diverse population to these areas.

New entrants into the two major markets, in an attempt to attract hesitant parents are offering an array of 'Founders fees', scholarships and heavily discounted payments (up to 30%) for the first few years. These lower fees, along with missed admissions targets are obviously cutting deeply into the operators' financial plans and parents must be wary of the length that they are on offer, as well as keeping a close eye on the promises schools have made when first launched. We have witnessed the start of a culture among parents where they are prepared to move their children from one school to another to take advantage of these opening offers; this may be good in the short term for their pockets but not necessarily in the long term for their children's education.

The freezing of school fees in Dubai has had a considerable effect on schools' financial planning. With an average of 70% of income going to paying staff salaries and the majority of the rest going towards capital repayments and fixed costs, some schools are finding it difficult to balance their books; with only one obvious area to save expenditure.

The quality of a school never exceeds the quality of its staff and it is an increasing challenge to find affordable, highly qualified staff to recruit to schools that lack an established, impeccable reputation. With the demand for international, private schools growing globally, schools are challenged to recruit teachers from an ever-decreasing pool of qualified and experienced talent; this challenge will only become more severe in years to come. Figures from the world of Higher Education highlight the current vacant places in teacher training for Science and Maths, and the shortfall of graduates to teach these subjects could impact the UAE's drive to have all Emirati students study Physics and Maths throughout High School.

As the Dubai population shifts into new satellite, suburban developments, increasingly parents are seeking a community school to lessen travel time. In the future, there will be a demand for these smaller community schools that serve a specific residential area and complement each other on a cluster basis.

Investors and operators must look carefully at opportunities to build in these outlying areas. They must do their homework thoroughly analysing the dynamics and demographics of their proposed catchment areas.

In short the message for operators, investors and parents is 'caveat emptor' (buyer beware)."

Mr. Humayun Kabir, Chief Executive Officer, Al Omania Education Services Company SAOC

"The K-12 private education segment in Oman continues to evolve with the changing market dynamics. Parents are increasingly aware of the open, interconnected and global world their children will have to operate in. This growing awareness makes them increasingly inclined to invest in private education and give their children the best possible chance to succeed in tomorrow's world.

As parents invest more in private education, they are also demanding a higher quality product both in terms of infrastructure and quality of education. On the infrastructure side, the bar has been set higher in Oman by a number of new, state of the art, campuses that have been added in the last few years. The other area where parents are very particular is the quality of teachers employed by the school. They are very willing to move their child out of a school if they are dissatisfied with the teaching, irrespective of infrastructure or other factors.

The investment climate for private schools in Oman remains neutral at best. Tax breaks for new schools have been withdrawn. Demand is greater in the Muscat area but the land prices are high and discourage the construction of purpose built quality infrastructure. With rising interest rates, investment funding costs are also eating into the margins of operators.

Overall, the secular growth in private education in Oman will continue. The successful players will those who can provide the expected quality education whilst being consistent and cost efficient."

Mr. Rohit Walia, Chairman, Alpen Capital (ME) Limited

"After witnessing a period of rapid expansion, the GCC education sector is entering into a phase of moderate growth. Governments across the region have acknowledged the need for investing in education to develop a strong intellectual capital and boost their competitiveness on a global scale. As a result, we have seen a sizeable portions of their budgets allocated to the education sector despite the recent slowdown in economic growth. We expect the sector to continue to grow on account of a rising population coupled with the growing preference for private education. However, as the market matures, the rate of growth will be more modest as compared to what we have experienced in the past, resulting in an opportunity for consolidation across the sector."



1. Executive Summary

The GCC education sector is continuing to grow on account of rising population, high per capita income and a growing preference for private education. The prolonged correction in oil prices posed challenges for regional economies, prompting governments to undertake several initiatives to focus on fiscal consolidation through subsidy cuts and curtailing public spending. Further, regional governments also introduced measures such as Value Added Tax (VAT) to boost government receipts and reduce fiscal deficits. Despite a slowdown in economic growth, the education sector has remained a top priority for governments across the GCC as witnessed by their sizeable budgetary allocations towards this sector. Government long-term strategic initiatives and spending has played a pivotal role in strengthening the sector.

The education sector is facing intensifying competition, oversupply, high operational costs and a shortage of teachers, which, collectively is contributing to the increasing pressure on the operators across the education spectrum. To remain competitive, private players are adopting innovative and novel marketing strategies to encourage student enrolments. Despite the challenges, the GCC education sector has continued to grow at a moderate pace. Additionally, recent pick-up in oil prices is expected to bring new energy for infrastructural spending and business activities.

1.1 Scope of the Report

This report is an update to Alpen Capital's GCC Education Industry Report dated May 02, 2016. It focuses on the current state of the education industry across the GCC nations, including recent trends, growth drivers, and challenges. The report also provides an outlook of the industry until 2022 along with profiles of prominent education providers in the region.

1.2 Industry Outlook

- The total number of students in the GCC education sector is projected to reach 14.5 million in 2022, registering a CAGR of 2.3% from an estimated 12.9 million in 2017. This can be attributed to rising population base of school and college age students.
- Between 2018 and 2022 (the "forecast period"), the number of students in pre-primary and tertiary segments is expected to witness faster growth compared to the other segments. Cumulatively, the total number of students at primary and secondary segments is expected to reach at 10.9 million in 2022, accounting for over three-fourth of total students in the GCC region.
- The number of students at private schools is projected to reach 3.2 million in 2022, registering a CAGR of 4.1%. Enrolments at public schools is projected to increase at a CAGR of 1.3% to 8.8 million by 2022.
- From an estimated 9.4 million in 2017, the total number of students in Saudi Arabia is projected to grow at a CAGR of 1.8% to reach 10.3 million by 2022.
- The total number of students in UAE is projected to grow at a CAGR of 3.4%, from an estimated 1.3 million in 2017 to 1.5 million by 2022.
- The demand for schools in the GCC region is expected to increase at a CAGR of 1.9% to 36,747 by 2022, reflecting a requirement of more than 3,200 schools over the next five years, most of which is expected to open in Saudi Arabia.



1.3 Key Growth Drivers

- The GCC population is expected to reach 62 million by 2022. The school age population of K-12 education is also expected to increase to 12.1 million in 2022. Rise in the school and college-age population will continue to foster demand for education across the region, boosting enrolments during the forecasted period.
- Rising per capita income has increased the ability of the GCC population to spend on quality education.
- Increasing preference for private education is driving private school enrolments and providing attractive opportunities for private school players.
- The introduction of investor-friendly policies will augment the scale and quality of education across the region, ensuring that the investment landscape in the GCC continues to remain an attractive proposition.
- Increased participation of the private sector is playing a critical role in driving the education agenda of the region. GCC governments are actively seeking to establish public-private partnerships (PPPs) to build a sustainable ecosystem and increase private sector participation.

1.4 Key Challenges

- The decline in oil prices posed challenges for the region. GCC economies witnessed a period of consolidation during 2016 and 2017, which led to scaling back of projects and a greater focus by employers on cost rationalization amid pressures on top-line.
- The influx of international institutions and oversupply of local education providers has led to increasing competition among private operators, leading to pricing pressures and margin erosion.
- The shortage of teachers is a prominent challenge faced by the education sector. High costs of living in the GCC and rising demand for teachers in home countries continues to be a deterrent for retention of experienced personnel.
- The preference for students in the GCC to pursue higher education abroad due to limited access to reputable international institutions, coupled with the preference to gain global competencies that improve the chances of accessing employment opportunities in markets internationally, continues to pose a challenge for tertiary enrolments.

1.5 Key Trends

- Reforms and initiatives implemented by regional governments coupled with the support provided to international universities to establish a base within the region is encouraging students to pursue higher education and a career within the region.
- The regional governments have undertaken several initiatives to modernize the education system by developing smart learning programs and aligning the education curricula to global teaching standards.
- Shortage of skilled workers have increased the demand for vocational training providers.
- Competitive education markets have created a supply imbalance between the premium players and more affordable education, creating a requirement for competitors to adopt newer pricing policies and strategies to remain competitive in the market.

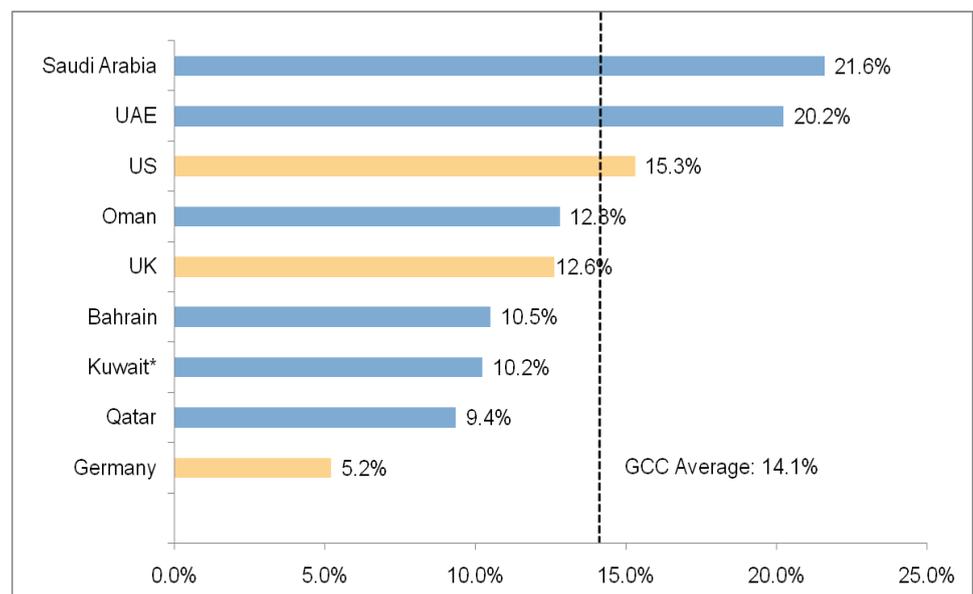
The GCC governments have opened up the education sector and introduced several favorable policies, aiding the participation of private players

2. The GCC Education Industry Overview

The GCC education sector has continued to remain a top priority for regional governments despite a slowdown in economic growth. In recent years, governments in the GCC region have undertaken a number of initiatives, most notably the introduction of favorable policies, which encourage private sector participation in the education sector. Additionally, favorable demographics (nearly 37% of the estimated population in 2017 was under 25 years of age); rising expatriate population and higher GDP per capita are also driving the demand for education in the GCC. As a result, the K-12 private education market has gained prominence over the past few years and has become an attractive opportunity for investors and school operators. This had led to a direct impact on the investments from the private sector to capitalize on government's initiatives across the region.

However, the education sector faces a number of challenges, in particular intensifying competition, oversupply, high operating costs, and a preference for students to go abroad for higher education. In order to combat these challenges, the GCC governments have promoted initiatives, such as establishing regulatory bodies and introducing teacher-training programs, to improve the quality of education.

Exhibit 1: Government Spending on Education as a % of Total Budgeted Expenditure (2018)



Source: Ministry of Finance of Saudi Arabia and Bahrain; Gulf News; Qatar News Agency; Oman Daily Observer; Kuwait Times; usgovernmentspending.com; ukpublicspending.co.uk; German Missions in the United States

Governments in the GCC region have continued to allocate sizable portions of their budget to the education sector. Saudi Arabia and UAE allocated more than 20% of their total expenditure towards the education sector (see Exhibit 1), higher than the developed nations such as the US, the UK and Germany. Saudi Arabia and UAE, were closely followed by Oman (12.8%), while government spending on education by Bahrain (10.5%), Kuwait (10.2%), and Qatar (9.4%) remained below the regional average. Average government spending on education, as a percentage of total expenditure, has declined marginally from 15.6% in 2016 to 14.1% in 2018 on account of economic slowdown witnessed across the region.

Favorable demographics, government initiatives and an influx of private school operators has led to a rise in enrolments at schools and colleges. Student enrolments across various

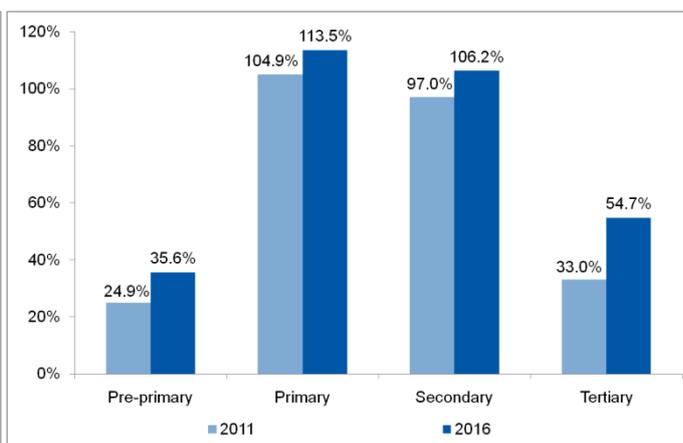
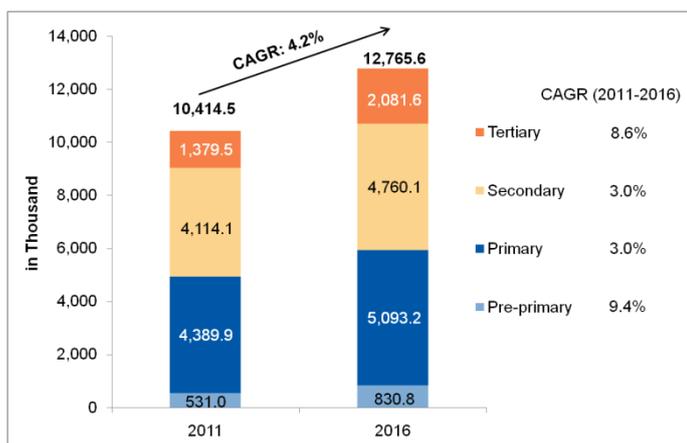
Student enrolments in the GCC crossed 12.7 million in 2016, registering a CAGR of nearly 4.2% from 2011



education segments¹ in the region crossed 12.7 million in 2016, registering a CAGR of 4.2% since 2011² (see Exhibit 2). Across the GCC, education is free for all nationals and is mandatory upto the primary level. In some member countries such as UAE, Bahrain and Kuwait, education is mandatory up to the secondary level. This has contributed to the increasing enrolments across primary and secondary segments, which accounted for approximately 77% of the total enrolments in 2016. Together, the primary and secondary segments witnessed a CAGR of 3.0% from 2011 to 2016. The tertiary segment witnessed the fastest growth in enrolments, growing at a CAGR of 8.6% between 2011 and 2016. This has been primarily driven by government initiatives, the opening of numerous colleges and universities and rising awareness of the importance of higher education.

Exhibit 2: Student Enrolments in the GCC, by Segments

Exhibit 3: GER across the GCC, by Segments



Source: UNESCO, CBS of Kuwait, MoE of Bahrain

Source: UNESCO, CBS of Kuwait, MoE of Bahrain

The GER of primary and secondary schools continued to hover above 100% in 2016

GERs have witnessed improvements across various levels of education between 2011 and 2016. The GER for the primary and secondary segment exceeded 100% in 2016, whereas GER for the tertiary segment exceeded 50% in 2016 (see Exhibit 3).

The GER for the pre-primary segment has historically remained low compared to other segments, as attending nurseries and kindergartens (KG) was not a prerequisite to enter the primary education segment. However, the segment has gained traction across the GCC, with GERs increasing to nearly 36% in 2016 from 25% in 2011. This is primarily driven by the increasing awareness of the benefits of pre-primary education and initiatives of the regional governments. For example, under its National Transformation Program (NTP) 2020, Saudi Arabia has outlined the development and expansion of nurseries and kindergarten to cover all Saudi regions³.

Aside from the pre-primary segment, the GER across all the other segments in Saudi Arabia, the region's largest education market, was well above the rest of the GCC nations in 2016, and almost comparable with GERs of other developed nations (see Exhibit 4). Amongst the GCC countries, UAE displayed the highest GER across the pre-primary segment (81.9%), followed by Kuwait (67.9%), Qatar (60.1%), Oman (57%), and Bahrain (55.3%), all exceeding the World average (49.3%) in 2016.

At the tertiary segment, Saudi Arabia outperformed its regional peers, recording GER of 66.6% in 2016, higher than the UK (59.4%) and almost at par with Germany (68.3%).

¹ In the report, the education segments comprise pre-primary, primary, secondary, and tertiary

² Source: UNESCO, Central Bureau of Statistics (CBS) of Kuwait, Ministry of Education (MoE) of Bahrain

³ Source: National Transformation Program, Saudi Vision 2030

Overall, the GER at the primary, secondary and tertiary level in the GCC outperformed or were at par with the world average in 2016. However, it underperformed in the case of pre-primary education.

Exhibit 4: GER in the GCC and certain Developed Nations (2016)

Parameters	Pre-primary	Primary	Secondary	Tertiary
Bahrain	55.3%	101.1%	103.9%	46.6%
Kuwait	67.9%	100.6%	93.6%	27.0%
Oman	57.0%	108.6%	107.1%	44.6%
Qatar	60.1%	103.7%	92.5%	15.4%
Saudi Arabia	25.0%	116.2%	109.3%	66.6%
UAE	81.9%	110.9%	95.8%	36.9%
GCC	35.6%	113.5%	106.2%	54.7%
World (2016)	49.3%	104.1%	76.8%	37.5%
Germany (2016)	108.5%	103.0%	101.9%	68.3%
UK (2016)	110.9%	101.4%	152.2%	59.4%
US (2016)	71.94%	101.4%	98.7%	88.9%

Source: UNESCO, CBS of Kuwait, MoE of Bahrain, Global Competitiveness Report

Given its expanding population base, Saudi Arabia accounted for nearly three-fourth of the total enrolments in the region in 2016⁴ (see Exhibit 5). However, the nation witnessed a marginal drop in its share of enrolment compared to 2011. This trend was mirrored in Oman, Kuwait and Bahrain, while the UAE and Qatar witnessed increasing enrolments due to the increasing number of expatriates and school-age population. Between 2011 and 2016, Qatar and UAE accounted for the highest annual growth in enrolment rates, while Kuwait recorded the lowest (see Exhibit 6).

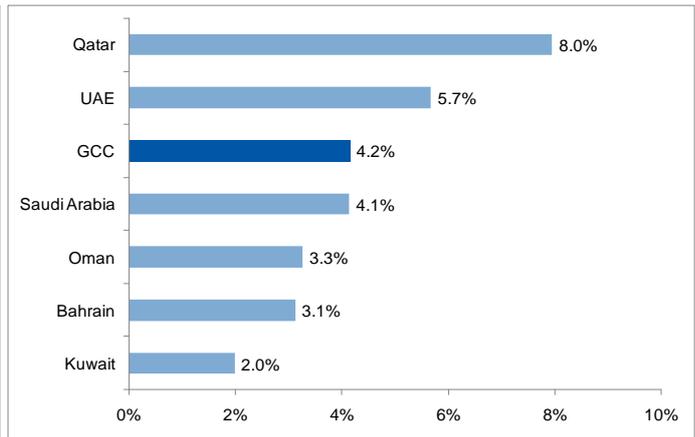
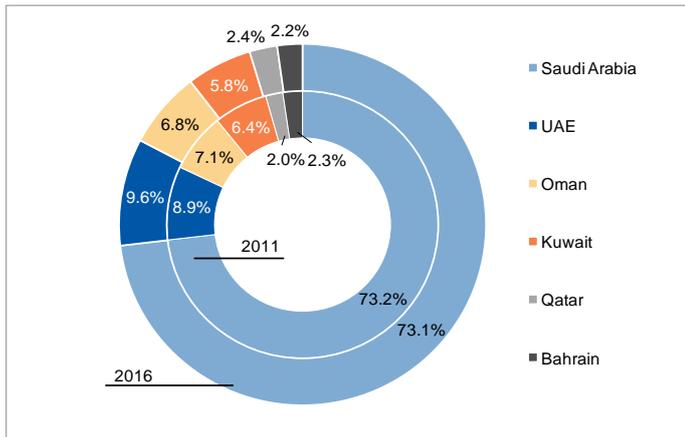
The British, American, and International Baccalaureate (IB) curricula have fast gained prominence across the region on the back of an increasing preference for private schools. Consequently, a large pool of international schools and private schools offering international curricula have established their presence in the GCC to cater to the wide opportunities in the region, further underlining the government's thrust towards improving academics and opening up of the sector for private participants.

Saudi Arabia accounted for nearly three-fourth of the total enrolments in the region in 2016

⁴ Source: UNESCO, CBS of Kuwait



Exhibit 5: Composition of Student Enrolments, by Country Exhibit 6: Student Enrolments Growth (CAGR: 2011-2016)



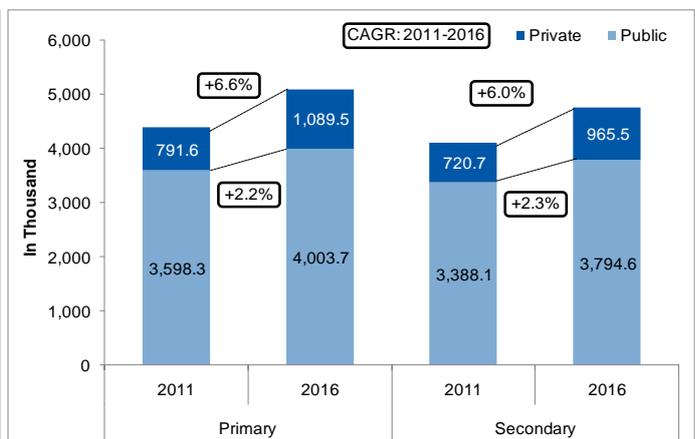
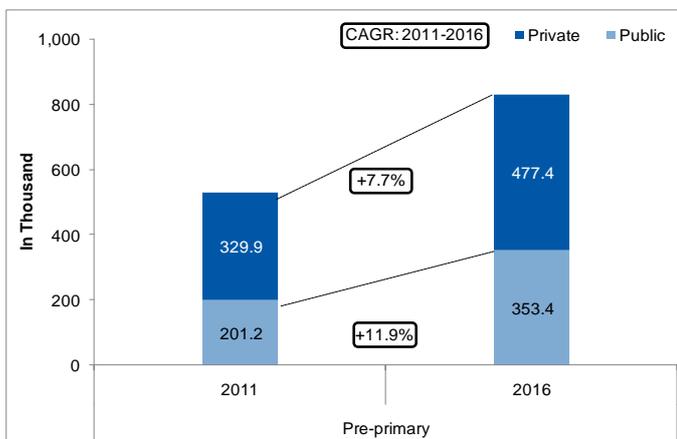
Source: UNESCO, CBS of Kuwait, MoE of Bahrain

Source: UNESCO, CBS of Kuwait, MoE of Bahrain

While the public sector enrolments grew at a CAGR of 2.5%, the private sector propelled at a much faster CAGR of 6.6%

Within the GCC K-12 education system, public schools accounted for approximately 64% of the total enrolments in 2016, a reduction from 69% in 2011. The highest rate of public enrolments were witnessed in the primary and secondary segments, which cumulatively accounted for 73% of the total K-12 enrolments⁵. While public sector enrolments grew at a CAGR of 2.5% between 2011 to 2016 to 8.1 million, the private sector witnessed a much faster CAGR of 6.6% between 2011 and 2016 to reach 2.5 million, conveying the rising preference towards private education. Enrolments at private pre-primary schools grew at a CAGR of 7.7% from 2011-2016, whereas those at the primary and secondary private schools registered a CAGR of 6.6% and 6.0%, respectively (see Exhibit 7). Pre-primary is the only segment in the K-12 education system where the share of the private sector exceeds 50%, as it is dominated by expatriate students.

Exhibit 7: Student Enrolments in K-12 Education, by Type of Institution



Source: UNESCO, CBS of Kuwait

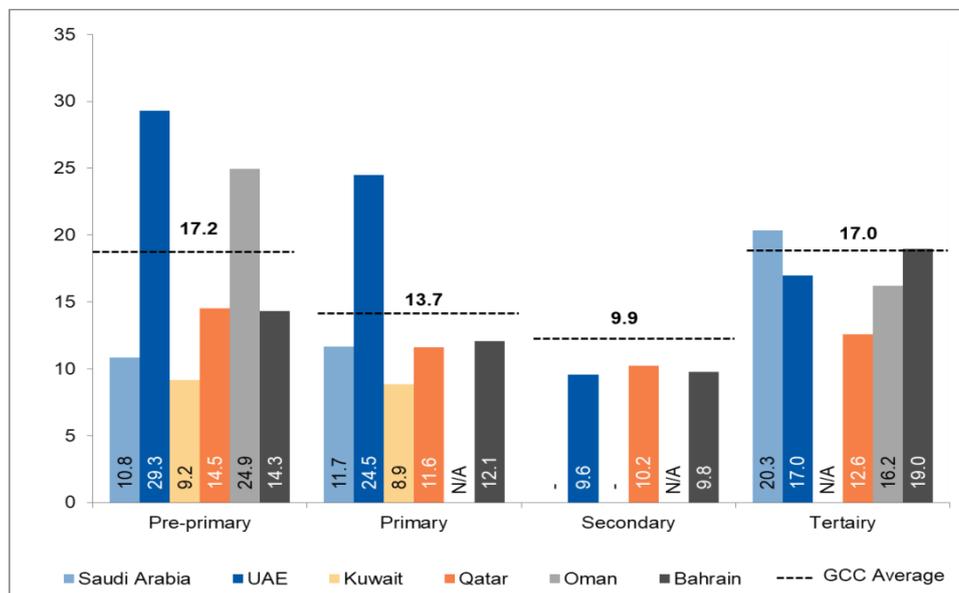
Despite the rapid development of education services, the region faces a shortage of teachers

Despite the rapid development of education services and infrastructure, the GCC region faces a shortage of teachers. Although the region has a lower pupil-teacher ratio of 17 compared to the world average of 23.7, the countries face a challenge in recruiting and retaining highly qualified teachers. To cope with the increase in population, it is estimated that at least 14,000 teachers will be required in the UAE over the next 5 years, with an

⁵ Source: UNESCO, CBS of Kuwait

additional 180,000 in Saudi Arabia by 2030⁶. As a result, the knowledge level and skill set among students in the region is still relatively lower compared to the developed countries. To address these growing challenges, governments and private players have started conducting teacher-training programs to augment the workforce, and align the offerings with global standards.

Exhibit 8: Pupil to Teacher Ratio in the GCC (2016)



Source: UNESCO, CBS of Kuwait

Source: Note: The latest ratio at the primary and secondary schools in Oman and that at the tertiary segment of Kuwait is not available

Quality of Education

The GCC education sector has witnessed improvements across the provision of its educational services and improving the quality of education remains the top priority of the governments. Several initiatives have been taken during the past few years such as establishing quality assurance authorities, building guidelines, and encouraging technology-driven education, among others, which have combined to display improvements across the quality of education. Based on the Global Competitiveness Report 2017-2018 published by World Economic Forum (WEF), Qatar and the UAE lead their GCC counterparts based on the quality of primary education, ranking 10th and 16th on the global scale, respectively. However, Saudi Arabia, Oman, and Kuwait are ranked much lower than their regional counterparts (see Exhibit 9).

Qatar and UAE lead their GCC counterparts based on the quality of primary education

⁶ Source: Is education still a good business in the GCC?; Marmore MENA Intelligence



Exhibit 9: Country Rating – Quality of Education

Parameters	Saudi Arabia	UAE	Oman	Kuwait	Qatar	Bahrain
Quality of primary education	63	16	78	104	10	34
Quality of the education system (higher education and training)	41	12	75	89	5	24
Quality of math and science education	63	13	84	106	6	31
Quality of management schools	52	15	116	111	7	34
Internet access in schools	57	13	79	88	19	36
Availability of specialized training services	67	24	113	121	22	36
Extent of staff training	63	15	48	86	14	28

Source: The Global Competitiveness Report 2017-2018 – WEF

Note: A group of 140 countries was considered for this assessment

2.1 The Saudi Arabian Education Sector

The Saudi Arabian economy is projected to expand in 2018 with a 2.2% increase in GDP mainly due to a recovery in oil prices and higher public spending. Additionally, with the improvement in government balances, growth is projected to rise to 2.4% in 2019⁷. The country's inflation is projected at 2.6% in 2018⁸ due to introduction of the value-added tax (VAT) and is likely to stabilize to 2.1% by 2019. The fiscal deficit is expected to narrow to 4.6% of GDP in 2018 and further to 1.7% of GDP in 2019, while the current account balance is expected to be in a surplus of 9.3% of GDP in 2018 on account of an increase in oil export revenues and subdued remittance outflows⁹.

Saudi Arabia has been moving towards a knowledge-based economy by bringing about regulatory reforms, change in the teaching methods, and investing in its education infrastructure. The country's education sector is the largest within the GCC, with more than 37,000 schools, 25 public universities, 500 colleges, more than 65 private colleges, and several technical colleges¹⁰. However, the sector is relatively undeveloped, with a small presence of international schools. The country offers significant opportunities for private sector growth considering the rising awareness of education amongst nationals.

Market Framework

Saudi Arabia's education system offers education through state run as well as private schools. Pre-primary education is not a prerequisite in the country for entering primary schools and is at the discretion of the parents. Primary education which starts from 6 years is mandatory for every student, is followed by intermediate and secondary education lasting 3 years each. Education in Saudi Arabia is free at all K-12 educational levels in public schools¹¹. In 2012, the government removed the restriction of nationals joining private schools, resulting in a significant increase in the demand for private schools.

Regulatory Framework

⁷ Source: IMF, October 2018

⁸ Source: IMF, World Bank

⁹ Source: IMF, World Bank

¹⁰ Source: Gems and Saudi firm to invest up to \$800m in kingdom's education sector; The National, October 2018

¹¹ Source: The Saudi Arabia K-12 Education System, Saudi Arabia Education Info

Saudi Arabia, the largest education sector in GCC, has been moving towards a knowledge-based economy



The Saudi 'Vision 2030' plan includes a budget of US\$ 6.7 billion for the education sector; the NTP aims to increase the percentage of students in non-government higher education from 6% to 15%

In a bid to overhaul its education system, Saudi Arabia established the Public Education Evaluation Commission (PEEC) in 2013 to regulate and evaluate its education system. The PEEC is responsible for issuing rules, regulations, licenses, and the criteria for the evaluation of K-12 schooling. In 2015, a Royal Decree merged the Kingdom's two ministries -Ministry of Education (MoE), responsible for K-12 education, and Ministry of Higher Education (MoHE), into 'Education Ministry', which is now responsible for issuing directives for education across schools and higher education institutes¹². The decision for merging the two ministries was made to bridge the gap across the education system, improve educational outputs, and overcome obstacles in educational reforms¹³.

Moreover, in 2018, the government of Saudi Arabia approved a new organizational structure for the Education Ministry, which includes 10 agencies and 54 public administrations for achieving integrated work and to facilitate task performance. As per the new structure, boys' and girls' education agency will be integrated under the Educational Performance Agency. Further, the Ministry plans to establish a Parallel Education Agency specializing in talents, special education and qualitative initiatives, as well as Saudi Arabian schools abroad¹⁴. The Ministry is also building standard assessment tools to test teachers' proficiency in different subjects, which will be used to make improved and informed selections of teachers.

Government Spending and Initiatives

The education sector is one of the significant pillars of the Kingdom's 'Vision 2030', which seeks to achieve economic expansion and provide sustainable growth. Under its 'Vision 2030', Saudi Arabia focuses on various initiatives across healthcare, education, infrastructure, and tourism among others. Under its education initiatives, the government is encouraging private sector investment through the 'National Transformation Program' 2020 (NTP), which includes a budget of SAR 25 billion (US\$ 6.7 billion¹⁵) towards the education sector. The NTP also aims to increase the percentage of students in non-government higher education from 6% to 15% by 2020¹⁶. Moreover, in May 2015, the government of Saudi Arabia approved a five-year plan worth US\$ 21.3 billion for the construction of 1,500 nurseries, training programs for 25,000 teachers, establishing educational centres and other related projects. The Kingdom is expected to invest US\$1.6 billion in research and development during the next two years, which is expected to go towards enhancing the capacity and capability of publicly funded universities, with the aim of propelling five institutions into the top 100 of international university rankings by 2030¹⁷. Additionally, the government has recently embarked on PPP projects with the MoE, through its private investment arm Tatweer, inviting bidders for long-term concessions to design, build and maintain school facilities¹⁸. The initiative is expected to allow the MoE to dispose of more than 5,000 rented buildings that house schools. In the 2018 budget, the Saudi Arabian government allocated SAR 192 billion (US\$ 51.2 billion¹⁰), or approximately 21.6% of their total budgeted expenditure towards the education sector¹⁹. Despite a reduction in the government's allocation to the education sector from 22.8% in 2016 to 21.6% in 2018, the Kingdom continues to allocate one of the highest proportion of its budget to the education sector.

Quality of Education

¹² Source: UNESCO

¹³ Source: King Salman merges ministries to boost educational standards; Arab News, February 2015

¹⁴ Source: Saudi education minister adopts new organizational structure; Arab News, September 2018

¹⁵ At the exchange rate on September 26, 2018

¹⁶ Source: KSA Vision 2030, National Transformation Program

¹⁷ Source: Vision or Mirage in Saudi Arabia?; Inside Higher Ed, July 2018

¹⁸ Source: The Saudi educational sector: Where are the opportunities?; Arab News, September 2018

¹⁹ Source: Annual Budgets, Ministry of Finance – Saudi Arabia

Saudi Arabia ranked 63rd for its quality of primary education as per the Global Competitiveness Report 2017-2018 (see Exhibit 10), having risen one place from the previous year. In contrast to the quality of education rankings in 2015-2016, the country has improved across the quality of its math and science education and management schools, whereas the rank pertaining to staff training dropped during the same period.

Exhibit 10: Saudi Arabia Ranking – Quality of Education

Parameters	Rank (2017-2018)
Quality of primary education	63
Quality of the education system (higher education and training)	41
Quality of math and science education	63
Quality of management schools	52
Internet access in schools	57
Availability of specialized training services	67
Extent of staff training	63

Source: *The Global Competitiveness Report 2017-2018 – WEF*

Note: A group of 140 countries was considered for this assessment

Though pre-primary is not compulsory, Saudi Arabia approved a five year plan worth US\$ 21.3 billion for building 1,500 nurseries by 2020

Pre-Primary, Primary, Secondary and Tertiary Segments

More than 9.3 million students enrolled in K-12 and tertiary education in Saudi Arabia in 2016, increasing at a CAGR of 4.1% from 2011²⁰ (see Exhibit 11). The overall GER in the country stood at 87.8% in 2016, on the back of high enrolments rates witnessed across the primary, secondary, and tertiary segments.

Between 2011 to 2016, pre-primary schools witnessed an increase in student enrolments at a CAGR of 15.8%, due to the growing awareness among nationals regarding the importance of pre-primary education and the proposed construction of 1,500 nurseries by 2020. The GERs in Saudi Arabia's pre-primary segment, which stood at 25% in 2016, is the lowest amongst other GCC nations.

Primary and secondary schools accounted for over 94% of the student enrolments in the K-12 education system and recorded a GER of 116.2% and 109.3%, respectively, in 2016²¹. Enrolments at the primary and secondary education levels increased at a CAGR of 2.2% and 3.1%, respectively (see Exhibit 11). While the total number of K-12 enrolments recorded a CAGR of 3.2% between 2011 and 2016²², the share of K-12 enrolments to the total enrolments declined from 86.6% in 2011 to 82.6% in 2016²³.

Enrolments at the tertiary segment grew at a CAGR of 9.7% during the five-year period from 2011 to 2016, indicating a continuing inclination towards pursuing higher education. With higher education gaining greater emphasis across the country, total tertiary enrolments reached 1.6 million in 2016, up from 1.0 million witnessed in 2011. Simultaneously, the GER reached 66.6% in 2016, an increase from 40.3% in 2011²⁴. A substantial portion of the country's tertiary enrolments are within the Kingdom's 28 public universities. However, the private sector is gradually gaining traction with several universities establishing a base across the country, consequently increasing the pool of students registering for higher education.

Enrolments at the primary and secondary education levels increased at a CAGR of 2.2% and 3.1%, respectively between 2011 and 2016

²⁰ Source: UNESCO

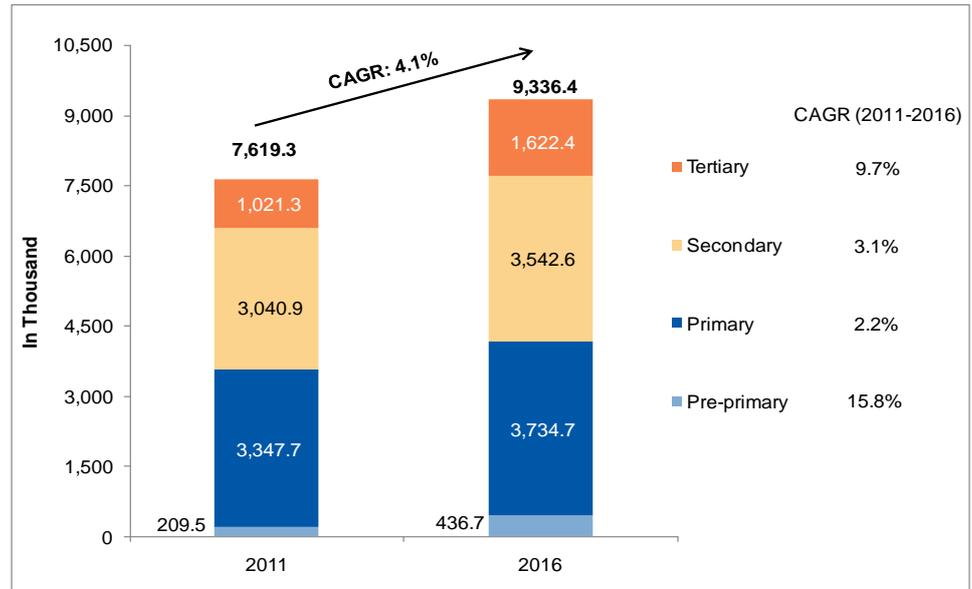
²¹ Source: UNESCO

²² Source: UNESCO

²³ Source: UNESCO

²⁴ Source: UNESCO

Exhibit 11: Student Enrolments in Saudi Arabia, by Segments



Source: UNESCO

In 2016, more than 6.6 million students were enrolled at public schools, accounting for approximately 86% of the K-12 enrolments in 2016 (see Exhibit 12)²⁵. Notably, enrolments at private schools across all education segments increased at a faster rate of approximately 6.2% CAGR (see Exhibit 13) over the last five years compared to 2.7% CAGR in public schools.

Exhibit 12: Student Enrolments in Saudi Public Schools

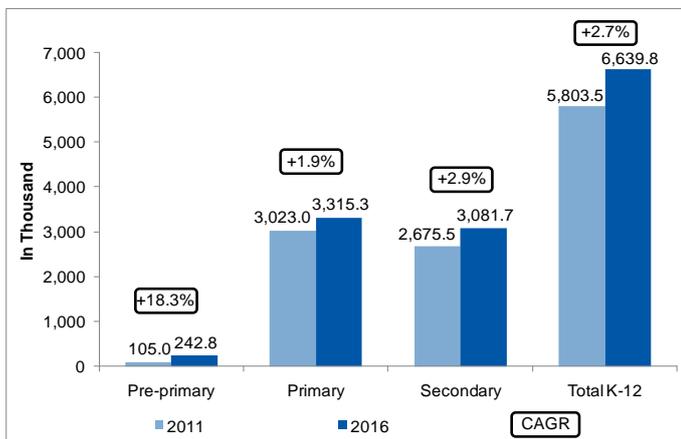
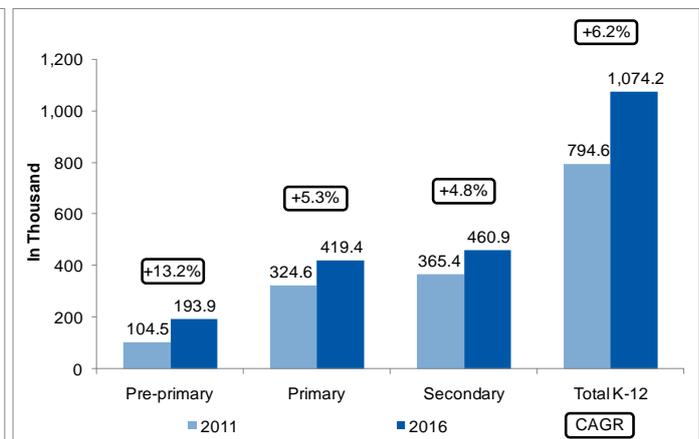


Exhibit 13: Student Enrolments in Saudi Private Schools



Source: UNESCO, CDSI

Source: UNESCO, CDSI

The number of private schools in Saudi Arabia have grown at a CAGR of 3.2% between 2011 to 2016, while the number of public schools grew at a CAGR of 0.5% during the same period²⁶. This was primarily due to a change in regulation in 2012 permitting locals to attend private schools. The Kingdom's private school sector is expected to gain further

²⁵ Source: UNESCO

²⁶ Source: Ministry of Education, Saudi Arabia



UAE is one of the most competitive markets as it has the highest number of private schools across the region

momentum in the coming years on the back of growing preference for private education by locals. Further, the government has been encouraging private sector participation by providing funding and administrative support to share the burden of growing demand.

2.2 The UAE Education Sector

As the most diversified economy in the GCC region, UAE has transformed from an oil-based economy to an innovative, knowledge-based economy within a short time period. The economy is projected to improve in 2018 and 2019 registering a real GDP growth of 2.9% in 2018 and 3.7% in 2019²⁷. The country's inflation is projected at 3.5% in 2018 due to introduction of VAT. The fiscal deficit is expected to narrow to 1.6% of GDP in 2018 and turn into surplus in 2019, while the current account surplus is expected to exceed 7% of GDP in 2018²⁸.

The UAE is the most developed education market in the GCC region with a wide presence of private institutions. Within the UAE, Dubai and Abu Dhabi are the country's largest markets and account for approximately 47% of the total students in private K-12 schools. As the UAE government continues to invest in developing itself into a knowledge-based economy, education remains a top priority amongst its sustainable development goals and have taken several initiatives to establish the sector at par with the global standards.

Market Framework

The UAE is one of the most competitive education markets in the GCC. It follows the K-12 education system, with primary and secondary education compulsory up to grade 9 and free for nationals at public schools. The public schools in the UAE follow the Arabic curriculum wherein Arabic is the primary medium of instruction. Private schools offer various international curricula including American, British, Indian, French, German, and International Baccalaureate (IB), amongst others. Recently, the KHDA announced a change in entry age for students in pre-primary. Children pursuing pre-primary in curriculums starting in April should be 3 years-old by the 31st of July, while children pursuing pre-primary in curriculums starting in September should be 3 years-old by the 31st of December²⁹. The higher education institutions offer a broad range of programs and is free for the Emiratis in public institutions³⁰.

Regulatory Framework

The Ministry of Education (MoE) oversees all Emirates' education councils and authorities. It handles all stages of education in the UAE including schools, colleges, universities and post-graduation programmes. The Ministry supervises both public and private schools and is responsible for education policies and reforms. The MoE is also responsible for setting up the overall guidelines for private schools³¹. The Abu Dhabi Education Council (ADEC) manages the sector in Abu Dhabi, and the Knowledge and Human Development Authority (KHDA) and Dubai Education Council (DEC) are collectively responsible for Dubai. ADEC is responsible for supervising, regulating and developing initiatives for both public and private schools in Abu Dhabi. In Dubai, KHDA conducts evaluations and inspections of schools and is responsible for the growth and quality of private education. On the other hand, DEC focuses on improving the educational standards that enhance and support the development of the sector. In Dubai, schools are inspected by the KHDA on an annual basis and are graded into various categories, i.e. Outstanding, Good, Very Good,

²⁷ Source: IMF, October 2018

²⁸ Source: IMF, World Bank

²⁹ Source: Enrolling in a School, KHDA

³⁰ Source: The Education System in the UAE- An Overview; Emirates NBD

³¹ Source: Regulatory authorities of K-12 education; Government.ae



Dubai leads the world for international schools by city with 276, while Abu Dhabi comes in third place with 154 schools

Acceptable, Weak, and Very Weak. Based on the KHDA grading and Education Cost Index (ECI), fee hikes for schools are regulated. However, all private schools can increase their fees based on their individual grades and the ECI.

Higher education in the UAE is governed by the Ministry of Higher Education and Scientific Research (MoHESR). It is responsible for the general planning of higher education and scientific research, licensing private institutions, accrediting their programs and overseeing their quality standards. In 2016, the MoHESR was merged into the MoE³².

Government Spending and Initiatives

The UAE's prioritization for expanding the education sector is accelerating the development towards a diversified knowledge-based economy as per the government's Vision 2021 national agenda. This is evident in the government's budget allocation in 2018, which reached AED 10.4 billion (US\$ 2.83 billion), approximately 20.2% of its total expenditure. Despite a reduction in the government's allocation to the education sector from 21.2% in 2016 to 20.2% in 2018, the budgetary allocation of the UAE ranks higher in comparison to other developed nations such as the UK and Germany. The UAE government's Vision 2021 focuses on creating a knowledge based economy and further reducing the dependence on oil. The local governments have also been actively promoting education through long-term strategic initiatives. For example, under the Abu Dhabi Economic Vision 2030, the government aims to improve the quality of education through better infrastructure and by aligning the quality of higher offered with the requirements of the employment market and socio-economic needs³³. Additionally, the UAE government has implemented various initiatives to standardize public and private schools' educational models in line with global standards. In terms of higher education, the government is constantly focusing on improving quality of education through national standards program that includes standardizing academic requirements to develop a higher-quality education system³⁴.

Quality of Education

UAE is among the leading providers of education services in the GCC. The private education sector has evolved in the country with the influx of international institutions, with a greater demand for various curricula. Further, population diversity within the expatriate community has pushed the private sector to offer a diversified range of curricula. In the 2017-2018 Global Competitiveness Report, UAE ranked 12th and 16th, respectively, based on the parameters of quality of its higher education and training, and primary education (see Exhibit 14). The expansion and integration of e-learning programmes has enabled the country to rank 13th for the provision of internet access at schools.

³² Source: Regulatory authorities of higher education, Government.ae

³³ Source: Department of Education and Knowledge, ADEK

³⁴ Source: Full list of UAE government initiatives; The National, September 2017



Exhibit 14: UAE Ranking – Quality of Education

Parameters	Rank (2017-2018)
Quality of primary education	16
Quality of the education system (higher education and training)	12
Quality of math and science education	13
Quality of management schools	15
Internet access in schools	13
Availability of specialized training services	24
Extent of staff training	15

Source: *The Global Competitiveness Report 2017-2018 – WEF*

Note: A group of 140 countries was considered for this assessment

Pre-Primary, Primary, Secondary and Tertiary Segments

In 2016, more than 1.2 million students enrolled in K-12 and tertiary education in the UAE, increasing at a CAGR of 5.7% from 2011³⁵ (see Exhibit 15). The overall GER in the country stood at 81.3% in 2016, driven by the high enrolments rates witnessed across K-12 education segments.

Between 2011 to 2016, pre-primary school enrolments increased at a CAGR of 3.4% which was relatively slower than the other segments. The GER at pre-primary segment reached approximately 81.9% in 2016³⁶, the highest among the GCC nations.

Primary and secondary segments accounted for 85.5% of the student enrolments in the K-12 education system in 2016, registering a CAGR of 6.9% and 4.8%, respectively, during the five-year period between 2011 and 2016. The GER for the primary and secondary segments reached 110.9% and 95.8%, respectively, in 2016³⁷. While the total number of K-12 enrolments recorded a CAGR of 5.5% between 2011 and 2016³⁸, the share of K-12 enrolments to the total enrolments remained relatively unchanged from 87.8% in 2011 to 87.0% in 2016.

Enrolments at the tertiary segment grew at a comparatively faster rate of 7.0% between 2011 to 2016 to reach 159,553 students in 2016³⁹. This segment is witnessing a rise in demand with the influx of several international institutions. The GER at the tertiary segment reached 36.9% in 2016⁴⁰.

³⁵ Source: UNESCO

³⁶ Source: UNESCO

³⁷ Source: UNESCO

³⁸ Source: UNESCO

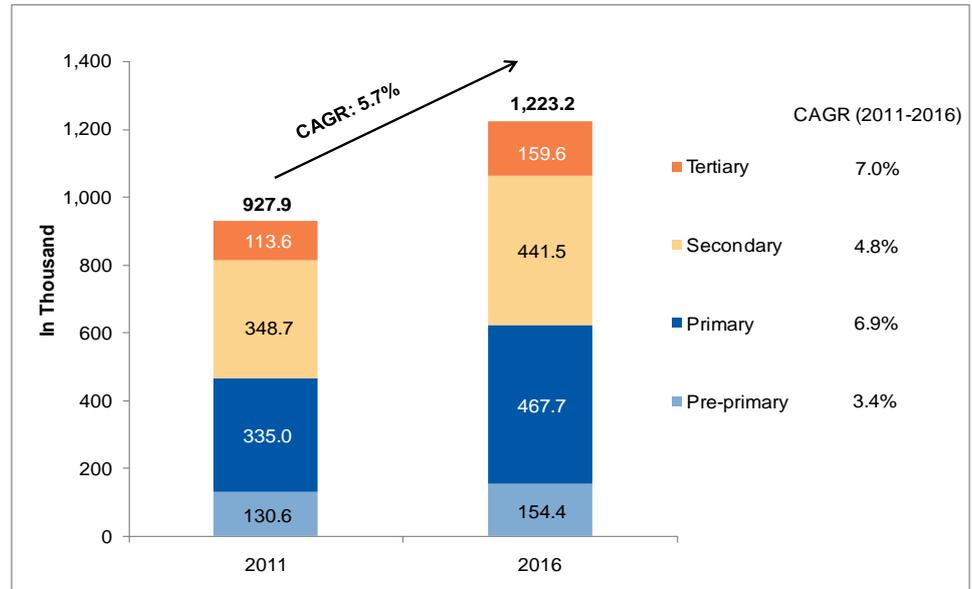
³⁹ Source: UNESCO

⁴⁰ Source: UNESCO

UAE'S primary and secondary segments accounted for 85.5% of the student enrolments in the K-12 education system in 2016, registering a CAGR of 6.9% and 4.8%,

The number of students attending private schools across the K-12 education system increased by 7% annually between 2011 and 2016

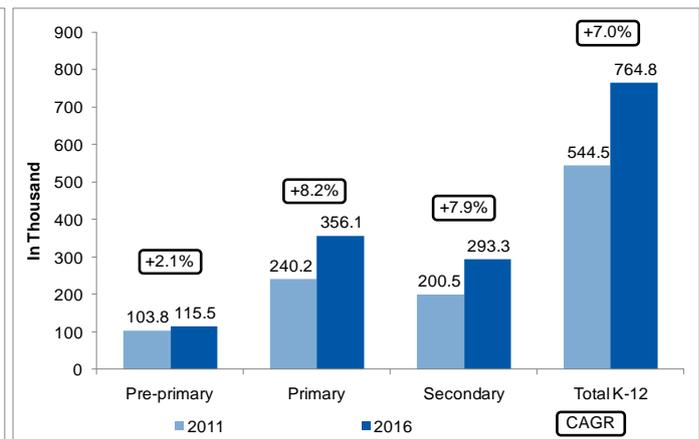
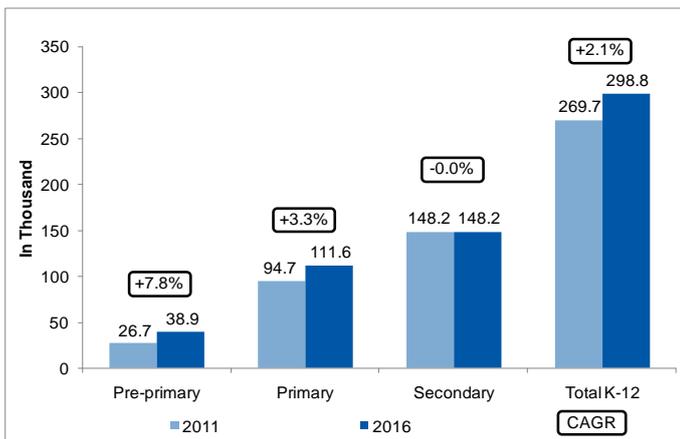
Exhibit 15: Student Enrolments in the UAE, by Segments



Source: UNESCO

The K-12 education segment in the UAE is dominated by the private sector. Approximately 90% of Dubai and Sharjah students and 65% of Abu Dhabi students are currently enrolled in private schools⁴¹. The number of students attending private schools across the K-12 education system increased by a CAGR of approximately 7.0% between 2011 and 2016, faster than the public schools during the same period (see Exhibits 16 and 17).

Exhibit 16: Student Enrolments in the UAE Public Schools Exhibit 17: Student Enrolments in the UAE Private Schools



Source: UNESCO

Source: UNESCO

The ease of setting up schools, coupled with favourable investment climate and growing school-age population has attracted international school operators to set up a base in the UAE. The country has 624 English-medium international schools⁴², the second highest in the world, with Dubai leading rankings for international schools by city with 281, followed

⁴¹ Source: Where To Invest Now In GCC Private Education; BCG

⁴² Source: 17 new international schools to open in UAE; Gulf News, August 2018

by Abu Dhabi with 151 schools. Overall, the number of private schools in UAE have grown at a CAGR of 3.5% between 2011 to 2016⁴³.

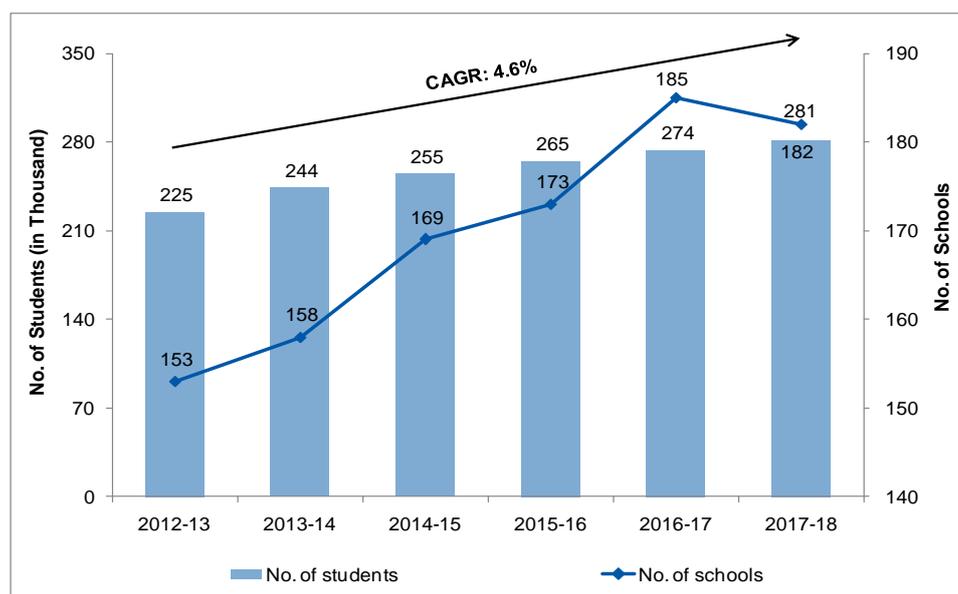
The Dubai Private School Market

The education market in Dubai is dominated by the private sector. With 182 schools educating over 281,000 students for the 2017-2018 academic year, the private sector accounted for almost 90% of the K-12 students in Dubai⁴⁴. The private schools generated revenues of AED 7.5 billion (US\$ 2.0 billion⁴⁵) during the 2017-18 academic year, an increase of AED 700 million from the previous year, with annual fees amounting to AED 26,856 (US\$ 7,311.8)⁴⁶. By the end of 2018, Dubai is expected to add at least 21 private schools as operators seek opportunities to address the growing demand for high-quality education in the coming years⁴⁷. Although cutbacks in education allowances, volatility in the oil prices and subdued economic growth have hindered the performances of private school operators, the overall outlook for private education remains an attractive investment opportunity.

The demand for private schools in Dubai is primarily driven by the significant expatriate population as well as an increase in the number of Emiratis seeking private schooling. To cater to a diversified expatriate community, Dubai's private school network provides education across 16 curricula. Although the British curriculum is the most preferred syllabus, other major curricula such as Indian (CBSE and ICSE), American, International Baccalaureate (IB), French, and German has gained significant traction across the market.

With 182 schools educating over 281,000 students in 2017-2018, the private sector accounted for almost 90% of the K-12 students in Dubai

Exhibit 18: Private Schools and Student Enrolments in Dubai



Source: KHDA

The market is supported by initiatives taken at the ground level by the UAE to improve educational infrastructure. For example, the government in Dubai has set up two education free-zones - Dubai Academic City (DAC) for primary, secondary and higher education, and the Dubai International Academic City (DIAC) for tertiary education. The government has

⁴³ Source: UAE has most students in international schools; Khaleej Times, August 2017

⁴⁴ Source: Private Education in Dubai 2017 /18, KHDA; FSCA of the UAE

⁴⁵ At the exchange rate as on October 1st, 2018

⁴⁶ Source: Dubai private schools earn over \$2bn in tuition revenue; Arabian Business, June 2018

⁴⁷ Source: Dubai to have 21 new private schools over next 15 months; The National, June 2017

The Dubai government has set up two education free-zones - the Dubai Academic City (DAC) for primary, secondary and higher education, and the Dubai International Academic City (DIAC) for tertiary education

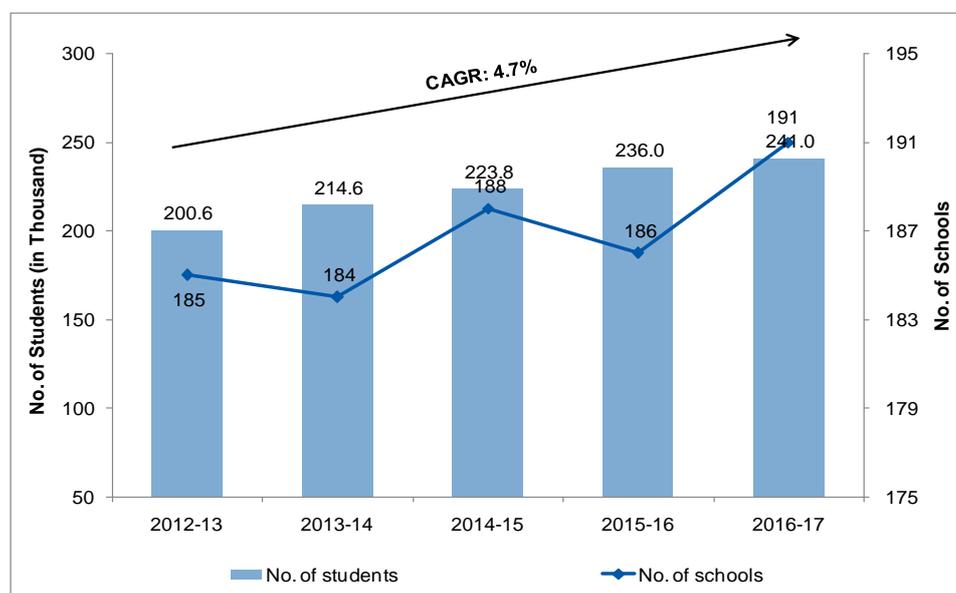
also established Dubai Knowledge Village, a free-zone dedicated to human resource management. Founded in 2007, DIAC, a member of TECOM Investments, was established to support higher education providers in the UAE. Currently, it is the largest higher education free-zone in the world and has approximately 27 well-known universities offering more than 400 academic programmes, and schools from 10 countries across its 18 million sq.ft. facility. It is also home to over 20,000 students from 145 countries.

The Abu Dhabi Private School Market

The K-12 education system in Abu Dhabi is also dominated by the private sector, with nearly 65% of the total enrolments in 2016-2017⁴⁸. The number of students attending private schools grew at a CAGR of 4.7% since 2012-2013 to reach over 241,000 in 2016-2017 (see Exhibit 19). During the 2016-2017 academic year, 10 new private schools were opened, providing 22,500 school seats in addition to 3,300 seats created through the expansion of other operating private schools⁴⁹. As a result, the total number of private schools in Abu Dhabi increased to 191, with more than 10 different curricula schools in operation. Expatriates account for approximately 86% of the total enrolled students in private schools, while 37% of Emirati students are enrolled in private schools⁵⁰.

The K-12 education system in Abu Dhabi is also dominated by the private sector which enrolled nearly 65% of the total students

Exhibit 19: Private Schools and Student Enrolments in Abu Dhabi



Source: ADEC

2.3 The Omani Education Sector

Oman's economy is set to recover modestly over the medium term with GDP expected to increase by 1.9% in 2018 and accelerate to 5.0% in 2019, on the back of government initiatives to diversify its revenue streams and ramp up reforms⁵¹. Owing to the hike in electricity tariffs and the introduction of VAT, inflation is projected at 1.5% for 2018, and is further expected to inch up to 3.2% in 2019 before easing out in 2020 as cost push pressures from subsidy reform dissipate. The country's fiscal and current accounts

⁴⁸ Source: Private Schools & Quality Assurance Sector – Annual Reports, Abu Dhabi Education Council (ADEC)

⁴⁹ Source: Private Schools & Quality Assurance Sector – Annual Reports, Abu Dhabi Education Council (ADEC)

⁵⁰ Source: Where to invest now in GCC Private Education; BCG

⁵¹ Source: IMF, October 2018



registered double-digit deficits, leading to rising debt and sovereign credit rating downgrades⁵².

As of November 2018, the nationals accounted for over 56% of the total population in Oman⁵³. The education sector in Oman is dominated by public schools due to free education for nationals. Demand for private education in Oman has remained subdued as public schools receive the majority of student enrolments catering predominately to Omani nationals. However, this trend is gradually changing with rising awareness amongst parents about the benefits associated with private education. As of 2016, the country was home to 552 private schools, over 27 private universities and colleges, 1,087 government schools, a government university, 17 public colleges, and 14 special institutes⁵⁴.

Market Framework

In Oman, education is free at all three levels (primary, preparatory, and secondary) of school for nationals at public schools. The first 6 years of basic education are similar to that provided by developed countries. One of the key factors in driving the number of student enrolments is the adoption of the Basic Education System (K-12)⁵⁵, replacing it with the General Education system. This has made enrolments compulsory for students aged 6 to 17. It is divided into two cycles, i.e. cycle one (grade 1-4) and cycle two (grade 5-10), followed by 2 years of the post-basic education (grades 11-12) or vocational training.

Regulatory Framework

The Ministry of Education (MoE) is responsible for pre-primary, primary, and secondary segments and Ministry of Higher Education (MoHE) is responsible for managing the basic and higher education segments in Oman. Each agency receives separate funding to support and guide affiliated educational institutions. The MoE has the authority to approve the increment in fees of private schools depending upon the performance of the schools. In addition to the administrative and regulatory bodies, the Education Council plays an important role in formulating policies and provision of legislative proposals to both the MoE and Ministry of Higher Education. In 2010, the government established the Oman Academic Accreditation Authority (OAAA), an independent entity, to provide quality of higher education at par with international standards⁵⁶. In 2016, the government made mandatory for OAAA accreditation for all higher education institutions.

Government Spending and Initiatives

In 2018, the Oman government allocated OMR 1.6 billion (US\$ 4.1 billion⁵⁷), equivalent to 12.6% of the total expenditure towards the education sector. Despite a reduction in the government's allocation to the education sector from 21.0% in 2016, it continues to strongly emphasize on the growth of the sector. The government has developed a national Technological, Vocational Education and Training (TVET) strategy to bridge the gap between the job market and the skills of fresh graduates. Further, it also aims to achieve an enrolment rate of 50% at the higher education level by 2020⁵⁸, up from 44.6% in 2016⁵⁹. Recently, the government launched the 'National Education Strategy 2040' aimed at equipping young Omani's with the skills required to be competitive in a knowledge-based economy by offering international standard systems. In order to boost tertiary

The MoHE has allocated approximately 500 internal scholarships to study educational majors at private universities

⁵² Source: IMF, World Bank

⁵³ Source: NSCI, Oman

⁵⁴ Bahrain Ministry of Education (MOE)

⁵⁵ Source: Education System in Oman, Scholaro

⁵⁶ Source: Oman Academic Accreditation Authority

⁵⁷ At the exchange rate as on September 28, 2018

⁵⁸ Source: From the field: The study abroad market in Oman; ICEF Monitor, August, 2014

⁵⁹ Source: UNESCO

enrolments, the MoHE has allocated approximately 500 internal scholarships to study educational majors at private universities such as Sharqiyah, Nizwa, Sohar and Dhofar in 2018⁶⁰. These initiatives are likely to remain an important source of encouragement to nationals as well as expatriates to pursue higher education in Oman rather than pursuing international degrees abroad.

Quality of Education

The quality of education in the Sultanate is ranked below its GCC peers. Based on the assessment of the 2017-2018 Global Competitiveness Report, the country stood at 78th and 75th for the quality of primary and higher education, respectively, an improvement from its ranking in the previous period (see Exhibit 20)⁶¹.

Exhibit 20: Oman Ranking – Quality of Education

Parameters	Rank (2017-2018)
Quality of primary education	78
Quality of the education system (higher education and training)	75
Quality of math and science education	84
Quality of management schools	116
Internet access in schools	79
Availability of specialized training services	113
Extent of staff training	48

Source: *The Global Competitiveness Report 2017-2018 – WEF*

Note: A group of 140 countries was considered for this assessment

Pre-Primary, Primary, Secondary and Tertiary Segments

Oman's education system registered enrolments of 872,070 students, growing at a CAGR of 3.3% between 2011 and 2016 (see Exhibit 21)⁶². The overall GER in the country stood at 83.4% in 2016, driven by the high enrolments rates witnessed in the primary and secondary segments.

Between 2011 to 2016, pre-primary enrolments reported a CAGR of 6.6% to reach 77,766 students. The GER for the segment stood at 57.0% in 2016⁶³.

Primary and secondary enrolments accounted for approximately 89.5% of the student enrolments in the K-12 education system in 2016. Since the government has made enrolments mandatory for students aged 6 to 17, primary and secondary enrolments recorded higher GERs of 108.6% and 107.1%, respectively, in 2016. However, the share of K-12 enrolments of the total declined from 88.0% in 2011 to 84.9% in 2016, while the total number of K-12 enrolments recorded a CAGR of 2.5% between 2011 and 2016⁶⁴.

Enrolments at the tertiary segment grew at a CAGR of 8.1% during the five-year period. The number of student enrolments in tertiary education has been improving with the rise in the number of universities offering high-quality educational courses. The total tertiary

Oman's primary and secondary enrolments accounted for approximately 89.5% of the student enrolments in the K-12 education system in 2016

⁶⁰ Source: 29,226 seats allotted for students at higher education institutes for 2018-19; Muscat Daily, March 2018

⁶¹ Source: The Global Competitiveness Report 2017-2018; WEF

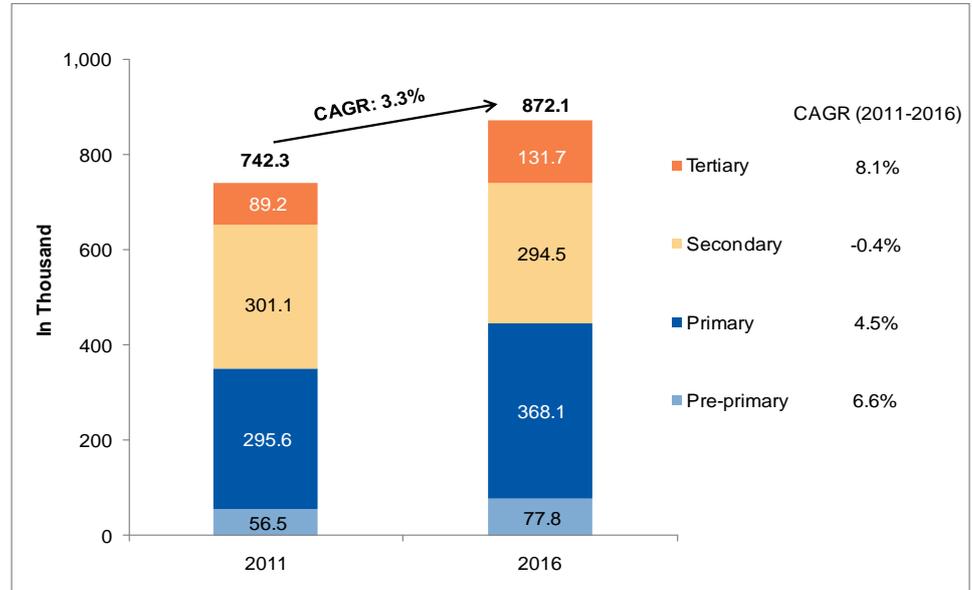
⁶² Source: UNESCO

⁶³ Source: UNESCO

⁶⁴ Source: UNESCO

enrolment reached 131,678 in 2016, up from 89,230 in 2011. Simultaneously, the GER reached 44.6% in 2016 from 27.0% in 2011⁶⁵.

Exhibit 21: Student Enrolments in Oman, by Segments



Source: UNESCO

Public schools in Oman accounted for over 78% of the K-12 enrolments in 2016⁶⁶. However, the private sector enrolments have increased at a CAGR of 8.3% between 2011 and 2016 compared to only 1.2% in public schools (see Exhibits 22 and 23). The number of private schools in Oman have grown at a CAGR of 5.5% between 2011 and 2016, while public schools recorded at a CAGR of 0.9% during the same period⁶⁷.

Exhibit 22: Student Enrolments in Omani Public Schools

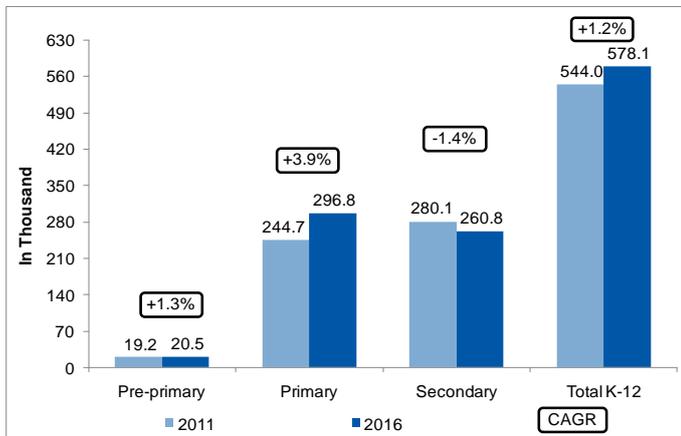
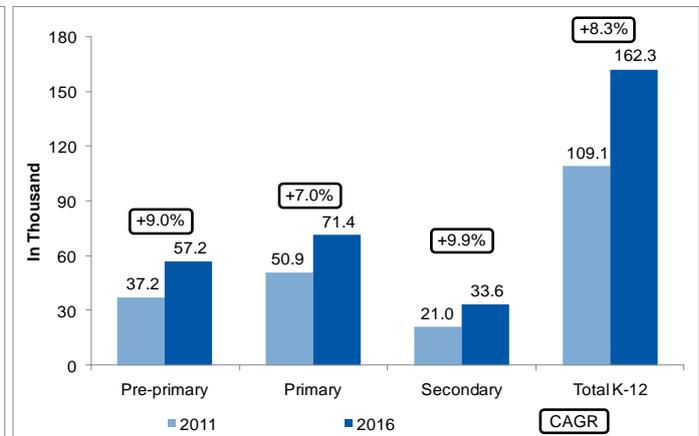


Exhibit 23: Student Enrolments in Omani Private Schools



Source: UNESCO

Source: UNESCO

⁶⁵ Source: UNESCO

⁶⁶ Source: UNESCO

⁶⁷ Source: Ministry of Education, Oman



2.4 The Kuwaiti Education Sector

Kuwait is among the wealthiest countries in the world⁶⁸ and has historically dependent on revenues generated from the hydrocarbon sector. The country is characterized by high levels of disposable income, a tax-free environment and relatively stable economic environment. Kuwait's economy is set to register a growth of 2.3% in 2018 and 4.1% in 2019, on the back of increased government spending and rise in oil prices⁶⁹. Although inflation has remained subdued, averaging 0.8% in 2018 due to declining housing costs and persistently weak food price growth, it is expected to rise to 3% in 2019. The delay in VAT reforms alongside higher government spending are expected to offset higher oil revenues and keep the budget deficit at 5.9% of the GDP in 2018. The country's current account surplus is also expected to rise to about 11.3% of GDP in 2018 as infrastructure-related import spending increases⁷⁰.

Due to the large presence of the expatriate community, Kuwait's private sector market for education is well established

The government of Kuwait has placed a strong emphasis on the education system and is actively supporting it through continued investments alongside strong private sector participation. Due to the presence of the expatriate community, the private sector market for education is well established, with a number of schools offering international curricula. Kuwait is also witnessing a growing preference of nationals in private schools in order to remain competitive and meet the challenges of obtaining employment within the private sector. The shift in demand for private school education has resulted in the influx of international schools across the country. Currently, there are approximately 355 international schools in Kuwait compared to 307 in 2011.

Market Framework

The K-12 education system in Kuwait includes five years at the elementary stage, four years at the intermediate stage and three years at the secondary stage. Pre-primary education is free for Kuwaiti citizens aged four to six years at public schools. However, pre-primary education is not compulsory. Schooling is mandatory for all children aged 6 to 14 and education is free in the primary and secondary segments for nationals at public schools. Only children with Kuwaiti citizenship and those born before 1960 are eligible for attending school for free, including the Bidoon - the stateless population living within Kuwait's borders⁷¹.

Regulatory Framework

The Ministry of Education (MoE) supervises the general education system in Kuwait at the pre-primary, primary and secondary school levels and works in conjunction with the National Centre for Educational Development (NCED). The centre has a range of responsibilities, including inspecting schools, administering international tests to provide quantifiable data on the Kuwaiti education system which can be compared with global standards. Additionally, it is also working with international institutions such as the World Bank on technical issues of reform⁷² and steps to improve the quality of education system. Although the quality of education in Kuwait ranks below than in their neighbouring GCC countries, government reforms are being undertaken to improve the standards. The National Bureau for Academic Accreditation Education and Quality Assurance (NBAQ) is a newly incorporated centralized body established to oversee the quality standards in higher education and assist institutions in developing a quality control mechanism. NBAQ is

⁶⁸ Source: Richest Countries in the World, Fortune 2017

⁶⁹ Source: IMF, October 2018

⁷⁰ Source: IMF, World Bank

⁷¹ Source: Education System in Kuwait, Kuwait Education Info

⁷² Source: Kuwait's new plan to move the education sector to the next level, Oxford Business Group



mandated to conduct periodic studies for monitoring quality levels in public and private institutions in order to apply international standards for accrediting institutions.

Government Spending and Initiatives

Government spending in the education sector has accelerated in recent years. The Kuwaiti government allocated KWD 2.2 billion (US\$ 7.3 billion⁷³), equivalent to approximately 10.2% of its budgetary allocation, on the education sector. This is an increase from 9.5% in 2016. In 2013, an amendment enacted in the law coupled with the establishment of the Kuwait Direct Investment Promotion Authority (KDIPA) enables foreign investment of 100% in education. This change is expected to boost investment and increase the number of foreign schools in Kuwait. Moreover, Kuwait's Integrated Education Reform Programme 2011-19 and the School Education Quality Improvement Project focus on developing curricula, improving learning outcomes, encouraging efficient teaching and school leadership, and refining the accountability and efficiency of the education system⁷⁴. Additionally, the government is building nine schools under the PPP framework, where the schools will be managed and built by a private player and the curriculum and administration will be managed by the MoE⁷⁵. Furthermore, the Sabah Al Salem University City, called the Education City, is being master planned with world-class educational facilities equipped with most advanced digital teaching and learning resources.

Quality of Education

As per the rankings reported in the 2017-2018 Global Competitiveness report, the quality of education in Kuwait has declined in comparison to the rankings in 2016-2017. The country stood at 104th for the quality of its primary education and 89th for the quality of its higher education (see Exhibit 24), a decline from 86th position in the previous assessment year.

Exhibit 24: Kuwait Ranking – Quality of Education

Parameters	Rank (2017-2018)
Quality of primary education	104
Quality of the education system (higher education and training)	89
Quality of math and science education	106
Quality of management schools	111
Internet access in schools	88
Availability of specialized training services	121
Extent of staff training	86

Source: *The Global Competitiveness Report 2017-2018 – WEF*

Note: A group of 140 countries was considered for this assessment

Pre-Primary, Primary, Secondary and Tertiary Segments

Total enrolments in Kuwait reached 739,641 students in 2016 growing at a CAGR of 2.2% between 2011 and 2016 (see Exhibit 25)⁷⁶. The overall GER in the country stood at 69.6% in 2016, driven by the high enrolments rates across the primary and secondary segments.

⁷³ At the exchange rate as on October 1st, 2018

⁷⁴ Source: Government reforms to change Kuwait's education sector, Oxford Business Group

⁷⁵ Source: Kuwait to invite proposals on a number of PPP projects

⁷⁶ Source: UNESCO

Kuwait's government is building nine schools under the PPP framework

Overall, enrolments in Kuwait grew by 2.2% annually between 2011 and 2016

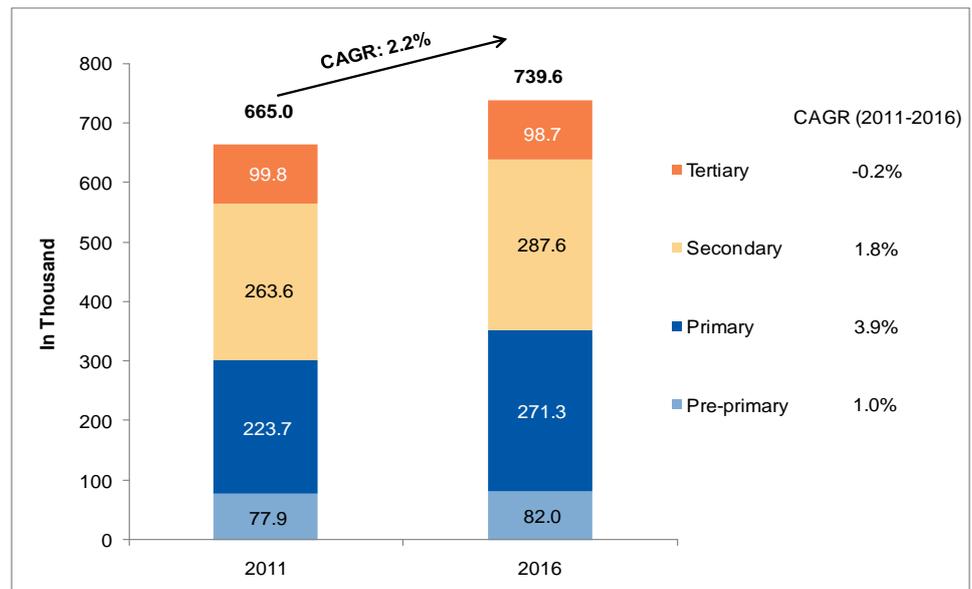
Between 2011 to 2016, pre-primary schools reported a CAGR of 1.0% to reach 81,993 students. The GER for the segment stood at 67.9% in 2016⁷⁷.

The primary and secondary segment accounted for over 87.2% of the student enrolments in the K-12 education system and recorded a GER of 100.6% and 93.6%, respectively, in 2016⁷⁸. The high GERs across these two segments can be attributed to mandatory enrolment for children between 6 to 14 years. Enrolments at primary and secondary education levels witnessed a CAGR of 3.9% and 1.8%, respectively, between 2011 and 2016 (see Exhibit 25). The total number of K-12 enrolments grew at a CAGR of 2.5% between 2011 and 2016, whereas the share of the K-12 education segment to total enrolments increased to 86.7% in 2016 from 84.3% in 2011⁷⁹.

Kuwait's tertiary education segment registered a GER of 27% in 2016, an increase from 18.9% five years ago

Kuwait's tertiary education segment registered a GER of 27.0% in 2016, an increase from 18.9% in 2011⁸⁰. The Kuwaiti government continues to place a strong emphasis on building quality infrastructure for boosting vocational and higher education institutions, and promoting PPPs to develop its tertiary facilities.

Exhibit 25: Student Enrolments in Kuwait, by Segments



Source: UNESCO, CBS of Kuwait

Kuwait's public schools contributed approximately 60% of the aggregate K-12 enrolments in 2016

The public schools contributed approximately 60% of the aggregate K-12 enrolments in Kuwait in 2016⁸⁰. Between 2011 and 2016, enrolments at public schools grew at a CAGR of 1.6% while the total number of students attending private schools registered a CAGR of 4.1% (see Exhibit 26 and 27), driven by growth in the pre-primary, primary and secondary segments. The number of private schools in Kuwait grew at a CAGR of 2.5% between 2011 to 2016⁸¹.

⁷⁷ Source: UNESCO

⁷⁸ Source: UNESCO

⁷⁹ Source: UNESCO

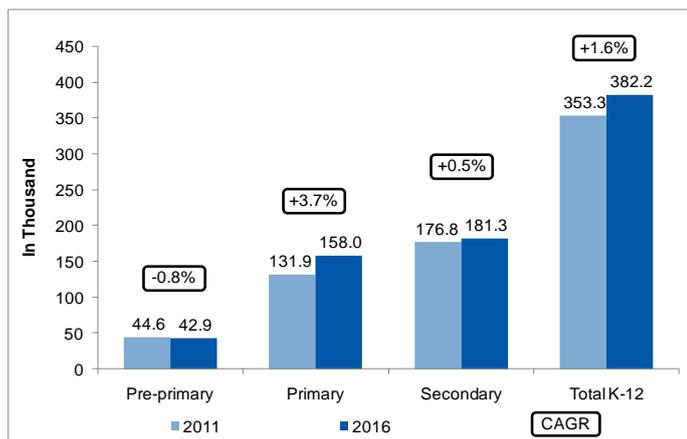
⁸⁰ Source: UNESCO, CBS of Kuwait

⁸¹ Source: Source: Ministry of Education, Kuwait

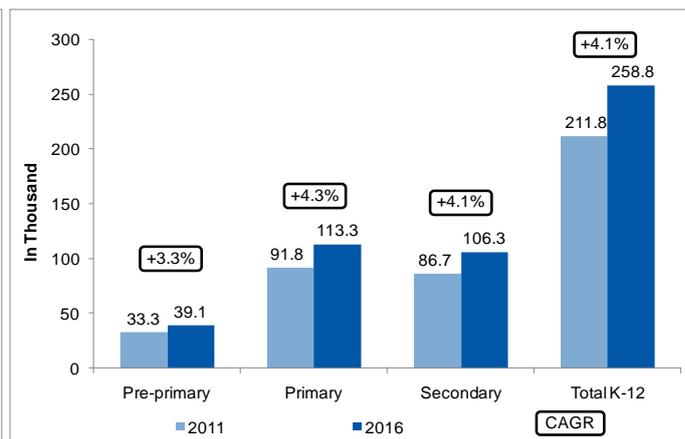


Exhibit 26: Student Enrolments in Kuwaiti Public Schools

Exhibit 27: Student Enrolments in Kuwaiti Private Schools



Source: UNESCO, CBS of Kuwait



Source: UNESCO, CBS of Kuwait

Qatar's education sector has been expanding at a rapid pace to meet the rising demand from nationals and expatriates

2.5 The Qatari Education Sector

Economic activity in Qatar is expected to rebound in 2018, registering a GDP growth of 2.6% GDP following a slowdown in the previous period. GDP is estimated to further increase to 2.8% in 2019, supported by higher energy prices, government spending for the 2022 FIFA World Cup, and 2030 National Vision⁸². Inflation is projected at 3.7% in 2018 and 3.5% in 2019 due to conservative oil price budget assumptions and the introduction of VAT over the medium term⁸³. The fiscal balance is anticipated to shift into a surplus of over 2.3% in 2018, and further improve to 2.9% over the next two years. The current account balance is expected to grow in single-digits with a surplus of 7.4% in 2018, on account of a recovery in imports, particular goods related to infrastructure spending⁸⁴.

The Qatari government has prioritized the development of the education sector, which is important for achieving the economic diversification and the plan to become an education hub of the region⁸⁵. The sector has been expanding at a rapid pace to meet the rising demand from nationals and expatriates on the back of the back of government led growth across economic sectors. Qatar is also witnessing a shift towards increasing preference for private education, which is resulting in an influx of international institutions. Such institutions offer diverse curricula and are particularly beneficial for the expat population, which are not allowed to obtain education in the public schools⁸⁶.

Market Framework

The education system in Qatar is categorized under two separate pillars – basic education and higher education. While basic education encompasses pre-school, primary and secondary education, higher education consists of courses offered at the undergraduate and post-graduate levels. The public school system consists of 12 years, encompassing a period of 6-years for elementary education followed by a 3-year secondary and a 3-year higher education program. Elementary education is compulsory in Qatar, with free

⁸² Source: IMF, October 2018

⁸³ Source: IMF, World Bank

⁸⁴ Source: IMF, World Bank

⁸⁵ Source: Turning Qatar into an education hub; Gulf Business, February 2017

⁸⁶ Source: Where to invest now in GCC private education market; BCG



education for nationals at primary and secondary public schools⁸⁷. Schools in Qatar are classified as independent schools (government-funded), international schools, community schools, and private Arabic schools. Although independent schools account for nearly half of the total schools operating in the country, the number of international schools have increased in the past few years. Qatar is home to two state-run post-secondary education institutions – Qatar University and Qatar Community College – as well as eight international Qatar Foundation-partnered institutions, two Qatari universities and several colleges and schools that makeup Education City, a centre for higher education and research excellence.

Regulatory Framework

The Ministry of Education (MoE) and the Supreme Education Council (SEC) manages the education system in Qatar. The SEC manages and supervises the education system of Qatar at all levels from pre-school through higher education, regulates the education policy and plays a vital role in the development and execution of educational reforms in Qatar. All school fees are regulated by the SEC and all private schools planning to raise their fees, including transportation fees, must obtain a written approval from the SEC. It also approves the contracts for the secondary schools in Qatar⁸⁸.

Government Spending and Initiatives

The government of Qatar has introduced several reforms and made investments in the education sector. The country has initiated its National Vision 2030, which deems education as a basic foundation for the progress of society. As part of its long term strategy, the SEC plans to provide continued financial and human resources support to advance education for the purpose of sustainable development⁸⁹. The progress made within the education sector in Qatar has attracted the attention of private sector participants, which has led to a number of private schools establishing a base across the country to meet the growing demand across the K-12 segments. In 2018, the Qatari government allocated QAR 19.0 billion (US\$ 5.2 billion⁹⁰), equivalent to 9.4% of its total expenditure, for the education sector, a decline from 10.1% in 2016⁹¹.

Quality of Education

The quality of education in Qatar has continued to maintain its high standards, ranking among the highest in almost all education parameters for 2017-2018. The establishment of international schools in Qatar, fueled by an increase in demand for private schools, has facilitated access to high quality education and has led to an improvement in education infrastructure across the country. As per the 2017-2018 Global Competitiveness Report, Qatar ranked 5th for its quality of higher education and training, 10th for quality of primary education, and 6th for the quality of its higher education and training (see Exhibit 28). The country continued to remain the highest performer in the fields of primary and higher education segments compared to other GCC nations.

⁸⁷ Source: Education System in Qatar, Scholaro

⁸⁸ Source: Supreme Education Council, Qatar

⁸⁹ Source: Qatar National Vision 2030

⁹⁰ At the exchange rate as on October 1st, 2018

⁹¹ Source: Ministry of Finance, Qatar

Qatar's National Vision 2030 deems education as a basic foundation for the progress of society

Qatar was ranked as 5th for the parameter of quality of higher education and training



Exhibit 28: Qatar Ranking – Quality of Education

Parameters	Rank (2017-2018)
Quality of primary education	10
Quality of the education system (higher education and training)	5
Quality of math and science education	6
Quality of management schools	7
Internet access in schools	19
Availability of specialized training services	22
Extent of staff training	14

Source: *The Global Competitiveness Report 2017-2018 – WEF*

Note: A group of 140 countries was considered for this assessment

Pre-Primary, Primary, Secondary and Tertiary Segments

Total student enrolments in Qatar grew at a CAGR of 8.0% between 2011 to 2016 (see Exhibit 29)⁹², witnessing the highest growth across the GCC. The overall GER in the country stood at 62.2% in 2016, driven by high enrolments rates in the primary and secondary segments.

Between 2011 to 2016, pre-primary schools witnessed a CAGR of 9.3%. This can be attributed to the growing awareness among nationals of the importance of pre-primary education. Although education is not mandatory for children below the age of three years, the segment reported a GER of 60.1% in 2016⁹³.

Primary and secondary schools accounted for over 83.8% of the student enrolments in the K-12 education system and recorded a GER of 103.7% and 92.5%, respectively, in 2016⁹⁴. Enrolments at primary and secondary education levels increased at a CAGR of 7.9% and 6.2%, respectively, between 2011 and 2016 (see Exhibit 29). The total number of K-12 enrolments grew at a CAGR of 7.5% between 2011 and 2016, where as the share of K-12 enrolments to total enrolments declined from 92.8% in 2011 to 91.0% in 2016⁹⁵.

The tertiary segment recorded the fastest growth, growing at a CAGR of 13.2% from 2011 to 2016. In the same period, student enrolments almost doubled from 15,352 enrolments to 28,480 students in 2016⁹⁶(see Exhibit 29). However, the GER of 15.4% at the tertiary education segment continues to be the lowest in the GCC⁹⁷ due to a preference for students to study abroad.

⁹² Source: UNESCO

⁹³ Source: UNESCO

⁹⁴ Source: UNESCO

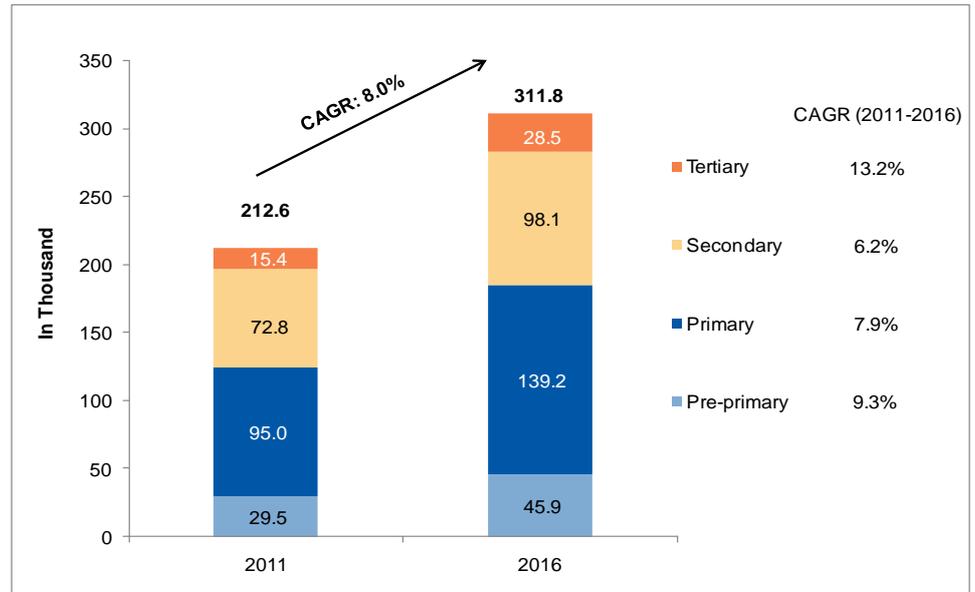
⁹⁵ Source: UNESCO

⁹⁶ Source: UNESCO

⁹⁷ Source: Higher education in Qatar 'needs to be more inclusive'; Gulf Times, March 2017

Total student enrolments in Qatar grew by 8.0% annually between 2011 and 2016

Exhibit 29: Student Enrolments in Qatar, by Segments

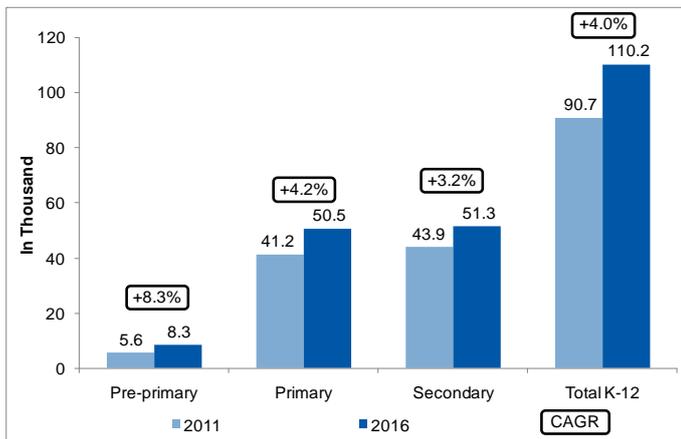


Qatar's K-12 private school market segment grew at a CAGR of 10.2% between 2011 and 2016

Source: UNESCO

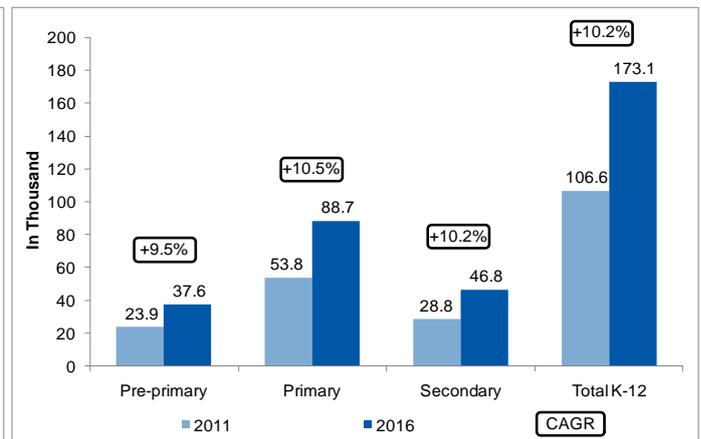
The total K-12 private school market segment grew at a CAGR of 10.2% between 2011 and 2016, while the public school segment grew at a CAGR of 4.0% during the same period (see Exhibits 30 and 31). Enrolments at private schools in Qatar across all levels have continued to grow rapidly during the five-year period, on the back of rising expatriate community and increasing preference among nationals for private schooling.

Exhibit 30: Student Enrolments in Qatari Public Schools



Source: UNESCO

Exhibit 31: Student Enrolments in Qatari Private Schools



Source: UNESCO

2.6 The Bahraini Education Sector

Bahrain's economy is projected to grow by 3.2% in 2018 and by 2.6% in 2019, driven by increasing oil prices, and continued investments in mega infrastructure projects by the government⁹⁸. Inflation is expected to reach 2.9% in 2018 and further rise to 4.8% in 2019,

⁹⁸ Source, IMF, October 2018



Bahrain's literacy rates are cited to be among the highest in the Arab world

on account of reduction in subsidies, increase of utility prices, and the planned introduction of VAT in 2019. With oil prices expected to rise, the fiscal deficit is expected to narrow to 5.0% of GDP in 2018 and further down to 4.8% in 2019, while the current account deficit is expected to narrow down to 2.8% of GDP in 2018 and further down to 1.9% in 2019⁹⁹.

Bahrain boasts the oldest public education system in the GCC and the country's literacy rates of 95% is cited to be among the highest in the Arab world¹⁰⁰. School attendance is high and the public school system is regarded as comprehensive and modern compared to other Arab nations. Further, the government has remained focus on improving the quality of education, enabling the educational institutes to prepare the nationals to meet the rising competition within the private sector workforce.

Market Framework

Basic education is compulsory for children between 6 to 14 years. It is free to nationals enrolled in public schools. Children attend primary school aged 6 years to 11 years, while at the age of 14, students can opt to go to secondary school whereby they complete the qualifications needed to enter higher education. All public schools are segregated by gender in Bahrain¹⁰¹.

Regulatory Framework

The Ministry of Education (MoE) manages the education system in Bahrain. Fees charged and hikes by schools are governed, and require the approval of, the MoE. In order to improve quality of education in the country, the MoE appointed a Quality Assurance Authority, introduced teacher training programmes, and improved the upper secondary vocational program. All public and private universities in Bahrain are controlled by the Higher Education Council (HEC) which is responsible for regulating, promoting and monitoring the higher education sector¹⁰². In 2014, the HEC approved Bahrain's first National Strategy for Higher Education and Scientific Research. The strategy is designed to position Bahrain's universities to develop a knowledge-based economy, in line with the country's 2030 National Vision¹⁰³.

Quality of Education

In the 2017-2018 Global Competitiveness Report, the country ranked 34th based on the quality of primary education compared to its ranking of 36 in the previous year (see Exhibit 32). Additionally, the country's ranking improved by one place from the previous report to 24th for its quality of higher education parameter.

⁹⁹ Source: IMF, World Bank

¹⁰⁰ Source: List Of Countries By Literacy Rate, World Atlas

¹⁰¹ Source: Bahrain Country Profile - Education System

¹⁰² Source: Ministry of Education, Bahrain

¹⁰³ Source: Bahrain's first higher education and national research strategy, Oxford Business Group



Exhibit 32: Bahrain Ranking – Quality of Education

Parameters	Rank (2017-2018)
Quality of primary education	34
Quality of the education system (higher education and training)	24
Quality of math and science education	31
Quality of management schools	34
Internet access in schools	36
Availability of specialized training services	36
Extent of staff training	28

Source: *The Global Competitiveness Report 2017-2018 – WEF*

Note: A group of 140 countries was considered for this assessment

Government Spending and Initiatives

Bahrain has continued to focus on its diversification strategy, which has led to growth in non-oil sector during the past two years. As part of Bahrain's National Vision 2030, the country plans to improve its human capital through education and training, particularly in the field of applied sciences. Its long-term strategy also lays emphasis on building a strong education system through improving teacher recruitment and training, setting standards for quality and review while supporting and developing talented youths throughout the course of their education. The government remained committed towards the spending programme to stimulate economic activity despite a low oil price environment. In 2018, the government allocated BHD 387.4 million (US\$ 1.03 billion¹⁰⁴)¹⁰⁵ towards the education sector, approximately 10.5% of the government's total expenditure, an increase from 8.8% witnessed in 2016.

Pre-Primary, Primary, Secondary and Tertiary Segments

Total enrolments in Bahrain reached 282,510 students in 2016, growing at a CAGR of 3.1% between 2011 and 2016 (see Exhibit 33)¹⁰⁶. The overall GER in the country stood at 80.3% in 2016, driven by the high enrolments rates across the primary and secondary segments.

Pre-primary education in Bahrain, provided by the private sector only, recorded total student enrolments of 33,996 in 2016¹⁰⁷, growing at a CAGR of 4.7% between 2011 and 2016¹⁰⁸.

Primary and secondary schools accounted for approximately 86% of the student enrolments in the K-12 education system and recorded a GER of 101.1% and 103.9%, respectively, in 2016¹⁰⁹. Enrolments at the primary and secondary segments increased at a CAGR of 3.8% and 3.2%, respectively, between 2011 and 2016 (see Exhibit 33). The expansion of the school-age population base and mandatory education for children between 6 to 14 years have been two of the main contributing factors leading to a rise in the number of student enrolments in these segments. The total number of K-12

¹⁰⁴ At the exchange rate on September 28, 2018

¹⁰⁵ Source: Budget Files – Ministry of Finance and MoE of Bahrain

¹⁰⁶ Source: UNESCO

¹⁰⁷ Source: UNESCO

¹⁰⁸ Source: UNESCO

¹⁰⁹ Source: UNESCO

Bahrain's primary and secondary schools recorded a GER of 101.1% and 103.9%, respectively, in 2016

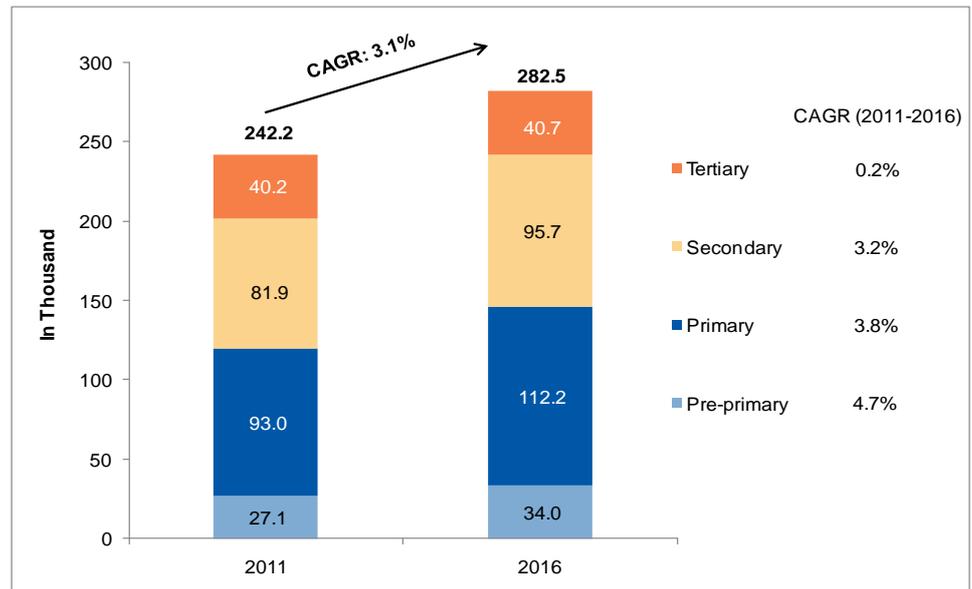
The enrolments in the tertiary education segment reached over 40,600 students in 2016



enrolments increased at a CAGR of 3.7% between 2011 and 2016, while the share of K-12 enrolments to total enrolments increased from 83.4% in 2011 to 85.6% in 2016¹¹⁰.

The enrolments in the tertiary education segment stood at 40,669 students in 2016 compared to 40,175 in 2011, registering a CAGR of 0.2% between 2011 and 2016¹¹¹. Enrolments are lower than its GCC peers due to limited availability of quality institutes and educational infrastructure. As a result, GER for the tertiary segment has improved marginally to 46.6% in 2016 compared to 44% in 2011¹¹².

Exhibit 33: Student Enrolments in Bahrain, by Segments



Enrolments at private schools grew at 5.6% between 2011 and 2016

Source: UNESCO

Across all education segments, private sector enrolments grew at a faster pace than the public sector, indicating a growing trend towards private schools. The total K-12 private school market segment grew at a CAGR of 5.6% between 2011 and 2016, while the public school segment grew at 2.4% during the same period (see Exhibits 34 and 35)¹¹³.

¹¹⁰ Source: UNESCO

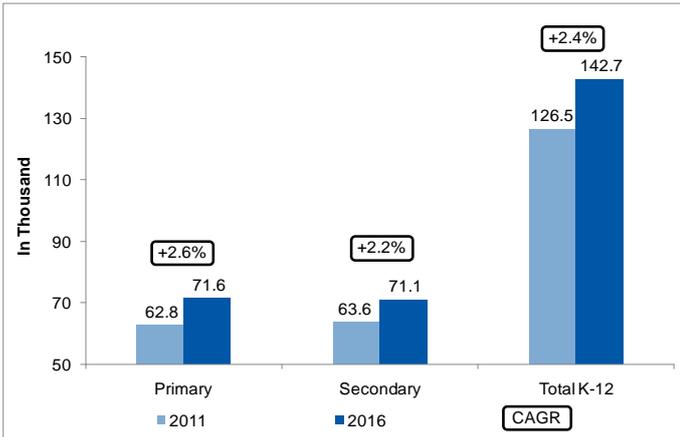
¹¹¹ Source: UNESCO

¹¹² Source: UNESCO

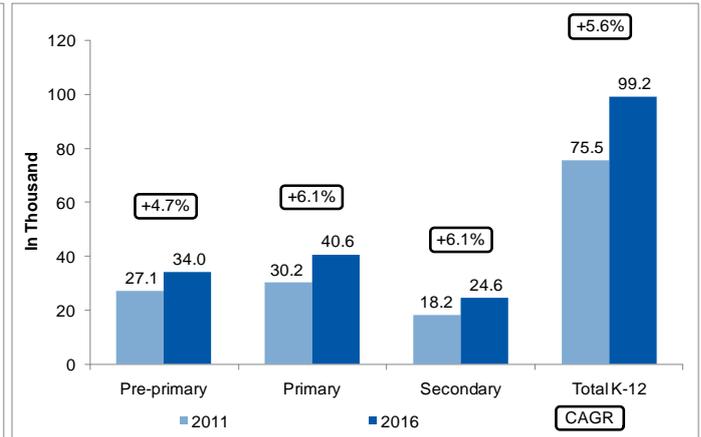
¹¹³ Source: UNESCO



Exhibit 34: Student Enrolments in Bahraini Public Schools **Exhibit 35: Student Enrolments in Bahraini Private Schools**



Source: UNESCO



Source: UNESCO

3. The GCC Education Industry Outlook

3.1 Forecasting Methodology

We have forecasted the total number of students and demand for schools in all the GCC countries through 2022. The projections are based on the past trend in enrolments, anticipated change in school and college age population, and government plans and measures announced in support of the sector.

The sources considered for the forecasts are:

- The UNESCO, Global Competitiveness Index Report, and the respective country's statistical or ministry websites, for historic data on enrolments and calculating the school and college-age population; and
- The UNPD, for forecasting the school and college age population (last updated in December 2017)

The methodology adopted for projecting the number of students and schools is as below:

- We have forecasted the total number of students in each of the education segments – pre-primary, primary, secondary, and tertiary – for all the constituent countries. The forecasts are driven as a function of the expected GER, and school and college age population under each segment.
- Projections of the number of schools in each country are arrived at by dividing the forecasted number of students by the existing average number of students per school in the private and public institutions.

Note: The historic data on the student population provided by the UNESCO has been revised in December 2017. Consequently, the current projections are not comparable with the Alpen Capital's GCC Education Industry report dated May 02, 2016.

3.2 Outlook for the Number of Students

The total number of students in the GCC education sector is projected to reach 14.5 million in 2022, registering a CAGR of 2.3% from an estimated 12.9 million in 2017 (see Exhibit 36). The development of education sector has become a top priority for the governments across the GCC region as the GCC governments recognize the importance of investing in skills and training to provide employment opportunities and boost overall competitiveness. The growing school age population, high per capita income, sizeable budgetary allocations and favourable government initiatives are expected to drive the future growth of the GCC education sector despite challenging macroeconomic conditions.

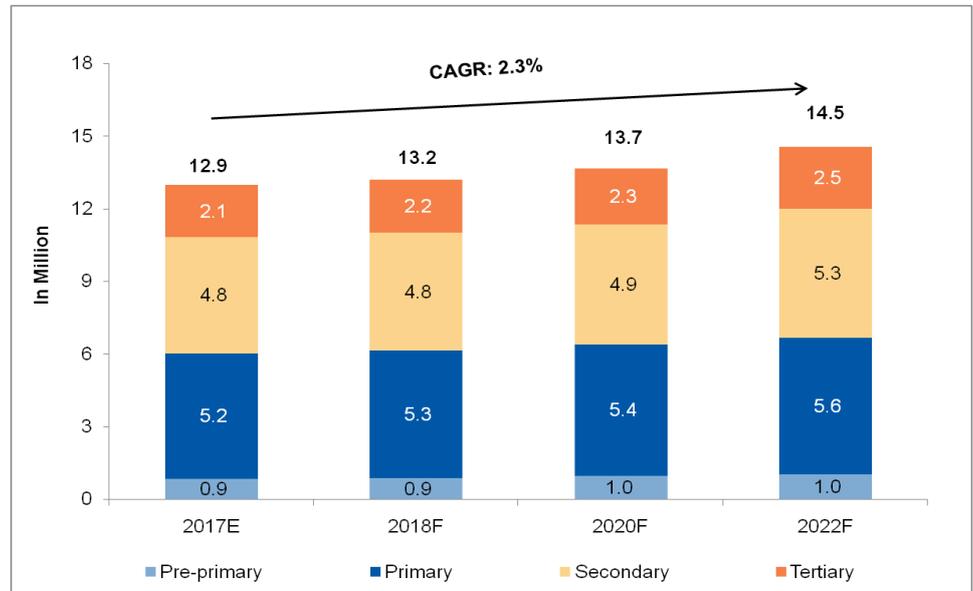
During the forecasted period, the pre-primary and tertiary segments are expected to grow at a faster rate than the other segments. The pre-primary segment is expected to grow at a CAGR of 3.7% during the forecasted period driven by the rising trend in enrolments witnessed in Saudi Arabia and Qatar.

At the same time, the tertiary segment is expected to grow at a CAGR of 3.6% on account of the rising trend in enrolments in Kuwait and UAE, initiatives taken by regional governments such as establishing PPP projects to build infrastructure in Kuwait, providing long-term visas to students in the UAE, and collaborating with foreign universities to start operations to improve the overall quality of education are driving the number of enrolments across the tertiary segment. On the other hand, the primary and secondary segments are expected to witness moderate growth of 1.8% and 2.0% CAGR, respectively, between 2017 and 2022 to reach 10.9 million students cumulatively.

The number of students in the GCC is projected to reach 14.5 million in 2022, recording a CAGR of 2.3% from an estimated 12.9 million in 2017



Exhibit 36: Forecast of Total No. of Students in the GCC, by Segments



Source: Alpen Capital

Note: E – Estimated, F – Forecasted

The number of students at private schools is projected to reach 3.2 million in 2022, recording a CAGR of 4.1% during the five year period

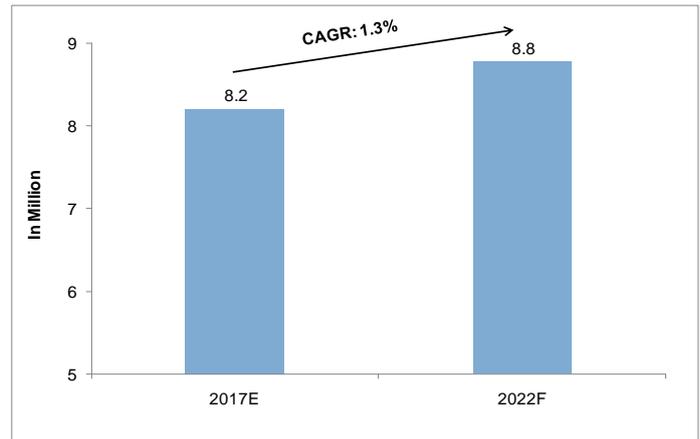
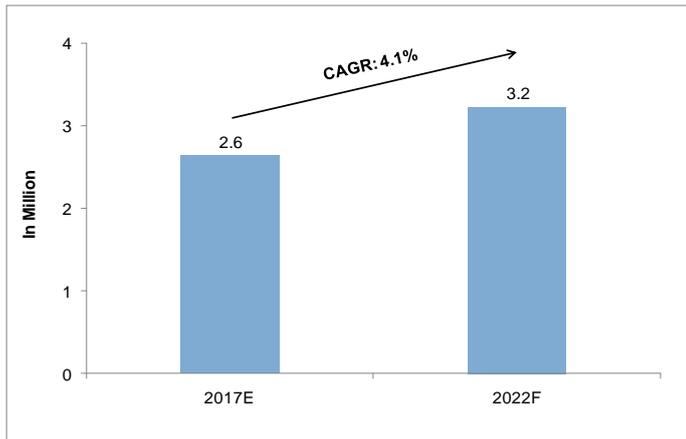
K-12 Students: Private vs. Public Institutes

During the forecasted period, K-12 enrolments in the region are expected to grow at a CAGR of 2.0% to reach 12.0 million by 2022. The number of students in private schools is projected to reach 3.2 million in 2022, recording a CAGR of 4.1% during the five-year period. Enrolments at public schools are likely to increase, albeit at a slower pace, displaying a CAGR of 1.3% to reach 8.8 million (see Exhibit 37 and 38). The growing preference for private and international schools across the GCC nations, rising per capita income, and active support from governments to promote private education is expected to boost enrolments across private schools. However, despite the slower than anticipated growth, the public school enrolments is expected to continue to dominate the K-12 education in the GCC, accounting for approximately 73% of the total enrolments by 2022.



Exhibit 37: Forecast of K-12 Students in Private Institutes

Exhibit 38: Forecast of K-12 Students in Public Institutes



Source: Alpen Capital

Note: E – Estimated, F – Forecasted

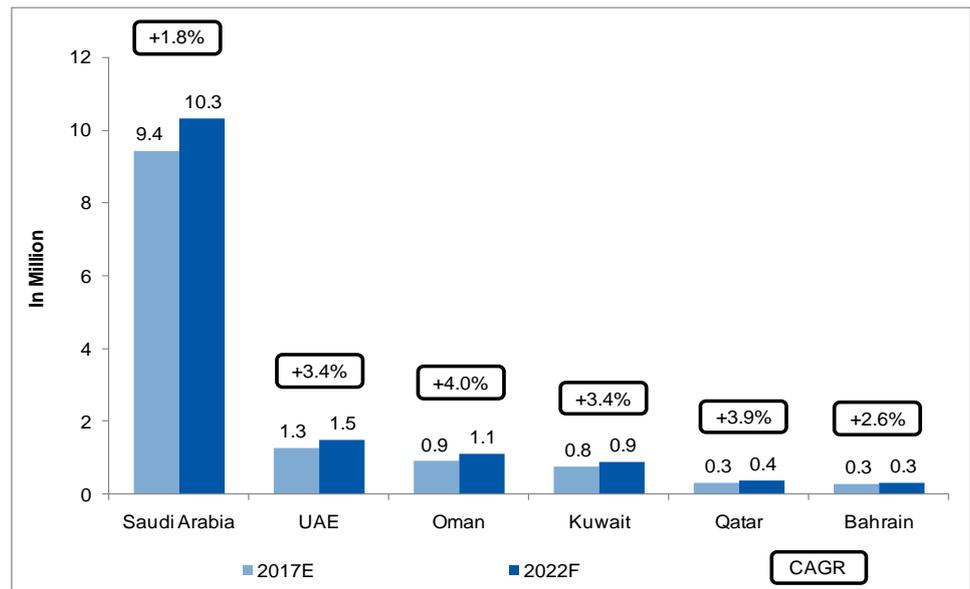
Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Total Students: Country-Wise

Saudi Arabia is expected to remain the largest education market in the GCC in 2022. In terms of annualized growth, the number of students in Oman and Qatar is projected to grow at a faster rate than the other member nations between 2017 and 2022 (see Exhibit 39).

Exhibit 39: Forecast of Total No. of Students in the GCC (CAGR: 2017E – 2022F)



The number of students in Oman and Qatar are projected to grow faster between 2017 and 2022

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Saudi Arabia

The total number of student enrolments in Saudi Arabia is expected to reach 10.3 million in 2022, an increase from 9.4 million in 2017, representing a CAGR of 1.8% during the forecasted period. Within the country's education segment, the pre-primary segment is likely to witness the fastest growth with a CAGR of 6.0%, driven by government initiatives to open new nurseries as part of Saudi Program coupled with the growing awareness



From an estimated 9.4 million in 2017, the number of students in Saudi Arabia is projected to grow at a CAGR of 1.8% to 10.3 million by 2022

among Saudi nationals of the importance of pre-primary education. The market is also expected to witness significant growth in the tertiary segment, which is expected to surpass 1.9 million student enrolments in 2022, growing at a CAGR of 3.1% between 2017 and 2022. The primary and secondary segments is expected to grow at a CAGR of 1.3% and 1.2%, respectively. The total number of students in the country's K-12 public schools is likely to grow at a CAGR of 1.1%, while the number of enrolments in private schools is expected to grow at 3.8%, a much faster rate reflecting a growing preference towards international schools in pursuit of better quality education.

Exhibit 40: Saudi Arabia – Gross Enrolment Rates

Parameters	2017E	2018F	2020F	2022F
Pre-primary	26.5%	28.0%	31.0%	34.7%
Primary	116.4%	116.6%	117.0%	118.1%
Secondary	109.3%	109.3%	109.3%	111.1%
Tertiary	69.1%	71.6%	76.6%	82.6%

Source: Alpen Capital

Note: E - Estimated; F - Forecasted

The Saudi Arabian government has raised support for private sector participation in the education sector. Initiatives to build new schools and commitments to maintain education budget is increasing investor confidence across the Kingdom's education market¹¹⁴. The country is expected to benefit from the 'National Transformation Program' 2020 (NTP), which allocates a budget of SAR 25 billion towards the education sector. The NTP aims to increase the percentage of students in non-government higher education from 6% to 15% between 2015 to 2020. In April 2018, the governor of Riyadh launched SAR 3 billion worth of educational projects in the capital to facilitate the Kingdom's Vision 2030. A total of 253 schools are expected to open their doors to students, including 132 for boys and 121 for girls, and 28 kindergartens and educational offices. The school buildings would serve 206,465 male and female students across all education segments with 5,899 classrooms¹¹⁵.

UAE

The total number of students in the UAE is expected to witness moderate growth to reach 1.5 million in 2022 from 1.3 million in 2017, registering a CAGR of 3.4%. Overall, growth can be attributed to a rise in secondary and tertiary segments driven largely by the growing school age population and government initiatives to support higher education. The number of students in K-12 private education is expected to grow at a CAGR of 3.6% to reach 0.95 million by 2022, while the number of students enrolled in public schools is expected to witness subdued growth of 1.1% CAGR up to 2022. As per the KHDA, Dubai is likely to witness 25,517 new seats to be created by 13 new schools in the 2017-2018 academic year, a 7.7% increase in total capacity¹¹⁶.

The number of students in the UAE is projected to grow at a CAGR of 3.4% to 1.5 million by 2022

¹¹⁴ Source: Saudi Arabia Budget Statement 2018 (Ministry of Finance)

¹¹⁵ Source: Riyadh governor launches SR3 billion educational projects in Saudi capital, Arab News, April 2018

¹¹⁶ Source: At least 20 new schools opening in Dubai, Abu Dhabi; Gulf News, August 2018

Exhibit 41: UAE – Gross Enrolment Rates

Parameters	2017E	2018F	2020F	2022F
Pre-primary	82.1%	82.4%	82.9%	82.8%
Primary	111.6%	112.3%	113.7%	114.6%
Secondary	96.9%	97.9%	100.0%	101.3%
Tertiary	38.1%	39.3%	42.3%	45.1%

Source: Alpen Capital

Note: E - Estimated; F - Forecasted

Increased government spending and investment in education reflects the government's commitment to the sector. Moreover, improvements in the ease of conducting business is expected to boost the number of opportunities available in education market. The UAE is expected to approve a new investment law allowing 100% foreign ownership in some sectors by the end of the year, which could increase funding for the establishment of high quality education institutes¹¹⁷. On the other hand, new visa regulations, such as extending visas for students post education from one to five years and up to 10 years for academically exceptional students, is expected to draw students to pursue higher education in the UAE¹¹⁸.

Oman

Oman is expected to witness an increase in the total number of students to reach 1.1 million by 2022, registering a CAGR of 4.0% from 2017. The growing enrolments in the private primary and secondary segments is expected to bolster the overall growth in enrolments for the country. As a result, the public school enrolments with an expected CAGR of 3.7%, and private school enrolments with an expected CAGR of 6.2%, are likely to register the fastest growth in the number of students within the GCC.

Exhibit 42: Oman – Gross Enrolment Rates

Parameters	2017E	2018F	2020F	2022F
Pre-primary	57.4%	57.9%	58.8%	59.0%
Primary	109.1%	109.6%	110.6%	111.2%
Secondary	108.0%	108.8%	110.5%	113.3%
Tertiary	45.6%	46.6%	48.6%	50.1%

Source: Alpen Capital

Note: E - Estimated; F - Forecasted

The Sultanate's education sector is expected to benefit from the current regulatory change to make education compulsory for 6 to 17 years of age and free for the nationals. Additionally, it is expected to benefit from government initiatives to improve the quality standards such as developing a national TVET strategy to bridge the disparity between the education system and employment market needs. Oman has established a Quality Assurance Council to boost the higher education segment and achieve an enrolment rate of 50% at the higher education level by 2020. The government also launched the 'National Education Strategy 2040', which aims to provide sound infrastructure for the economy, resulting in a higher number of student enrolments across all segments

¹¹⁷ Source: UAE to approve law allowing 100% foreign ownership; Gulf Business, October 2018

¹¹⁸ Source: Who stands to benefit from the UAE's visa and investment rules?; CNN, June 2018

The number of students in Oman is expected to reach 1.1 million by 2022



The number of students in Kuwait is likely to grow at a CAGR of 3.4% from 2017 to 2022

Kuwait

The total number of students in Kuwait is expected to reach 904,402 by 2022, an increase from 766,590 in 2017, registering a CAGR growth of 3.4%. The tertiary segment is expected to record a CAGR of 6.9%, driven by an expanding population base for the population above 18 years. Enrolments in the primary and secondary segments is expected to grow at a CAGR of 2.4% and 3.6%, respectively, between 2017 and 2022. Overall, private school enrolments is likely to drive the education market, growing at a CAGR of 5.0% from 2017 to record an estimated 348,701 students by 2022.

Exhibit 43: Kuwait – Gross Enrolment Rates

Parameters	2017E	2018F	2020F	2022F
Pre-primary	67.9%	68.0%	68.1%	67.9%
Primary	100.7%	100.7%	100.8%	100.4%
Secondary	94.2%	94.7%	95.8%	98.0%
Tertiary	28.2%	29.4%	31.8%	33.8%

Source: Alpen Capital

Note: E - Estimated; F - Forecasted

The government of Kuwait has been actively advancing the education sector by introducing reforms and developing plans in association with the World Bank. Furthermore, the Kuwaiti government is also focusing on improving the quality of education infrastructure, primarily through a PPP model. Nine schools, to be built by a private player, will be managed by the MoE and form as the government's initiative to drive the education agenda in the country. With a rising demand for higher education, the government is building a new Sabah Al-Salem University City, which is likely to be completed by 2020. The KWD 500 million University City Campus will cover a built up area of 3.7 million sqm. In 2005, Kuwait University engaged the Canadian Consortium Architects (CCA) and Buro Happold in association with SSH to undertake the planning and development of a Master Plan for the new university city. CCA and SSH were appointed to provide full design and construction supervision of the infrastructure works in the main campus area¹¹⁹. In June 2016, the government assigned US\$ 580 million contracts to China State Construction Engineering Corporation to build Sabah Al-Salem University City, which, upon completion would become one of the world's largest campuses with educational facilities at par with international standards¹²⁰.

Qatar

The total number of students in the Qatar is expected to reach 391,931 by 2022, registering a CAGR of 3.9% since 2017. Overall, each segment is expected to grow moderately. However, the tertiary segment is likely to see the fastest growth with a CAGR of 5.1% during the forecasted period, driven by the establishment of new universities. During the forecasted period, the private sector is expected to continue to account for a larger share of K-12 enrolments in Qatar. The total number of students enrolled in private schools is expected to reach 231,859 by 2022, registering a CAGR of 4.9%, while public school enrolments is expected to grow at a CAGR of 1.7% to reach 122,248 by 2022.

Total number of students in Qatar is expected to reach 391,931 by 2022, registering a CAGR of 3.9%

¹¹⁹ Source: Sabah Al Salem University City (Kuwait University), SSHIC

¹²⁰ Source: CSCCEC Middle East to Work on University Facility Project in Kuwait; CSCCEC Press Release, May 2016



Student enrolments in Bahrain is anticipated to grow at a CAGR of 2.6% from 2017 to 2022

The number of schools in the GCC region is likely to increase at a CAGR of 1.9% from an estimated 33,456 in 2017 to 36,747 by 2022

Exhibit 44: Qatar – Gross Enrolment Rates

Parameters	2017E	2018F	2020F	2022F
Pre-primary	61.8%	63.4%	66.7%	69.5%
Primary	104.2%	104.8%	105.9%	106.8%
Secondary	93.4%	94.3%	96.1%	98.3%
Tertiary	16.3%	17.1%	18.8%	22.1%

Source: Alpen Capital

Note: E - Estimated; F - Forecasted

The Qatari government is focused on promoting private education across the country and has approved 63 new private schools for the 2017-2018 academic year, including 23 schools with a British curriculum, 13 American, 12 Indian and 8 schools following the Qatari national curriculum¹²¹. Going forward, the private education sector is likely to offer attractive opportunities for investors and operators, alike, on the back of rising school-age population and their preference for private institutes resulting in higher enrolment rates.

Bahrain

Total student enrolments in Bahrain is expected to grow at a CAGR of 2.6% from 2017 to reach over 329,404 students by 2022. The secondary and tertiary segments is anticipated to grow at a CAGR of 2.9% and 3.6%, respectively, over the forecasted period and are expected to drive the overall enrolments within the country. Public school enrolments is projected to continue to dominate the K-12 space with more than 161,400 students by 2022, with a projected CAGR of 2.1%, lower than that of private sector enrolments, which anticipates a CAGR of 3.0% over the forecasted period.

Exhibit 45: Bahrain – Gross Enrolment Rates

Parameters	2017E	2018F	2020F	2022F
Pre-primary	55.8%	56.3%	57.3%	57.9%
Primary	101.6%	102.1%	103.1%	103.9%
Secondary	104.2%	104.6%	105.3%	106.1%
Tertiary	47.4%	48.3%	50.0%	52.2%

Source: Alpen Capital

Note: E - Estimated; F - Forecasted

Bahrain is expected to witness slower growth compared to other GCC nations. Reforms focused on improving the quality of education and long-term development plans is expected to improve the demand for education. As part of its 'National Higher Education Strategy 2014-2024', the government is planning to develop an additional capacity for 20,000 students¹²².

3.3 Outlook on the Demand for Schools

The demand for public and private schools in the GCC region is likely to increase at a CAGR of 1.9% from an estimated 33,456 schools in 2017 to 36,747 by 2022 (see Exhibit 46), reflecting an addition of more than 3,200 schools over the next five years. Most

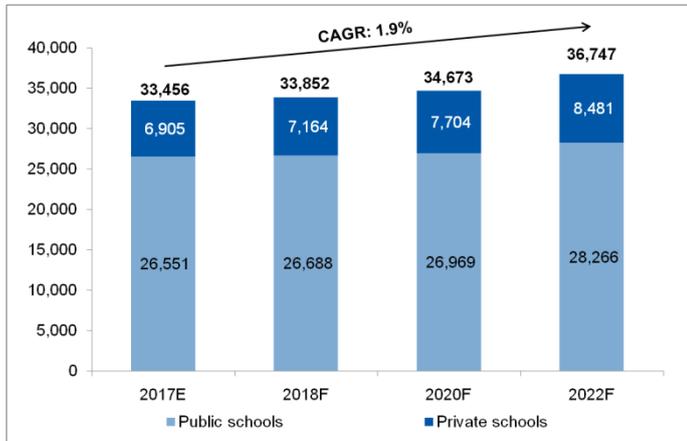
¹²¹ Source: 63 New Private Schools Receive Initial Approval; The Peninsula Qatar, January 2017

¹²² Source: Bahrain to bolster quality of higher education; Oxford Business Group, May 2016



notably, Saudi Arabia is anticipated to account for the highest number of schools in GCC by 2022 (see Exhibit 47). The overall composition of schools by country is likely to remain unchanged during the forecasted period. The demand for public schools in the GCC is expected to increase at a CAGR of 1.3% between 2017 and 2022, however, the number of private schools is anticipated to grow at a much faster rate of 4.1% during the forecasted period.

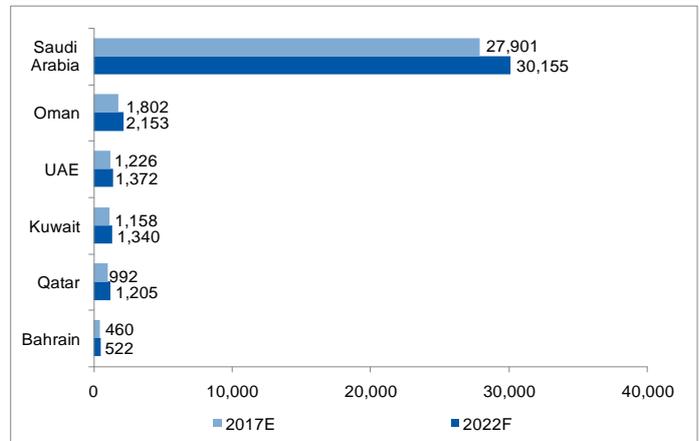
Exhibit 46: Forecast of Demand for Schools in the GCC



Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Exhibit 47: Country-wise Demand for Schools



Source: Alpen Capital

Note: F – Forecasted

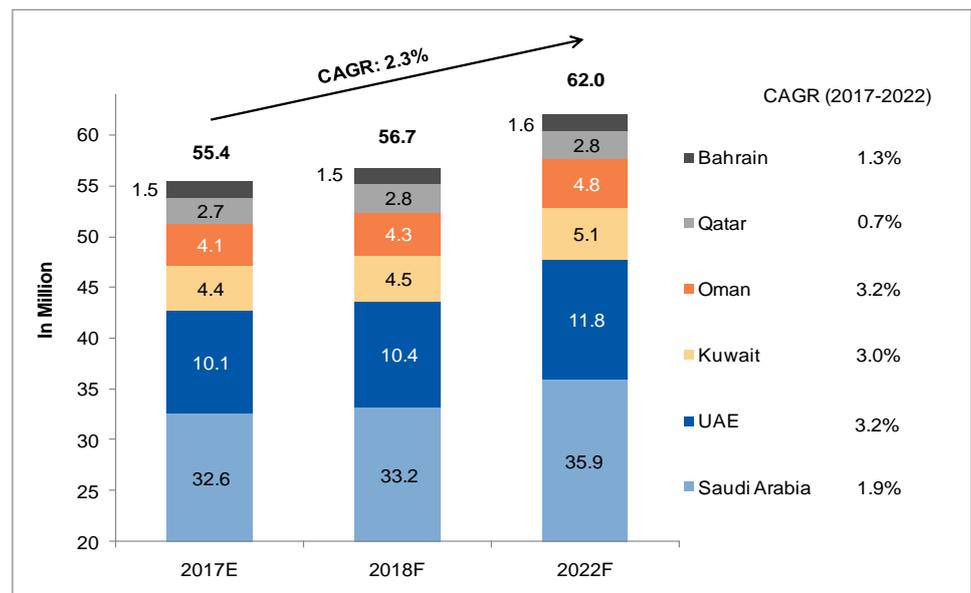
4. Growth Drivers

Population Growth

The large influx of expat population will continue to drive growth in the GCC population, especially Saudi Arabia and the UAE

Historically, the GCC region has witnessed a steady growth in population due to a large influx of expatriates on account of attractive employment opportunities and a tax-free environment, conducive living standards, coupled with improving life expectancy and birth-rates. The population in the GCC has grown at a CAGR of 2.9% from 48.1 million in 2012 to 55.4 million in 2017, with approximately 33% of the GCC's population below the age of 23¹²³. Together, Saudi Arabia and UAE account for 77% of the aggregate GCC population, making them the dominant markets for the education sector within the region.

Exhibit 48: GCC Population Forecast



Source: IMF

Note: E – Estimated, F – Forecasted

Going forward, the GCC population is expected to reach 62 million by 2022, growing at a CAGR of 2.3% between 2017 and 2022¹²⁴. The school age population of K-12 education is also likely to increase from 11.3 million in 2016 to 12.1 million in 2022, which should continue to foster the demand for education in the region¹²⁵. Further, the expatriate community's growing preferences for private schools is expected to increase the number of international schools and universities established across the GCC nations.

High Per Capita Income

The average per capita income in the region stood at US\$ 25,266 in 2016 compared to global average of US\$ 10,376¹²⁶. Qatar, with a per capita income of US\$ 58,247 was ranked as the wealthiest nation in the world in 2016, with UAE (US\$ 35,384) and Kuwait (US\$ 25,869) also featuring among the top ten¹²⁷. National citizens enjoy several benefits such as free public education and healthcare and a low tax environment, contributing to a

¹²³ Source: UNPD

¹²⁴ Source: IMF

¹²⁵ Source: UNPD

¹²⁶ Source: IMF

¹²⁷ Source: The World Bank; Qatar the richest country in the world per capita; Fortune November 2017

high personal income. Therefore, high disposable income has increased the propensity for the GCC population to spend on quality education, consequently increasing the opportunity for education providers in the region

The GCC nations have primarily been driven by large reserves in the hydrocarbon sector, which has helped place the region amongst the wealthiest in the world. Since 2014, there has been a consistent decline in government revenues due to fall in oil prices leading to substantial fiscal consolidation, mainly focused on expenditure reduction¹²⁸. However, regional governments have taken appropriate measures such as initiating economic diversification programmes, cost rationalization, encouraging privatization, and introducing favourable initiatives to private players to shore up revenues and rationalize the spending programmes to maintain fiscal prudence. These measures, along with the stability in oil prices since 2017, have resulted in improvements in government revenues resulting in the continuation of the spending programmes to support the broader economic activities.

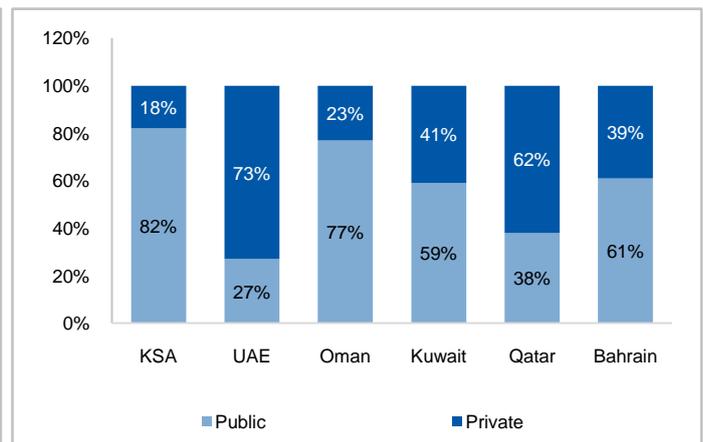
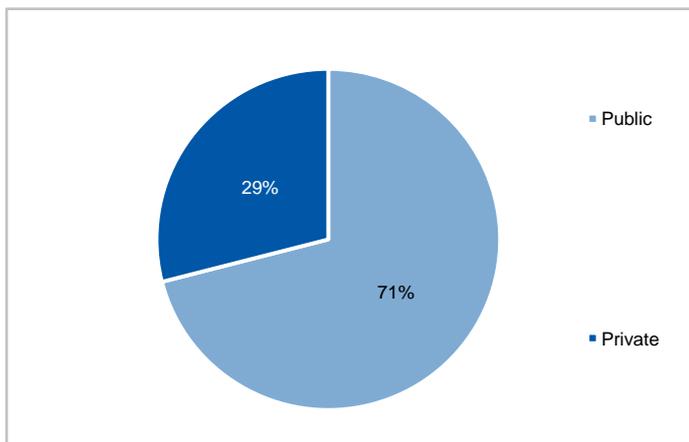
Average per capita income of GCC in 2016 stood at US\$ 25,097 compared to global average of US\$ 10,463

Growing Preferences for Private Education

Historically, public schools in the GCC have retained a majority share of enrolments across the school age population. However, this is gradually changing across the region with an increasing number of nationals preferring private schooling. As a result, there has been a consistent rise in number of private schools across the region. Most notably, the K-12 private education market in the GCC is gaining prominence with a rise in the investment levels and opening of more private schools in the region. UAE and Saudi Arabia are the leading GCC nations witnessing an increase in private education enrolments, with other GCC nations also expected to witness a similar growth trend until 2022.

Exhibit 49: Share of GCC Public & Private School Students

Exhibit 50: Share of Public & Private School Students in GCC, by Countries



Source: Boston Consulting Group Report, Alpen Capital

Source: Boston Consulting Group Report, Alpen Capital

The Saudi Arabian private K-12 market is the largest in the region, valued at US\$ 5 billion in 2017. It is projected to reach US\$ 12 billion by 2023¹²⁹. The UAE private K-12 education market was valued at US\$ 4.4 billion in 2017 and is expected to reach a valuation of US\$ 7.1 billion by 2023¹³⁰. Overall, the number of international schools in the UAE has grown

¹²⁸ Source: The Economic Outlook and Policy Challenges in the GCC; IMF, December 2017

¹²⁹ Source: Saudi Arabia's private K-12 education market to double: BCG study; Saudi Gazette, May 2018

¹³⁰ Source: The UAE's Private K-12 Education Market Will Grow by Approximately 40% in the Next 5 Years: BCG, May 2018



The share of Emirati students enrolled in private schools is expected to rise from ~56% to 66% by 2023

GCC governments are actively looking to establish PPPs to build a sustainable ecosystem

by 6.3% since 2013, while enrolments rose by 9.2% over the same period¹³¹. The share of Emirati students enrolled in private schools is expected to rise from 56% to 66% by 2023, and the UAE government aims to double the number of Emiratis enrolled in private schools rated 'Good' or 'Outstanding' over the next three years¹³². As a result, the demand for international schools is expected to rise with as many as 13 schools to open in Dubai in the 2018-2019 academic year. In total, there are 17 schools expected to open across the UAE during the academic year¹³³.

The Omani private education market was valued at US\$ 1 billion in 2016. It is expected to reach US\$ 1.8 billion by 2023 on the back of growth in the student enrolment ratio¹³⁴. Private schools are gaining prominence due to their improved quality of education and adoption of latest technologies.

The rising preferences for private schools coupled with government initiatives to promote a higher standard of education system, should continue to drive the demand for private schools across the region. Currently, UAE and Qatar are the leading countries with shares of private school enrolments above 60% respectively, however, other regional nations are likely to witness a gradual rise in private sector enrolments.

Government Initiatives to Boost Education Landscape

The education sector has continued as one of the main investment pillars of regional governments. The GCC governments are actively looking to establish public-private partnerships (PPPs) to build a sustainable ecosystem and increase private sector participation through investor-friendly policies to meet the demand of a rising student population.

In UAE, the MoE's strategic plan 2017-2021 envisages a restructuring of the education system. The plan is set to introduce inclusive quality education in schools and colleges, targeting all spectrums of the education segment. Additionally, the UAE announced an Emirati School Model for all government and private schools to improve quality and efficiency of education in the country. The model aims to standardize the education system whereby aligning the curriculum, assessments and examinations in all public schools across the UAE. The UAE MoE and ADEC announced the alignment of Abu Dhabi's education system with the federal education system to ensure the full utilization of resources and create a national plan to improve the performance of education in the country¹³⁵. In May 2018, the government announced the five-year residence visa rule for international students post their graduation in order to encourage students to pursue career opportunities in the region and contribute to the economic growth of the GCC¹³⁶.

In Saudi Arabia, the National Transformation Program (NTP) has forecasted the number of students in non-government schools to double to 15% and targets a 10-fold increase in student enrolments in vocational training courses¹³⁷. In May 2018, the government announced handing over 25 state-run schools to the management of the private sector under the 'Independent Schools' initiative, part of the education ministry's reform plans under Vision 2030. Earlier in January 2018, the Ministry announced a tender for the concession to design, build, finance and maintain 60 kindergarten and secondary school facilities across Jeddah and Mecca¹³⁸. The PPP initiative is expected to revive stalled

¹³¹ Source: International schools in UAE made over \$4.7bn in fees last year; ISC Research report, February 2018

¹³² Source: The UAE's private K-12 education market will grow by ~40% in the next 5 years; BCG, May 2018

¹³³ Source: 17 international schools to open in UAE; Gulf News, August 2018

¹³⁴ Source: Oman's Private School Market Can Grow To \$1.8bn In Next Five Years; Muscat Daily, May 2018

¹³⁵ Source: The MOE and ADEC give details of the Emirati School Model, September 2017

¹³⁶ Source: Seven Reasons Why Now Is The Time To Relocate To The UAE; Entrepreneur, August 2018

¹³⁷ Source: Expanding the role of the private sector in Saudi Arabia's education sector, Oxford Business Group

¹³⁸ Source: Saudi government to hand over 25 schools to private sector; Reuters, May 2018



projects and increase the number of government schools capable of accommodating a large number of students¹³⁹.

In Qatar, investments in private schools is expected to triple by 2020 with the government focusing on facilitating business development and partnership opportunities within the regional private education players as part of strategy 2017-2022¹⁴⁰. Additionally, the government is encouraging investment by exempting the sector from customs, providing free water and electricity, land plots, buildings, textbooks and school vouchers for Qatari students, amongst other incentives¹⁴¹. During 2017, the Qatar government, in collaboration with the Qatar Chamber, offered 11 land plots for private education providers. While land for the construction of 6 private schools was allotted in July 2018, 5 were later announced in August 2018, targeting the creation of an additional 7,000 seats. The new schools are part of the government's plan to have 50,000 seats by 2022¹⁴².

Similar initiatives have been taken by Kuwait, Oman and Bahrain to improve their quality of education, which offers opportunities for private investors, especially in the tertiary and post-secondary levels. Although, the region is continuously investing in smarter and more efficient ways, the increase in the private sector involvement will be important to bring the expertise and international standards to improve the overall education ecosystem in the GCC.

¹³⁹ Source: Stalled school projects handed over to Tatweer; Saudi Gazette, July 2017

¹⁴⁰ Source: Private education investment may see three-fold jump by 2020; Qatar Chamber, May 2017

¹⁴¹ Source: Private education investment may see three-fold jump by 2020; Qatar Chamber, May 2017

¹⁴² Source: Government to allot land for five more private schools; Gulf Times, August 2, 2018



5. Challenges

Economic Slowdown Scaling Back Growth

The prolonged correction in oil prices led to a number of challenges for the GCC region. This prompted regional governments to undertake a number of initiatives to focus on fiscal consolidation through subsidy cuts and curtailing public spending. Further, regional governments also introduced measures such as Value Added Tax (VAT) to boost government receipts and reduce fiscal deficits. According to the IMF, the GCC region recorded a modest growth in real GDP of 0.7% in 2017 compared to 2.5% in 2016¹⁴³, which can be predominately attributed to cut in oil production despite the recovery in oil prices. Hence, the region witnessed a period of consolidation during 2016 and 2017, leading to the scaling back of projects coupled with corporates focusing on cost rationalization amid pressures on top-line. These factors have resulted in a relatively moderate growth for the GCC education market during the past two years.

The decline in oil prices posed challenges for economies in the GCC region. Cost rationalization, industry consolidation, rising living costs and fiscal consolidation have led to a concern over job losses and a lack of business opportunities for the expatriate population. For example, the number of non-Saudi employees fell from more than 10.8 million in the first quarter of 2017 to approximately 10.2 million in the first quarter of 2018¹⁴⁴ on account of a Saudi Arabia's new labour law which stopped expatriates from working across 12 key sectors in the Kingdom¹⁴⁵. Moreover, expatriate visas in Saudi Arabia have now been made valid for only a year compared to the previous duration of two years. Similarly, in Oman, the Ministry of Manpower (MOM) issued a temporary 6-month freeze on the issuance of work permits and visas to expatriates in 87 job positions across 10 sectors¹⁴⁶. In a bid to provide the nationals a priority in jobs across the region, it is expected that additional measures like such might be introduced over the next few years.

Influx of International Institutions intensifying competition

Over the years, the region has witnessed an influx of private schools and universities to capitalize on the rise in demand for quality education. International schools such as the Brighton College, the Dwight school, Solomon International School, amongst others, have opened their doors in the GCC region, especially in the UAE, in order to maximize the opportunities offered by the region. For instance, in the UAE, an additional 175,000 school places are expected to be opened by 2020, largely in the private sector, leading to the problem of oversupply¹⁴⁷. The demand dynamics, which have remained moderate on the back of a slowdown in economic activity, have changed the overall education landscape during the past three years. Thus, private schools continue to face a battle to survive amid increasing competition for fewer pupils. Considering the strong pipeline of schools expected to open in the next two years, the influx of international institutions is likely to challenge the sustainability of schools who do not have a long-term plan. This could evidently result in some of the smaller private operators either shutting down leading to a consolidation of the market, in general.

Sector-wide cost rationalization measures have reinforced the changing market dynamics encountered by corporates across the region

Influx of international institutions is likely to challenge the sustainability of schools who do not have a long-term plan

¹⁴³ Source: IMF, January 2018

¹⁴⁴ Source: General Authority of Statistics, Saudi Arabia

¹⁴⁵ Source: Exodus of expats from GCC as nationals get priority in jobs; Times of Oman, July 2018

¹⁴⁶ Source: Saudi Arabia and Oman: restrictions on expat employment tightened; Lexology, February 2018

¹⁴⁷ Source: Tough times ahead for UAE schools; The National, February 2017



Amid stiff competition, lower pricing may affect the already skewed profit margin for the education providers in the region

The shortage of teachers and educational experts in the region continues to hamper growth

Private schools continue to charge higher fees to capitalize on the rising demand and growing inclination towards quality education

Price Pressures Leading to Margin Erosion

The rising influx of international institutions and the oversupply of education operators in the GCC education market has started to negatively impact operators. Select operators have started offering discounts while other educational providers have restricted their fee structure. Both of these measures have led to contraction in revenues, while operating cost continue to escalate with higher salaries being paid to attract the desired talent. Additionally, the recent announcement by KHDA to freeze tuition fee for the academic year 2018-2019 across private schools in Dubai has further intensified the problem for the school operators.

Moreover, increasing competition and pricing pressures are compelling regional operators to innovate and adopt novel marketing strategies to fill capacity, which is in turn affecting profit margins. For example, GEMS Education recently launched a new merit-based scholarship programme, which will not only be available to students already part of the GEMS network but also to students willing to shift to a GEMS school. Scholarships ranging from 20% to 100% and are being offered for a single academic year, with candidates required to apply for renewal on an annual basis, a concept open for students from Grade 6 and above¹⁴⁸. Repton School Dubai linked its tenth-anniversary to a 10% fee discount, while Horizon International School announced that it would be recalibrating a long-standing fee disparity between the primary and secondary schools for the 2018/19 academic year¹⁴⁹. Some international institutions already have offers in place including the sibling discounts, which offer savings of 5% to 30% on each additional child enrolled at a school within one family.¹⁵⁰ For example, the Canadian University in Dubai, the Middlesex University, and the Murdoch University Dubai are amongst those who offer sibling and spouse discounts¹⁵¹.

Shortage of Teachers and Educational Staff

The GCC education sector is undergoing rapid changes in teaching styles and adoption of international curricula. However, the sector has not been able to fill the gap of educational staff to address the changing landscape. This challenge is prominent across schools in the region that are dependent on expatriate teachers. Although the average salaries of teachers in the region, especially in the UAE and Saudi Arabia, are relatively higher compared to other parts the region, high costs of living in the GCC and rising demand for teachers in home countries continues to be a deterrent for retention of experienced personnel.

Government and private players are tackling the current challenges by conducting teacher-training programs to augment the workforce while also establishing specific institutions for imparting various skill sets. For instance, GEMS Group has launched initiatives such as Global Teacher Prize, worth US\$ 1 million to inspire the younger generation to join the teaching industry.

Higher Cost of Education

The cost of education in the region is a growing concern for both, parents and government authorities. This problem has been further intensified since the past three years, as employers have resorted to scaling back education allowances in an attempt to rationalize costs amid an economic slowdown. Given that the GCC region is dominated by expatriate population, especially in the UAE, parents are expected to allocate approximately US\$

¹⁴⁸ Source: Freeze on fees: A big push for education reforms in UAE; Khaleej Times, June 2018

¹⁴⁹ Source: Dubai School Discounts - And Other Ways to Save!; whichschooladvisor, September 2018

¹⁵⁰ Source: Freeze on fees: A big push for education reforms in UAE; Khaleej Times, June 2018

¹⁵¹ Source: Freeze on fees: A big push for education reforms in UAE; Khaleej Times, June 2018



Students continue to prefer to study abroad due to the limited choice of quality institutes in the region

99,378 to cover the cost of education from primary level to university¹⁵². Aside from regular tuition fees, the cost of extra-curricular activities such as sporting activities, field trips, educational visits, etc. further increase the cost of education.

Preference of Students to go Abroad for Higher Education

Across the GCC, there is a preference of students to go abroad to pursue higher education. One of the primary drivers of this is the limited access to reputable international institutions within the region, coupled with the preference to gain global competencies that improve the chances of accessing employment opportunities in market internationally. Parents and students continue to have reservations about the quality, competitiveness and reputation of Universities available in the region. As a result, the US and the UK have turned out to be the most preferred destinations for GCC students to pursue higher education, while countries like Canada, Australia and Singapore are also witnessing a rising influx of students from the UAE¹⁵³. Moreover, the rising cost of education in the GCC is also driving outbound mobility. Expatriates prefer to send their children to their home countries or abroad for higher studies in view of a generally high cost of living and the comparative quality of high education provided.

¹⁵² Source: UAE school fees 'second highest in the world': HSBC study; Gulf News, July 2017

¹⁵³ Source: UAE students' exodus for higher studies; Gulf News; Middle Eastern Students Abroad: In Numbers; Top Universities, April, 2015



6. Trends

Improvement in Quality and Availability of Higher Education Options

Across the GCC, there is a preference, both by nationals and expatriates, to pursue higher education abroad. However, in recent times, the trend has been changing primarily due to world class universities setting up base within the region.

Further, working executives have also been encouraged by this development. Degrees such as the Executive MBA (EMBA) have started gaining popularity among this cohort, especially in the UAE. Several universities such as CASS Business School, and London Business School have started offering such programmes in Dubai. As a result, tertiary education has witnessed the fastest growth in enrolment rates since 2011, registering a CAGR of 8.6% between 2011 and 2016¹⁵⁴. The GER in the tertiary segment reached 54.7% in 2016, an improvement from 33% in 2011. UAE, Qatar and Saudi Arabia have become the preferred destinations for higher education for students across the region with the UAE leading student preferences for international universities offering diverse programs and disciplines. For example, London Business School in Dubai offers 10 different masters courses and seven different executive courses in niche areas such as strategy, leadership programmes, executive education for organizations, etc. which are gaining popularity amongst students and corporates alike.

The rising demand for institutions offering quality higher education, has led to the development of dedicated educational zones, primarily in the UAE. The Dubai International Academic City, home to 27 foreign universities, is a prime example of an educational hub drawing international players to the GCC¹⁵⁵. Further, recent positive changes in visa regulations for students studying at universities is another initiative to encourage students to study in the UAE and pursue a career within the region.

Adoption of Technology

Regional governments have played an important role in modernizing the education system by developing smart learning programs and aligning the education curricula with global teaching standards. The uptake and integration of technologies such as e-learning platforms or use of advanced technologies such as artificial intelligence (AI), machine learning, virtual reality (VR), augmented reality (AR), etc. has led to the adoption of more efficient methods of teaching and in turn delivering an enhanced quality of education.

Governments have undertaken several initiatives to support the integration of technology into the education system. For example, the UAE has initiated an Innovation Hub by Oracle in Dubai, allowing students to pitch ideas for developing technological changes. Further, the UAE government has allocated funds towards ICT development and establishment of 122 innovation libraries in schools with Arabic representation in technology in order to encourage and promote education among Arabic-speaking students¹⁵⁶. Apart from e-learning platforms, the region is also experiencing a rise in AI technologies in the education sector. Recently, Alef, an EdTech firm, launched an AI software in a private school in Abu Dhabi, while ATLAB announced launch of ATLAB TeachAssist, a robot teaching assistant in schools across Dubai.

The main objective for integrating new technologies into the educational system is to enable students to adapt to the ever-evolving dynamics of various industries. Moreover,

¹⁵⁴ Source: UNESCO

¹⁵⁵ Source: UAE among top countries for international higher education; The National, July 2017

¹⁵⁶ Source: The UAE and technological change through education; Education Technology, May 2017

UAE, Qatar and Saudi Arabia have become the preferred destinations for higher education for students across the region

Adoption of technology within the education system is likely to prepare the students for the future



Vocational training will continue to witness increased demand as it has become for government in tackling unemployment

Abu Dhabi announced a new model of private schools with affordable fees beginning from the 2018-19 academic year

regional governments are focusing on creating an ecosystem led by innovation and a knowledge based economy. Therefore, the adoption of these technologies into the education system remains a top priority for government authorities.

Demand for Vocational Education

The GCC has relied heavily upon its expatriate population to fill the employment gap. This has often led to rising unemployment among locals, which, over time, has become a concern for the regional governments in ensuring employment for nationals. Hence, governments have recognised the need for education and training to develop their labour force for long term sustainability.

The vocational training market in the GCC is expected to grow steadily at a CAGR of more than 14% over 2016-2020, with the majority of the demand coming from Saudi Arabia and the UAE. Authorities have started focusing on increasing student enrolment and also improving the quality of education across all segments of the GCC education market. This has resulted in domestic institutions forming partnerships with reputed international universities to provide technical education. The entry of private institutions and introduction of new vocational training programs and teaching methods such as dual learning programs are expected to be one of the major trends in the vocational training market in the GCC¹⁵⁷.

Affordable Schooling

There exists an imbalance in the supply of premium private schools and affordable schools in the region. Pricing pressures have created the need for an 'affordable schools' segment which provides quality education at affordable prices. With the rise in school fees affecting middle-income earners in the UAE, Abu Dhabi announced a new model of private schools with affordable fees, as part of an economic stimulus package, due to be rolled out and completed in the next three years¹⁵⁸. Beginning from the 2018-2019 academic year, the new model is expected to see a collaboration between the public and private sectors. The fees of the new schools are likely to be lower than private school fee averages, and are expected to range between AED 20,000 and AED 30,000 per year¹⁵⁹. This would require comparatively more expensive schools in the Emirate to reconsider their pricing policies and adopt newer strategies to remain competitive in the market. New schools are not only likely to offer both the citizens and residents with cheaper options, but also provide the same quality of education as the more expensive ones.

¹⁵⁷ Source: Vocational Training Market in GCC 2016-2020; Technavio, July 2016

¹⁵⁸ Source: Abu Dhabi announces new model of affordable private schools; The National, June 2018

¹⁵⁹ Source: Abu Dhabi Targets Affordable Private Schools, Which School Advisor



7. Merger and Acquisition (M&A) Activities

With governments opening up the sector for private players, the region is witnessing a steady increase in private participation

The GCC region has witnessed a surge in M&A activities in the education sector. Moreover, with regional governments opening up the sector for private operators, there has been an increase in deal making activity in the region. Overall, education segments in Kuwait, Saudi Arabia and UAE have offered the most opportunities in the region (see Exhibit 51). Going forward, there is considerable opportunity for consolidation in the segment which, along with favourable demographics, high disposable income and growing awareness for quality education, is likely to play a pivotal role.

Exhibit 51: Major M&A Deals in the GCC Education Industry (2016-2018 YTD)

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Consideration (US\$ Million)	Percent Sought (%)
Amanat Holdings	UAE	Sobha Ltd-North London Collegiate School Real Estate Assets	UAE	2018	98.0	N/A
Undisclosed Acquirer	N/A	Eton Institute	UAE	2018	N/A	N/A
Boubyan Petrochemical Co	Kuwait	Eyas for Higher and Technical Education Co	Kuwait	2018	50.5	N/A
Undisclosed Acquirer	N/A	Arabian Establishment for Educational Development LLC	Qatar	2018	98.2	41.7%
Eng Nashat Sahawaneh*	UAE	Philadelphia Pvt. School	UAE	2018	N/A	N/A
Undisclosed Acquirer	N/A	Dar Al Maarif Educational Services Co	Kuwait	2018	N/A	N/A
Amanat Holdings PJSC	UAE	Abu Dhabi University Holding LLC	UAE	2018	87.2	35.0%
Al Mal Capital PSC*	UAE	Mir Hashem Khoory LLC-Kent College Dubai	UAE	2017	N/A	N/A
Awj Jeddah Real Estate*	Saudi Arabia	The Childrens Garden School	Saudi Arabia	2017	2.6	N/A
Nord Anglia Education Inc	Hong Kong	British School of Kuwait	Kuwait	2017	N/A	N/A
Waikato Institute of Technology	New Zealand	Mondragon Wintec Saudi Arabia	Saudi Arabia	2017	1.9	N/A
Boubyan Petrochemical Co	Kuwait	Educational Holding Group	Kuwait	2017	191.1	82.1%
Al Anwar Holdings SAOG	Oman	Canadian Innovation Co for Education Services	Oman	2017	11.3	43.5%
Saudi Economic & Development Co Ltd	Saudi Arabia	Yusr International School	Saudi Arabia	2017	N/A	50.0%
Nord Anglia Education Inc*	Hong Kong	Undisclosed School	Saudi Arabia	2017	147.0	N/A
Abraaj Capital Ltd	UAE	Middlesex Uni Dubai	UAE	2017	74.8	N/A
Kaplan Inc	US	Genesis Institute	UAE	2017	N/A	100.0%
Alinma Educational Fund	Saudi Arabia	Amjad Qurtoba Schools	Saudi Arabia	2017	N/A	100.0%
Gems Education Ltd	UK	Wesgreen Intl. School	UAE	2017	N/A	N/A
KOOH Sports Pvt Ltd	India	Its Just Football	UAE	2016	1.0	N/A
Al Khabeer Capital Co	Saudi Arabia	Rehab Al-Maarifa Pvt School	Saudi Arabia	2016	N/A	N/A
Housing Finance Co KSCP	Kuwait	Al Kuwait Al Ahlia School	Kuwait	2016	6.3	23.1%
Al Najah Education LLC	UAE	Brooklyn Melodies Music Centre	UAE	2016	N/A	N/A
Large Saudi Conglomerate	Saudi Arabia	Emirates College of Technology	UAE	2016	N/A	N/A
Amanat Holdings PJSC	UAE	Madares PJSC	UAE	2016	38.0	16.0%
Gulf Friends Real Estate	Kuwait	Nafais Holding Co KSCC	Kuwait	2016	146.1	N/A
Boubyan Petrochemical Co	Kuwait	Nafais Holding Co KSCC	Kuwait	2016	0.3	N/A
Rashed Abdul Rahman Al Rashed & Sons Group	Saudi Arabia	Emirates College of Technology	UAE	2016	N/A	N/A

Source: Zawya, Thomson Reuters; Note: *Deals pending completion (as on October 30, 2018)

8. Annexure – Fee Structure in the GCC

The tuition fee across GCC private schools and colleges varies widely based on the curriculum offered. Fees charged by international schools offering IB and American curricula are the highest. Private schools providing primary to secondary education based on American curriculum charge an annual tuition fee in the range of US\$ 10,007 to US\$ 26,260 (see Exhibits 52 and 53). On a comparative note, the tuition fee charged by private schools offering Indian and Arabic curriculum is relatively lower. While an increasing level of competition in the UAE has compelled private schools to provide rebates and incentives to attract students, the Dubai Executive Council recently approved a decision to freeze school fees for all private schools in Dubai for the academic year 2018-2019¹⁶⁰.

Exhibit 52: Tuition Fee Structure of Schools in the GCC (Section 1)

School Name	Curriculum	Annual Fee Range (US\$)	
		Pre-primary	Primary & Secondary
UAE			
GEMS Dubai American Academy	American	6,215 – 16,321	23,008
GEMS World Academy	British	17,536-21,937	21,937-30,440
Al Ain Academy (Aldar Academies)	British	10,781	10,781-15,608
Emirates International School - Meadows	IB	7,297	9,576-17,332
Regent International School (Fortes Education)	IB	11,921	13,907
Indian High School, Dubai	Indian	1,007-1,013	1,045-1,273
Delhi Private School, Dubai	Indian	2,815	3,095-3,914
Saudi Arabia			
Rowad Al Khaleej International School – Mughrizat	IB	8,102-8,529	8,529-9,595
Daratassalam International Delhi Public School	Indian	3,732-4,398	4,398-6,077
Jeddah Knowledge International School	IB	8,937-9,317	11,822-16,273*
American International School Riyadh	American	9,522-12,814	12,816-23,905
British International School of Al Khobar	British	8,115-11,383	8,115-11,383
Qatar			
American School of Doha	American	9475-15801	15801-20548
Newton International School	British	4,861-6,605	7,525
Doha Modern Indian School (Taleb Group)	Indian	2,376	2,898-4,628
Birla Public School	Indian	2,129	2,667-4,164
Oman			
The American International School of Muscat	American	12,962	20,754-25,222
The British School-Muscat	British	9,611-11,819	12,728-23,248
Azzan Bin Qais International School	IB	5,195-5,585	7,338-11,689

Source: Respective websites of schools

Source: Notes: Fees are pertaining to the academic year 2018-2019 or as per the latest available data on the school websites; *The range includes fees for both girls and boys schools; The above fees are converted from the local currency to US\$ using the exchange rate as on October 18, 2018

¹⁶⁰ Source: No fee hike in Dubai private schools this year; Gulf News, June 2018



Exhibit 53: Fee Structure of Schools in the GCC (Section 2)

School Name	Curriculum	Annual Fee Range (US\$)	
		Pre-primary	Primary & Secondary
Kuwait			
Kuwait American School	American	5,401-6,769	10,007-11,823
Kuwait English School	British	6,100-9,529	9759.32-15,496
Indian Community School	Indian	1,217	1,342-1,705
Bahrain			
Riffa Views International School	American	7,295-16,340	20,425-26,260
St. Christopher's School	British	3,043-3,857	3,857-6,852
The British School of Bahrain	British	7,165-9,035*	9,035-18,106*
Bahrain Bayan School	IB	11,570	12,021-14,364
New Millennium School, DPS	Indian	2,647	3,292-4,478

Source: Respective websites of schools

Notes: Fees are pertaining to the academic year 2018-2019 or as per the latest available data on the school websites; The above fees are converted from the local currency to US\$ using the exchange rate as on October 18, 2018

Colleges and universities in the region charge fees for the undergraduate and graduate programs based on the credit hours earned or subjects (see Exhibit 53).

Exhibit 54: Fee Structure of Colleges in the GCC

College/University	Type of Courses	Fee Range (US\$) – 2018
The AMA International University (Bahrain)	General and MBA	137 – 239 per credit unit
Majan College (Oman)	ACCA and Post Graduate Programs	10,130 – 16,031 per year
American University of Kuwait	Undergraduate program and Computer and Electrical Engineering	693 – 758 per credit hour
Qatar University	Undergraduate programs / Graduate programs	220 – 275 per credit hour / 412 – 549 per credit hour
Al Yamamah University (KSA)	Undergraduate programs / Graduate programs	14,793 – 17,458 per year / 41,953 – 51309 per year
Al Ghurair University (UAE)	Undergraduate programs / Post Graduate programs	327 – 422 per credit hour / 218 – 681 per credit hour
University of Wollongong in Dubai	Undergraduate programs/ Postgraduate programs	63,472 – 75,016 per year / 2,144 – 2,491 per year*
American University in Dubai	Undergraduate programs/ Graduate programs	1,058 per credit hour / 1,058 – 1,115 per credit hour

Source: Respective websites of colleges and universities

Notes: Fees are as per the latest available data on the school websites; The above fees are converted from the local currency to US\$ using the exchange rate as on October 18, 2018 *Total number of subjects in the programs ranges between 10 to 17; ACCA stands for Association of Chartered Certified Accountants

Country Profiles

Saudi Arabia

Key Growth Drivers

- **Population:** Saudi Arabia's population below the age of 25 accounts for approximately 37.2% of total population and is estimated to grow at a CAGR of 0.4% between 2017 and 2022 to reach 13.4 million (Source: UNPD, IMF). As the expatriate population in the Kingdom continues to grow, more students are likely to enroll in private schools and institutions.
- **Increasing income level:** The GDP per capita, based on PPP, is estimated to grow at a CAGR of 2.2% between 2017 and 2022. With disposable income levels rising in the Kingdom, parents are willing to spend more on high-quality private education.
- **Government measures:** The Saudi Arabia government took several initiatives to improve the education system, including allocating more investment and funds to implement education projects, providing scholarships for nationals, promoting women's colleges, and various higher education and vocational training programs. During 2018, the government allocated SAR 192 billion (USD 51.2 billion)* for the purpose of developing and expanding the education sector.
- **Focus on private sector participation:** The Saudi Arabia Government is stepping up private sector participation in education projects by collaborating with private entities to create an attractive environment for investors in the educational field including opportunities for investment and financing educational projects. This has led to the expansion of the existing players and the entrance of new players.

Recent Industry Developments

- In May 2018, Saudi Arabia authorities ordered the handover of 25 state-run schools to be operated by private companies under a new 'Independent Schools' initiative, as part of economic reforms designed to ease pressure on the state's finances.
- In January 2018, the ministry has granted a tender offer for a long-term concession to design, build, finance and maintain facilities for 60 schools in Jeddah and Mecca across kindergartens and secondary schools.
- In Aug 2017, Saudi Arabia announced plans to allow foreign investors to take 100% ownership of companies in its education sectors, to gradually ease ownership restrictions on foreign firms, which have previously been required to set up a joint venture with a local partner.

Macro-economic Indicators

Indicators	Unit	2017	2018F	2022F
GDP growth at constant prices	%	-0.9	2.2	2.2
GDP per capita at current prices	SAR	79,112	86,950	89,759
GDP per capita based on PPP	US\$	54,532	55,926	60,780
Population	mn	32.6	33.2	35.9
Inflation	%	-0.9	2.6	2.1

Source: IMF – October 2018

Note: F – Forecasted

Number of Students

Indicators	2017	2018F	2022F	CAGR (2017-22)
Pre-Primary	464,028	491,496	621,390	6.0%
Primary and Secondary	7,298,128	7,319,127	7,755,675	1.2%
Tertiary	1,655,197	1,686,405	1,926,394	3.1%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Company	Type
Al Khaleej Training and Education Company	Owns and operates schools
Ma'arif For Education and Training	Owns and operates schools
King Abdulaziz University	College
King Fahd University of Petroleum and Minerals	College
Saud International School	School
Advanced Learning Company	Educational Services

* At the exchange rate on October 16, 2018

UAE

Key Growth Drivers

- **Population:** UAE's overall population reached 10.1 million in 2017, increasing at a CAGR of 2.6% since 2012. Meanwhile, the school-age population under the age of 25 years was recorded at 1.1 million in 2017 (Source: IMF, UNPD). A steady rising school population is most likely to drive growth in the education industry.
- **Increasing income levels:** The GDP per capita, based on PPP, is estimated to grow at a CAGR of 2.3% between 2017 and 2022. The increasing levels of disposable income result in willingness to spend on higher quality of education.
- **Government initiatives:** The government has allotted AED 10.4 billion (USD 2.83 billion)* for the education sector in its 2018 budget. The government has launched several strategic plans such as the Emirati School Model, 'Education 2020' strategy, including smart learning programmes, new teachers' codes, licensing and evaluations systems, as well as curriculum revision.
- **Increase in private schools:** The rise in the number of private schools is driven by the demand for quality education institutes in the country. In 2018, 13 private schools opened in Dubai, while Abu Dhabi saw an introduction of three private schools (Source: The National).

Recent Industry Developments

- In June 2018, the Abu Dhabi Education Council (ADEC) approved infrastructural proposal to establish new schools, along with private-sector partnership.
- In June 2018, Dubai Executive Council (DEC) issued a decision to freeze private school fees for the upcoming academic.
- In May 2018, KHDA announced the new five-and ten-year residency visa extension for international students in UAE.
- In April 2018, the MoE launched 'Our School, Our Responsibility' initiative in order to equip the teaching staff with leadership qualities. The initiative also articulates the ministry's vision to create qualified national teachers.

Macro-economic Indicators

Indicators	Unit	2017	2018F	2022F
GDP growth at constant prices	%	0.8	2.9	3.0
GDP per capita at current prices	AED	138,573	152,322	160,052
GDP per capita based on PPP	US\$	68,646	70,262	76,795
Population	mn	10.1	10.4	11.8
Inflation	%	2.0	3.5	1.9

Source: IMF – October 2018

Note: F – Forecasted

Number of Students

Indicators	2017	2018F	2022F	CAGR (2017-22)
Pre-Primary	154,640	154,892	149,314	-0.7%
Primary and Secondary	949,166	990,818	1,125,560	3.5%
Tertiary	170,638	182,311	233,165	6.4%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Key Players

Company	Type
GEMS Education	Operator of a chain of schools
Fortes Education	Owner of chain of schools
Taaleem	Owns and operates schools
Indian High School	School
Innoventures Education	Owns and operates schools
Kings Dubai	Owns and operates schools
Repton School	Owns and operates schools
Emirates International School	Owns and operates schools
Aldar Academies	Owns and operates schools

* At the exchange rate on October 16, 2018

Oman

Key Growth Drivers

- **Population:** Oman's overall population is estimated to reach 4.3 million in 2018 and further rise to 4.8 million by 2022. (Source: IMF) The growing school-age population will continue to bring opportunities to the industry going forward.
- **Healthy Private K-12 Market:** The private K-12 education segment is poised to witness substantial growth and projected to reach a market size of US\$ 1.8 billion by 2023. (Source: Times of Oman, BCG). The rising number of enrolments in schools will largely drive the growth of the private school market. On the other hand, the government is also taking efforts to engage with the private sector to increase enrolments in pre-schools. The private school market remains highly fragmented, composed mostly of the standalone players, and has created an opportunity for private international schools with lower range of fees.
- **Government Initiatives:** The Oman government allocated OMR 1.59 million (US\$ 4.13 million)* to the educator sector, constituting approximately 13% of the total budget expenditure. Moreover, several government initiatives are set to boost the overall outlook for the industry.

Recent Industry Developments

- In September 2018, the government of Oman announced that there would be an aggregate of 21 Indian schools in the country in order to provide the expat student population with quality education. (Source: Times of Oman)
- In September 2018, the MoE of Oman signed a Memorandum of Understanding (MoU) with Ooredoo, a leading telecommunications service provider, to connect hundreds of schools across the country to its mobile academy services offering.
- In February 2018, STEM Oman started its first phase in the six phase schools, with co-operation from the Ministry of Education in Oman. The programme complements the curricula currently applied in the sultanate's schools. It is based on interactive and practical education aimed to link the science, technology, engineering and mathematics curriculum with the current scientific curricula.

Macro-economic Indicators

Indicators	Unit	2017	2018F	2022F
GDP growth at constant prices	%	-0.9	1.9	1.1
GDP per capita at current prices	OMR	6,586	7,371	7,414
GDP per capita based on PPP	US\$	46,011	46,522	49,799
Population	mn	4.1	4.3	4.8
Inflation	%	1.6	1.5	3.0

Source: IMF – October 2018

Note: F – Forecasted

Number of Students

Indicators	2017	2018F	2022F	CAGR (2017-22)
Pre-Primary	80,768	83,882	89,105	2.0%
Primary and Secondary	692,521	723,887	865,822	4.6%
Tertiary	135,122	138,588	150,703	2.2%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Key Players

Company	Type
Azzan bin Qais International School	School
Dhofar University	Private university
Indian School Muscat	School
National Training Institute LLC	Vocational training provider
Sohar University	Private university
Technical and Administrative Training Institute LLC	Vocational training provider

* At the exchange rate on October 16, 2018

Kuwait

Key Growth Drivers

- **Population:** Kuwait's overall population reached 4.4 million in 2017, increasing at a CAGR of 2.9% since 2012. Meanwhile, the school-age population below 25 was 0.7 million in 2017 (Source: IMF, UNPD). The projected increase in school and college going population is expected to drive student enrolments.
- **Rising income level:** The GDP per capita, based on PPP, is estimated to grow at a CAGR of 2.9% between 2017 and 2022. The increasing levels of disposable income result in willingness to spend on higher quality of education.
- **Government support:** The Kuwaiti government plans to develop its education sector by enhancing teacher's professional capacities through conducting training workshops and developing programs with local authorities and World Bank; building universities; and by providing scholarship programs.
- **Increasing private sector participation:** Surging demand for private education by Kuwaiti nationals and expatriates is poised to increase private sector participation.

Recent Industry Developments

- In October 2018, the Ministry of Higher Education of Kuwait and the University of Malta renewed a MoU that focuses on Kuwaiti student's scholarships, and development of academic relations with universities and research centers.
- In March 2018, the Minister of Education and Higher Education approved seven Egyptian universities to prevent fake degree frauds.
- In March 2018, the MoE announced the opening of the local contract for members of the non-Kuwaiti educational body to work in public education schools for the year 2018/2019.
- In October 2017, Alaa Khalifa the Center for Child Assessment and Education established a training course on learning difficulties for teachers.
- In July 2017, General Directorate of Special Education set up plans to form a specialized committee to establish standards and controls for tuition fees for private schools.

Macro-economic Indicators

Indicators	Unit	2017	2018F	2022F
GDP growth at constant prices	%	-3.3	2.3	3.8
GDP per capita at current prices	KWD	8,270	9,635	10,332
GDP per capita based on PPP	US\$	65,754	66,982	75,768
Population	mn	4.4	4.5	5.1
Inflation	%	1.5	0.8	2.7

Source: IMF – October 2018

Note: F – Forecasted

Number of Students

Indicators	2017	2018F	2022F	CAGR (2017-22)
Pre-Primary	83,017	84,054	85,379	0.6%
Primary and Secondary	576,114	593,829	668,662	3.0%
Tertiary	107,460	116,749	150,361	6.9%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Key Players

Company	Type
Afaq Educational Co. K.S.C.	Owns and operates schools
Educational Holding Group	Owns and operates schools
Al Rayan Holding Co. K.S.C.C	Owns and operates schools
American University of Kuwait	Operates a private university
FAWSEC	Owns and operates schools
The British School of Kuwait	School

Qatar

Key Growth Drivers

- **Population:** Qatar's population increased at a CAGR of 5.3% between 2012 and 2017, while population below 25 years of age (forming nearly one-third of total population) is likely to grow by 2.2% (Source: IMF). Subsequent rise in the school-age population will give rise to increment in the student enrollment ratios.
- **Rising income level:** The GDP per capita, based on PPP, is expected to increase at a CAGR of 4.1% between 2017 and 2023. The increase in disposable income will result in growing demand for quality education.
- **Increasing private sector participation:** Growth in expatriate population, coupled with strong enrollment scenario and demand for high quality education will fuel demand for private education in the country.
- **Government support:** Qatar government remains supportive towards the education sector with large budget allocation of QAR 19 billion (US\$ 5.2 billion)* for the growth and development of the sector.

Recent Industry Developments

- In April 2018, Qatar and Panama signed a MoU in the fields of education and higher education. The agreement between the two countries was initiated with an intention to boost the educational prospects.
- In April 2018, the Ministry of Education and Higher Education (MoEHE) established the first database for the special-needs students at local schools. This initiative was taken in line with the government's focus towards digital transformation of the ministries in the state under QNV 2030.
- In January 2018, Qatar and Republic of El Salvador signed a MoU covering development in fields of education and educational services.
- In January 2018, the MoE signed a MoU with Qatar Debate Centre in the fields of debate and education. The initiative will largely focus on the students' educational needs on a large scale, develop learning opportunities and improve knowledge and skills of the student community going forward.

Macro-economic Indicators

Indicators	Unit	2017	2018F	2022F
GDP growth at constant prices	%	1.6	2.7	2.9
GDP per capita at current prices	QAR	222,130	246,859	292,955
GDP per capita based on PPP	US\$	124,121	128,487	151,542
Population	mn	2.7	2.8	2.8
Inflation	%	0.4	3.7	2.1

Source: IMF – October 2018

Note: F – Forecasted

Number of Students

Indicators	2017	2018F	2022F	CAGR (2017-22)
Pre-Primary	47,928	49,962	56,954	3.5%
Primary and Secondary	247,006	257,049	297,154	3.8%
Tertiary	29,437	30,342	37,824	5.1%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Key Players

Company	Type
Al Jazeera Academy	School
English Modern School (Al Muftah)	School
Newton International School	Owns and operates schools
Noor Al Khaleej International School	School
Taleb Group	Owns and operates schools
Weill Cornell Medical College in Qatar	College

* At the exchange rate on October 16, 2018

Bahrain

Key Growth Drivers

- **Population:** Bahrain's population is projected to grow at a CAGR of 1.3% between 2017 and 2022. An expanding population base, particularly the school and college age population, is likely to result in an increase in enrolments.
- **Increasing income levels:** The GDP per capita, based on PPP, is estimated to increase at a CAGR of 2.7% between 2017 and 2022, driven by robust economic fundamentals in the country. Increase in income levels will thereby propel spending on education in the country.
- **Government initiatives:** The government of Bahrain is consistently making high levels of investments in the education sector. Through its National Vision Plan 2030, the government is investing in the education industry through the provision of high quality training and education services.

Recent Industry Developments

- In September 2018, the MoE for Bahrain conducted several meetings with school principals, authorities, educational technology experts in order to follow up on the implementation of the sub-projects of Digital Empowerment in Education project.
- In September 2018, the MoE for Bahrain initiated a discussion with the ambassador of South Korea in order to increase the cooperation in the educational, technical, vocational and higher educational fields.
- In January 2018, the MoE declared that there would not be an increase in the school fee structure for private schools in Bahrain.

Macro-economic Indicators

Indicators	Unit	2017	2018F	2022F
GDP growth at constant prices	%	3.8	3.2	2.6
GDP per capita at current prices	BHD	9,146	9,976	10,819
GDP per capita based on PPP	US\$	49,006	50,751	55,963
Population	mn	1.5	1.5	1.6
Inflation	%	1.4	3.0	1.6

Source: IMF – October 2018

Note: F – Forecasted

Number of Students

Indicators	2017	2018F	2022F	CAGR (2017-22)
Pre-Primary	34,629	35,272	37,193	1.4%
Primary and Secondary	213,636	219,585	243,009	2.6%
Tertiary	41,261	41,848	49,202	3.6%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Key Players

Company	Type
Ahlia University	Private university
Bahrain Institute of Banking and Finance	Vocational training provider in finance domain
Hawar International School	School
Naseem International School	School
University College of Bahrain	College

Company Profiles

Al Khaleej Training and Education Company (Publicly Listed) Saudi Arabia

Company Description

Established in 1993, Al Khaleej Training and Education (AKTE) is a leading training and education company operating in Saudi Arabia and the Middle East region. AKTE specializes in the field of IT, English language, and management trainings, amongst others, across its network of more than 80 branches around the Kingdom. AKTE also provides professional call center services and is involved in the establishment of international schools. It owns franchise rights for 11 international companies and has partnerships with more than 30 leading companies and foundations. AKTE employs a qualified team of more than 4,500 employees and serves more than 2,500 companies and 50,000 individuals annually.

Business Segments/Services Portfolio

- **Schools:** AKTE manages and operates a large network of schools under the brand 'Rowad Al-Khaleej International Schools', most of which are located in Dammam and Riyadh. It also owns Baraem Rowad Al-Khaleej International Kindergarten and Pingu's Kindergarten, offering education to students from pre-school to Grade 3.
- **Educational Solutions:** Since 2008, AKTE offers educational development solutions to universities such as qualified teaching staff, e-learning and curriculums according to the international standards.
- **Training Centers:** AKTE offers a diverse range of specialized training solutions including computer training, English language training, management training, specialized make-up and hair training, specialized marine safety training, and virtual environment, electronic system and practical workshops training.
- **Recruitment Solutions:** AKTE offers a range of recruitment solutions at its Kawader Recruitment Center for individuals and companies.
- **Online Career Services:** The World's First Online Career Network – Jobzella.com Portal was established to provide a one-stop-shop solution for job seekers and professionals seeking to build a professional network.
- **Professional Call Center Services Solutions:** AKTE offers professional call center solutions for public and private companies through its Smart Link call center, one of the largest outsourcing call centers in the region.

Key Strengths

- AKTE has won over 55 international and domestic awards.
- Strong partnerships with education training providers and technology companies such as Hewlett Packard, Microsoft, Huawei, HP, and Cisco, among others.

Current Price (US\$) 3.5

Price as on November 12, 2018

Stock Details

Thomson Reuters ticker	4,290.SE
52 week high/ low	5.0/2.7
Market Cap (US\$ mn)	159.8
Enterprise value (US\$ mn)	360.0
Shares outstanding (mn)	45.0

Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US\$
3M	3,739.7	997.0
6M	3,200.4	853.3

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2016	2017	2018E
P/E (x)	18.9	15.1	18.7
P/B (x)	1.5	1.5	0.8
EV/S (x)	2.1	1.9	1.4
Dividend yield (%)	2.5	2.5	1.9

Source: Thomson Reuters

Shareholding Structure

Al-Shadawi (Ahmad Ali Ahmad)	10.9%
Aldryaan (Alwaleed Abdul Razzaq Saleh)	10.8%
Others	7.3%
Public	71.0%
Total	100.0%

Source: Thomson Reuters

Recent Developments/Future Plans

- In July 2018, Bechtel, in collaboration with AKTE, launched a pioneering women's empowerment programme in Saudi Arabia with the aim to increase women's participation in the Kingdom's workforce through training and job placement of women with undergraduate degrees.
- In April 2018, AKTE signed an agreement with Education Development Company to adopt the American career guidance program, Koder.
- In February 2018, AKTE launched the first training and rehabilitation campaign for Saudi Arabian jobseekers in different regions of the Kingdom.

Financial Performance			
US\$ Million	2016 YE Dec	2017 YE Dec	Change (%)
Revenue	168.0	189.3	12.7
Operating Income	13.1	19.5	48.6
Operating Margin (%)	7.8	10.3	-
Net Income	11.2	14.0	25.0
Net Income Margin (%)	6.7	7.4	-
Return on Common Equity (%)	8.0	9.8	-
Return on Total Assets (%)	3.7	4.6	-

Source: Thomson Reuters

Al Rayan Holding Company (Privately Owned)

Kuwait

Company Description

Al Rayan Holding Company (ARHC) was established in 2006 to provide K-12 education within Kuwait. The company operates and manages five schools with a total population of 14,000 students. It also employs 900 education professionals. ARHC offers various curricula including the National Curriculum for England and Wales, the Indian Central Board for Secondary Education (CBSE), the Pakistan Federal Board of Intermediate and Secondary Education (FBISE), and the Arabic national curriculum.

Business Segments/Services Portfolio

ARHC operates the following schools:

- **Kuwait International English School (KIES):** Located in Hawally, KIES provides K-12 education to students based on the English National Curriculum. This school follows the International General Certificate of Secondary Education (IGCSE) from grade 10 and Advanced Subsidiary (AS)/Advanced (A) level at grade 12. The school has approximately 600 students.
- **International British School (IBS):** Founded in 2008 and situated in Falafel, IBS offers K-12 education based on the UK National Curriculum of England and Wales. It was the first school in Kuwait to receive membership of Council of British International Schools (COBIS). Additionally, IBS is a registered 'Cambridge International Primary School' examination center.
- **Fahaheel Al Watanieh Indian Private School (FAIPS):** Founded in 1995, FAIPS is a co-educational day school offering the CBSE curriculum to students from K-12. The school is recognized by MoE of Kuwait and affiliated to CBSE, New Delhi for All India Secondary School Examination (grade 10) and All Indian Senior School Certificate Examination (grade 12).
- **New Pakistan International School (NPIS):** Founded in 1997, NPIS was established in collaboration with the Kuwait establishment of education services. Currently, the school caters to 2,500 students from over 40 different nationalities, and employs 126 teachers. NPIS is affiliated with the Pakistan FBISE and offers Pakistani system of education until grade 12.
- **Fahaheel National Schools (FAS):** Founded in 1968, FAS is an Arabic community school that provides education from K-12. The school operates through three branches, namely Fahaheel National School - Boys, Fahaheel National School Girls, and Fahaheel National School Elementary.

Key Strengths

- The school has strong network of schools offering different curriculums to cater to the local market's diverse demographic composition.
- The school has built a strong asset base in Kuwait through key acquisitions over its 12-year history.

Recent Developments/Future Plans

- N/A

Aldar Academies (Privately Owned)

UAE

Company Description

Since opening its first school in 2007, Aldar academies has grown into one of the leading providers of education services, catering to more than 6,500 pupils across seven academies and nurseries across Abu Dhabi (6) and Al Ain. To date, Aldar Academies have invested more than AED 450 million in Abu Dhabi's education sector.

Business Segments/Services Portfolio

Aldar Academies operate the following academies and nurseries:

- **The Pearl Academy:** Established in 2007, the Pearl Academy was the group's first school. It caters to approximately 250 students from FS1 until year 6.
- **Al Ain Academy:** The academy provides education from FS1 to year 12. It follows the National Curriculum of England.
- **Al Bateen Academy:** Founded in 2011, the school caters to students from year 7 until year 13. Its middle school students (years 7, 8 and 9) follow the National Curriculum of England, while secondary school students (years 10 and 11) study IGCSE subjects and senior school students (years 12 and 13) undertake the IB Diploma Programme.
- **Al Mamoura Academy:** Founded in 2016, Al Mamoura Academy is a co-educational primary and girls' only secondary school. The academy caters to students from FS1 to year 10. The school began providing education to year 11 in September 2018 and plans on opening up to senior school students from 2019.
- **Al Muna Academy:** The academy caters to students from FS1 to year 6 based on the National Curriculum of England.
- **Al Yasmina Academy:** Al Yasmina is a large academy catering to over 1,800 students from over 80 nationalities. It caters to pupils from FS1 until year 13.
- **West Yas Academy:** The academy offers a unique combination of the American/Massachusetts Common Core curriculum. In 2017, West Yas Academy opened middle school grades 7 and 8, and high school grades 9 to 12.
- **Al Forsan Nursery:** Established in 2018 and located within the Al Forsan International Sports Resort in Abu Dhabi, Al Forsan Nursery offers the English national curriculum to children aged 2 to 4 years old.

Key Strengths

- Strong presence in Abu Dhabi and Al Ain with seven academies.
- Recognized by the Abu Dhabi Department of Education and Knowledge (ADEK) in the most recent round of school inspections.

Recent Developments/Future Plans

- In August 2018, ADEK announced the inauguration of Al Rayana School in collaboration with Aldar Academies, which will manage and operate the school offering the American curriculum.
- In March 2017, Abu Dhabi National Oil Company (ADNOC) signed an agreement appointing Aldar Academies to operate and manage four ADNOC Schools in Abu Dhabi and across the Al Dhafra Region.

AMA International University (Privately Owned)

Bahrain

Company Description

Founded in 2002, AMA International University-Bahrain (AMAIUB) offers undergraduate programmes. AMAIUB is a member of AMA Education System, one of the largest educational networks in Asia. The university has received an accreditation status from various international accrediting bodies and forged ties with two French institutions, ECE Paris and IT Paris Eiffel, covering various areas of support such as student exchanges, faculty exchanges, and joint research projects, amongst others.

Business Segments/Services Portfolio

AMAIUB offers several programs including:

- **College of Administrative & Financial Science:** It offers two undergraduate programs as well as one post-graduate program. All programmes have full accreditation from the European Council for Business Education.
- **College of Computer Studies:** It offers a Bachelor of Science in computer science, which is accredited by the Accreditation Board for Engineering and Technology.
- **College of Engineering:** It offers two undergraduate programmes, namely the Bachelor of Science in informatics engineering and Bachelor of Science in mechatronics engineering.
- **Centre for General Education:** Serves as a servicing department, which caters to the general education component of every curricular programme at AMAIUB. It is divided into two departments: Languages and Social Sciences.

Key Strengths

- All the university's programmes undergo review by accrediting bodies and are enhanced by its valuable partnerships and memberships with local and global organizations.

Recent Developments/Future Plans

- In June 2018, 104 awards for academic excellence were presented to students from AMA International School Bahrain, as well as 7 special awards for international involvement, and 41 special awards for national and regional involvement.
- In February 2018, AMAIUB signed a MoU with Bahrain Airport Services with the aim to advance cooperation in the areas of internships, professional training, joint research, and other academic-related endeavors.

Amanat Holdings PJSC (Publicly Listed)

UAE

Company Description

Amanat Holdings PJSC (Amanat) is a UAE based investment management firm with holdings in the education and healthcare sector across key GCC markets including the UAE and Saudi Arabia. The company was established with a paid up capital of AED 2.5 billion, and an authorized capital of AED 5 billion. Amanat been publically listed on the Dubai Financial Market (DFM) since November 2014. The company operates across three business verticals namely: platform investments, social infrastructure projects, and corporate ventures. Amanat has a mandate to establish, develop, operate or acquire companies in the healthcare and education sectors within the GCC and beyond. Its education investments range from K-12, higher education, vocational training, specialized training and online education.

Business Segments/Services Portfolio

Investments by Amanat Holdings in the education sector are as follows:

- Taaleem Holdings:** Established in 2004, Taaleem develops and manages nursery, primary, and secondary schools in the UAE. Currently, Taaleem operates seven schools and three nurseries in the UAE with a combined student enrolment of 6,900. Its schools offer a range of international curricula, including IB, the national curriculum, American curriculum, and bilingual English and Arabic early childhood programs. In December 2017, Amanat increased its stake in Taaleem Holdings to 21.7%, becoming its largest investor.
- Abu Dhabi University Holding Company (ADUHC):** Founded in 2001, ADUHC provides educational services through its subsidiaries, primarily in the private higher education field in Abu Dhabi and Al Ain, with recent expansion to Dubai and Al Dhafra Region. It has 7,500 students enrolled in its higher education institutions across the UAE, and has trained over 170,000 individuals through its training solutions companies. In March 2018, Amanat Holdings acquired a 35% beneficial interest in the company for AED 320.4 million.
- North London Collegiate School, Dubai (NLCS):** Inaugurated in 2017, NLCS is a premium K-12 school offering the IB curriculum. It is located in the Sobha Hartland area of Dubai. In June 2018, Amanat acquired the real estate assets of NLCS Dubai, in a sale-and-leaseback structure for AED 360 million, with an additional commitment of AED 45 million.
- Middlesex University, Dubai:** Established in 2005, Middlesex University Dubai is the first overseas campus of the internationally renowned Middlesex University in London. The campus has over 3,000 students from over 100 nationalities and offers undergraduate and postgraduate programmes. In August 2018, Amanat wholly acquired Middlesex University's Dubai campus for approximately AED 369 million.

Current Price (US\$) 0.3

Price as on November 12, 2018

Stock Details

Thomson Reuters ticker	AMANT.DU
52 week high/ low	0.4/0.3
Market Cap (US\$ mn)	748.7
Enterprise value (US\$ mn)	538.8
Shares outstanding (mn)	2,500.0

Source: Thomson Reuters

Average Daily Turnover ('000)

	AED	US\$
3M	811.9	221.0
6M	1,579.5	430.0

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2015	2016	2017
P/E (x)	-	63.9	87.4
P/B (x)	0.8	1.0	1.5
EV/S (x)	-	10.6	29.7
Dividend yield (%)	-	1.5	1.2

Source: Thomson Reuters

Shareholding Structure

Invest Bank PSC	16.2%
Emirates Investment Bank PJSC	12.5%
Osool Asset Management BSC	10.0%
Others	17.5%
Public	43.8%
Total	100.0%



Key Strengths

- The company's strong brand image has enabled it to make stream of acquisitions in the healthcare and education space, which has improved its overall corporate image as an investment company.
- Amanat actively works alongside well-established partners to create value to its portfolio companies and ensure sustainable growth and competitive advantage.

Recent Developments/Future Plans

- In August 2018, Amanat Holdings acquired Middlesex University, Dubai for approximately AED 369 million.
- Taaleem is exploring organic and inorganic expansion opportunities, with an immediate focus on Abu Dhabi.
- In June 2018, Middlesex University announced that the university is developing a five-year plan to expand to newer geographies such as Saudi Arabia and India.
- In June 2018, Amanat Holdings acquired real estate assets of North London Collegiate School, Dubai for up to AED 405 million.
- In Mar 2018, Amanat Holdings acquired a 35% beneficial interest in Abu Dhabi University Holding Co. for AED 320.4 million.
- In December 2017, Amanat increased its stake in Taaleem Holdings to 21.7%, becoming its largest investor.

Financial Performance			
US\$ Million	2016 YE Dec	2017 YE Dec	Change (%)
Revenue	17.4	18.1	4.0
Operating Income	10.5	12.4	18.1
Operating Margin (%)	60.3	68.5	-
Net Income	10.5	11.5	9.5
Net Income Margin (%)	60.3	63.5	-
Return on Common Equity (%)	1.5	1.6	-
Return on Total Assets (%)	1.5	1.7	-

Source: Thomson Reuters

Company Description

Azzan Bin Qais International School (ABQIS) is a leading provider of international education to Omani and foreign students in Muscat, offering comprehensive education from K-12. It is a part of the Al Omania Education Services (Iskan Knowledge), an education arm of Iskan Oman Investment Company and Wafra Investment Fund of Kuwait. It has two schools under its network, namely ABQIS primary school and secondary school.

Business Segments/Services Portfolio

- **ABQIS:** Caters to students from K-12. They provide a kindergarten syllabus that integrates the British Early Years Foundation Stage (EYFS) with the Montessori program. ABQIS offers a bilingual, Arabic and English, program. In primary stage, it provides education to children's in kindergarten and in grade 1 until grade 6, while its secondary section comprises three stages: key stage 3 (grades 7 and 8), key stage 4 (grades 9 and 10), and key stage 5 (grades 11 and 12).
- **ABQIS - Seeb:** Offers education in primary and secondary stages. In primary stage, it caters to kindergarten students and grade 1 until grade 6, while the secondary stage comprises three key stages; key stage 3 (grades 7 and 8), key stage 4 (IGCSE – grades 9 and 10) and key stage 5 (Thanawaya Amma / Government Certificate).

Key Strengths

- Associated with well-reputed investment companies from Oman and Kuwait, bringing a strong brand presence for its schools in the region.

Recent Developments/Future Plans

- In March 2018, Oman Arab Bank sponsored the ABQIS for their 'International Day for Charity' event.

Educational Holding Group (Publicly Listed)

Kuwait

Company Description

Founded in 1982, Educational Holding Group (EDU) is a Kuwait-based company that provides educational and training services in the MENA and East Asia region, in accordance with Islamic Shariah principles. The company is engaged in the establishment and management of schools, colleges, institutions, and training centers across kindergarten, K-12, and tertiary education. It also provides vocational training and development services. The company has been listed on the Boursa Kuwait since May 1993, and is a subsidiary of Boubyan Petrochemical Company. EDU has 13 subsidiaries operating across Kuwait, Saudi Arabia and Lebanon.

Business Segments/Services Portfolio

Following are the subsidiaries and associates of Education Holding Group:

- **AFAQ Education (AFAQ):** AFAQ is a private sector company with seven schools in its portfolio, catering to more than 6,000 students. The schools are categorized as regular schools, inclusive schools, conduction education school and conductive rehabilitation. EDU has an ownership of 86.9% in AFAQ Education.
- **Knowledge Village Education:** Engaged in the construction and management of schools, nurseries, language centers, special needs institutes, and student and teacher's housing. EDU has an ownership of 61.8% in Knowledge Village.
- **EYAS for Higher & Technical Education Company (EYAS):** Founded in 2000, EYAS operates in two segments, namely educational services and investment activities. It owns and operates Gulf University for Science and Technology in Kuwait. EDU has an ownership of 42% in EYAS.
- **SAMA Education Company (KSCC):** Founded in 2008, SAMA Educational Company owns and operates a diversified portfolio of educational assets that serves the K-12 market. The company operates across three strategic business verticals, including private K-12 schools offering the American curriculum, pre-schooling and tutoring and education centers. EDU has an ownership of 41.7% in the company.
- **Kuwait Lab Company:** Kuwait Lab Company is engaged in general trading and contracting. EDU has an ownership of 30% in the company.

Key Strengths

- EDU is one of the largest private education groups in the region.
- EDU enjoys strong brand equity and market reach through its investments in subsidiaries and associates.

Current Price (US\$) 1,012.3

Price as on November 12, 2018

Stock Details

Thomson Reuter Ticker	EDUK.KW
52 week high/ low	1,117.5/821.7
Market Cap (US\$ mn)	248.8
Enterprise value (US\$ mn)	263.0
Shares outstanding (mn)	245.3

Source: Thomson Reuters

Average Daily Turnover ('000)

	KWD	US\$
3M	1,460.0	4,799.4
6M	1,978.8	6,504.7

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2015	2016	2017
P/E (x)	12.5	9.4	14.1
P/B (x)	1.5	1.2	1.9
EV/S (x)	10.0	7.4	12.3
Dividend yield (%)	5.0	7.6	4.6

Source: Thomson Reuters

Shareholding Structure

Boubyan Petrochemical Company KSCP	82.7%
Government of Kuwait	6.3%
Public	11.0%
Total	100.0%

Source: Thomson Reuters

Recent Developments/Future Plans

- In August 2018, Boubyan Petrochemical purchased 1.1 million shares in EDU, increasing its overall stake to 82.5%.
- In April 2017, the Capital Markets Authority approved AFAQ Educational Services' voluntary withdrawal from Boursa Kuwait.

Financial Performance			
US\$ Million	2016 YE Dec	2017 YE Dec	Change (%)
Revenue	22.2	21.4	-3.6
Operating Income	1.9	2.1	10.5
Operating Margin (%)	8.6	9.8	-
Net Income	15.5	18.6	20.0
Net Income Margin (%)	69.8	86.9	-
Return on Common Equity (%)	12.9	13.8	-
Return on Total Assets (%)	9.7	12.3	-

Source: Thomson Reuters

Emirates International Schools (Privately Owned)

UAE

Company Description

Established in 1991, Emirates International School (EIS) is a private international school in the UAE. It is owned by the Al Habtoor Group, a UAE based diversified conglomerate with various business interests. EIS provides learning and educational services from kindergarten to year 13. The schools offer the entire range of IB curriculums to more than 3,800 students.

Business Segments/Services Portfolio

- **EIS Jumeirah:** Established in 1991, the school provides education to more than 2,200 students from early years to Year 13. The school follows the IB programs, which include Primary Years Programme (PYP), Middle Years Programme (MYP), Diploma Program (DP) and Career-related Program (CP). EIS Jumeirah was the first school in Dubai to offer the IB DP. The school campus is situated on 12-acre site and has more than 85 classrooms.
- **EIS Meadows:** Established in 2005, the school provides educational services to more than 1,600 students from kindergarten to year 13 based on the IB curriculum.

Key Strengths

- Supported by the Al Habtoor Group, one of the largest privately held conglomerates in the UAE.
- Member of the Middle East International Baccalaureate Association, the British Schools in the Middle East Organization and the Near East and South Asia Council of Overseas Schools.

Recent Developments/Future Plans

- NA

Evolve Knowledge Investments (Privately Owned)

UAE

Company Description.

Evolve Knowledge Investments (EKI) is a private education platform focused on establishing private schools offering a variety of curricula across the GCC region. EKI is a part of Evolve Group, a leading Dubai based alternative investment firm with operations across asset management, education, consumer sectors.

Business Segments/Services Portfolio

- **Repton School, Dubai:** The school is divided into a senior and junior campus. The junior school is structured into four departments, including foundation department (nursery and reception), infant department (years 1 and 2), pre-prep department (years 3&4), and prep department (years 5 and 6). The senior school is structured into three departments, which includes years 7 to 9, years 10 and 11, and years 12 and 13. EKI is a major shareholder in Repton School.
- **Repton School, Abu Dhabi:** Opened in September 2013, Repton School, Abu Dhabi is divided into a senior and junior campus. The school encompasses a total built up area of 25,000 sqm.
- **Foremarke School, Dubai:** Located in Al Barsha South, Foremarke School is a British education school catering to pupils aged 3 to 13. The school is closely affiliated to Foremarke Hall, a Repton pre-preparatory school in UK, and is one of two Independent Association of Preparatory Schools World Hub Schools.
- **Dovecote Nurseries, Dubai:** Offers education for children aged between 1 to 4 years.
- **Humpty Dumpty Nursery, Abu Dhabi:** Founded in 1991, Humpty Dumpty Nurseries has two branches in Abu Dhabi. It follows British EYFS for children up to FS 1.

Key Strengths

- The school has a strong backing from the prestigious Repton brand, which has more than 450 years of education excellence.
- Since 2014, Repton School, Dubai has been consistently rated 'Outstanding' by the Dubai Education Authority.

Recent Developments/Future Plans

- In February 2018, Repton School, Abu Dhabi opened its new campus.
- In April 2018, Repton School Dubai signed a partnership with Front Foot Sports to provide cricket coaching.
- In April 2017, Foremarke announced plans to open year 7 in September 2018 and year 8 in September 2019 (subject to final KHDA approval).

Fortes Education (Privately Owned)

UAE

Company Description

Founded in 1993, Fortes Education is involved in building, development and management of schools, offering education from nursery and kindergarten until grade 13. Fortes Education is a part of Fortes Holdings, a diversified UAE based business group with various business interests across key areas such as real estate, healthcare and fitness, education, construction, trade and investments of financial instrument and securities, and trading. Fortes Education offers education services under its flagship brands Sunmarke School, Regent International School and the Jumeirah International Nurseries. At present, it offers education based on the National Curriculum of England and Wales, and the IB program.

Business Segments/Services Portfolio

- **Jumeirah International Nursery Schools (JINS):** JINS is a pre-school and early education provider that offers learning and development programs to children between six weeks and four years. Its early learning curriculum is based on the EYFS.
- **Regent International School (RIS):** With a history of over two decades, the school offers K-6 education in Dubai and follows the National Curriculum of England.
- **Sunmarke School:** With an overall capacity of 3,000 students, Sunmarke School provides education from nursery to year 13. It follows the National Curriculum of England offering the GCSE and the A level programmes.

Key Strengths

- The company has strong experience in the development and management of educational services.
- Accredited by various authorities such as Cambridge International Examinations (CIE), Assessment and Qualifications Alliance, Edexcel, British Schools in the Middle East, IB, and KHDA.

Recent Developments/Future Plans

- In February 2017, Fortes Education introduced BTEC qualification for the first time at its newest school, Sunmarke School.
- The group is coming up with new schools based on the American curriculum and the Indian CBSE.

GEMS Education (Privately Owned)

UAE

Company Description

Founded in 1968 and headquartered in Dubai, GEMS Education (GEMS) is the largest private school and education provider in the UAE. It provides K-12 education to students in the MENA, Americas, Asia Pacific, Europe and African regions. The company operates as a subsidiary of Varkey Group Ltd., a diversified holding company with interests across education, healthcare, and construction sectors. GEMS operates 51 schools, catering to over 120,000 students from approximately 115 nationalities. It also has 16,000 staff and education professionals. At present, GEMS have offices across the UK, US, Singapore, India, Saudi Arabia, Qatar, Egypt, Kenya, Switzerland, and UAE.

Business Segments/Services Portfolio

- **American Curriculum:** GEMS operates seven schools based on the US curriculum covering levels from K-12 in the Middle East, of which five are located in the UAE, and one each in Saudi Arabia and Qatar.
- **National Curriculum for England:** GEMS operates 28 schools in the Middle East based on the British curriculum, of which 24 are in the UAE, two in Egypt and two in Qatar.
- **IB Program:** GEMS operates eight schools under the IB curriculum in the UAE, offering three IB programmes including the PYP, MYP, and DP for students aged 3 to 19.
- **Indian Curriculum:** GEMS operates 15 schools based on the Indian curriculum, including the Central Board of Secondary Education (CBSE), and the Council for the Indian School Certificate Examinations (CISCE).
- **EYFS:** GEMS operates two pre-school institutes catering to the age group of three months to five years in the UAE.
- **Dual Curricula:** GEMS also maintains a portfolio of schools, which offer a combination of the above curricula.
- **French Curriculum:** GEMS offers French curriculum through two schools, one each in France and the other in Egypt.

Key Strengths

- GEMS holds over 50 years of operational experience across diversified curricula.
- Its schools have been accredited by numerous international authorities and have consistently featured in KHDA's list of outstanding schools.

Recent Developments/Future Plans

- In October 2018, GEMS Education signed a USD 800 million deal with Hassana Investment Company to build a network of new schools across Saudi Arabia.
- In October 2018, GEMS Heritage Indian School, in partnership with East Sports Management, a leading sports company in the UAE, opened GEMS Heritage Cricket Academy.
- In September 2018, GEMS launched an annual AED 4.7 million scholarship programme for ten students who have been accepted into one of 10 select elite universities.
- In May 2018, Egypt's EFG-Hermes Holding announced a joint venture with GEMS Education to invest approximately US\$ 300 million in local kindergartens and schools over the next five years.
- In February 2018, GEMS Education announced the opening of four new schools in the UAE in 2018/19.
- In July 2017, GEMS Education added the Sharjah-based Wesgreen International School to its network.

Financial Performance			
US\$ Million	2016 YE Aug	2017 YE Aug	Change (%)
Revenue	789.7	926.2	17.3
Adjusted EBITDA	212.8	261.6	22.9
Total AVG Revenue per Student	7,579	8,079	6.6
School AVG Revenue per Student	6,640	7,074	6.5
Operational Summary			
Number of Schools	42	47	-
Enrolment	104,200	114,644	10.2
Capacity	116,188	132,407	13.9
Capacity Utilization (%)	90%	87%	-
Pupil Teacher Ratio	17.3x	16.8x	-

Innoventures Education (Privately Owned)

UAE

Company Description

Established in 2004, Innoventures Education (IE) owns and operates multi-curricula, international schools and nurseries in Dubai. These institutions span across diverse curriculum frameworks including IB, Cambridge International, American Common Core, Montessori and Early Years Foundation System. Currently, IE provides K-12 education to over 7,700 students from over 100 countries.

Business Segments/Services Portfolio

- **Dubai International Academy (DIA):** Established in 2005, DIA caters to over 2,200 students from over 77 countries. The school offers the IB programmes, namely Primary Years Programme (PYP), Middle Years Programme (MYP) and Diploma Programme (DP). DIA is accredited by the Council of International Schools (CIS) and New England Association of Schools & Colleges (NEASC).
- **Collegiate American School (CAS):** Launched in 2011, CAS is an international school that offers the American curriculum based on the American Common Core Standards. The school offers education to students from pre-KG to grade 12. It has 890 students from over 70 countries. CAS is accredited by the CIS and NEASC.
- **Raffles International School (RIS):** Established in 2007, RIS offers a combination of International Baccalaureate (IB) programmes, BTEC and Cambridge International programmes. RIS provides education to more than 1,740 students from more than 75 nationalities.
- **Raffles World Academy (RWA):** Opened in 2008, RWA is an IB School that offers a continuum IB curriculum (PYP, MYP, IBDP) from K-12. The school comprises of over 1,990 students from more than 85 nationalities.
- **Raffles Nursery (RN):** RN operates eight nurseries at various locations in Dubai and offers a choice of two curriculums: the UK's Early Years Foundation Stage (EYFS) and the Montessori Programme. The nurseries cater to over 850 students from more than 80 nationalities.
- **Raffles Starters:** Launched in September 2018, it is an early years learning centre for children aged between 3 to 6 years.
- **Burj Daycare Nursery:** It caters to children's aged 12 months to 4 years and follows the curriculum based on the Montessori programme.

Key Strengths

- Innoventures Education offers a wide range of curriculums at its various schools and nurseries, most of which have been accredited by numerous international authorities.

Recent Developments/Future Plans

- In May 2018, Dubai International Academy (DIA), managed by IE, opened a new campus in Al Barsha offering the IB curriculum.

Kings' School Dubai (Privately Owned)

UAE

Company Description

Established in 2004, Kings' School is a leading brand of schools in the UAE. It caters to approximately 3,000 students across three campuses in the UAE. The curriculum is based on the national curriculum for England and EYFS, where it provides schooling to children's of four age groups - foundation stage (age 3 to 5), primary (age 5 to 11), secondary (age 11 to 16), sixth form (age 16 to 18).

Business Segments/Services Portfolio

- **Kings' School Dubai:** This school provides primary education to children from FS1 until year 6 based on British curriculum. It caters to more than 900 students from nearly 60 nationalities.
- **Kings' School Al Barsha:** Opened in September 2014, this school provides primary to secondary education to children from years FS1 until year 13 based on British curriculum. It caters to more than 1,600 students from nearly 60 nationalities.
- **Kings' School Nad Al Sheba:** Opened in September 2014, this school provides primary education to children is from years FS1 to year 6 based on British Curriculum. It caters to more than 300 students from nearly 30 nationalities.

Key Strengths

- King School Dubai is the only school in the UAE to have achieved an 'Outstanding' rating by the Dubai Schools Inspection Bureau every year since inspections began.

Recent Developments/Future Plans

- In September 2017, Kings' School Al Barsha ranked 4th among the top 25 schools in the UAE, according to a report by schoolscompared.com.
- In August 2017, Kings' announced a partnership with cricketer Ravichandran Ashwin to open GenNext Kings' Cricket Academy.

Company Description

Established in 1971, Ma'arif for Education and Training (Ma'arif) is one of the largest owners and operator of private schools in Saudi Arabia, with a portfolio of more than 100 schools across the Kingdom. It provides educational services including kindergarten, elementary, intermediate and secondary education to both boys and girls and follows international (IB and IGCSE) and Saudi curricula (Normal and Advanced). Ma'arif has approximately 20,000 students enrolled across its network of 13 campuses.

Business Segments/Services Portfolio

- **Schools:** Ma'arif owns a large number of schools including Arabic and international schools. The Arabic schools offer education from K-12 based on the National Curriculum. On the other hand, international schools offer British and American curriculum. Ma'arif operates several schools under its 'Manarat' brand located in Riyadh, Jeddah, Madinah, Al-Ahsa, and Eastern Province, in addition to the Al Faisalia Islamic School (Girls), Green Hills International, Noor Al Islam School.
- **Training Projects:** Ma'arif offers several academic training programs targeted at teachers, including specialized training in English, Computer Science and Maths; leadership development; special skills program on time-management; meetings management; conversation; body language and presentation; financial and administrative training; and self-development programs.
- **Smart Education:** Ma'arif provides smart education programs such as Ma'arif learning gateway, Britannica encyclopedia, school management system, and classmate PC and interactive board for students.
- **Unique Academic Programs:** Ma'arif offers a unique set of academic programs that includes Masarat programs, which is designed to develop the student's basic skills, career planning, and assists them in identifying their interests. Secondly, it offers Alkharizmi programs, an educational mathematical program designed for children. It has also established a Life Development Center that trains students on various topics of their choice to help make them self-dependent. It has also successfully developed an evening kindergarten program for children between the ages of 4 to 7. Finally, it provides special needs education to students suffering from learning difficulties.
- **Academic Activities:** Ma'arif also offers academic activities programs like English second language service, sports programs activities, science club, leadership programs and SAT preparation programs to the students.

Key Strengths

- With over 40 years of experience in the education sector, the school provides diverse educational programs and courses in various curriculums.

Recent Developments/Future Plans

- In March 2017, Maarif held the 'AdvancED Global Conference' Feb. 2017 at Manarat Jeddah International School.

Majan College University SAOG (Publicly Listed)

Oman

Company Description

Established in 1995, Majan College (University College) SAOG (MUC) is a private university college in the Sultanate of Oman. It offers programmes through three faculties, namely the Faculty of Business Management, Faculty of Information Technology (IT) and Faculty of English Language Studies. The campus is spread across an 18,890 sqm. of land in Darsait. Majan College has an academic affiliation agreement with the University of Bedfordshire (UK) for validating the College's higher education program.

Business Segments/Services Portfolio

Undergraduate Programmes offered by Majan University includes:

- **Business Management:** This is the largest faculty at Majan College with 1,645 students. The faculty offers a BA in Business Administration with seven pathways including general, HR management, accounting, marketing, information system, small business, and tourism. It also offers BA in finance, and BSc in E-business.
- **Information Technology:** This programme provides a range of academic programs in support of the local, regional, and global IT community.
- **English Language:** The faculty offers two major independent academic programmes in English language and collaborates with the Faculty of Business Studies and information technology to provide courses within their programmes.
- **Postgraduate Programs:** Offers courses across Masters of business administration (MBA), computing, human resources and linguistics.
- **Professional Courses:** Offers a range of the ACCA accreditations.

Key Strengths

- MUC is a 'GOLD Status Approved Learning Partner' for ACCA.
- It is the first higher education institution to achieve full institutional accreditation by the Oman Academic Accreditation Authority (OAAA).
- Received the top AIWA Awards for Best Performing Companies in 2016.
- Received 'Partner of the Year Award' by the University of Bedfordshire in 2016.
- Received the 'Most Trusted Brand Award' by OER, 2016.

Current Price (US\$) 1.6

Price as on November 12, 2018

Stock Details

Thomson Reuter Ticker	BACS.OM
52 week high/ low	1.6/1.1
Market Cap (US\$ mn)	44.4
Enterprise value (US\$ mn)	14.6
Shares outstanding (mn)	30.0

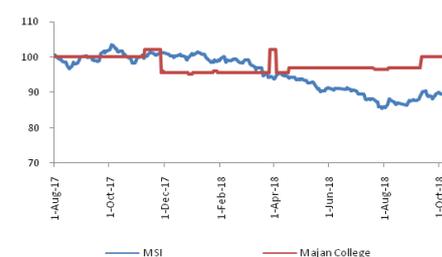
Source: Thomson Reuters

Average Daily Turnover ('000)

	OMR	US\$
3M	297.4	772.6
6M	287.9	748.1

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2015	2016	2017
P/E (x)	7.2	-	7.5
P/B (x)	1.8	-	1.4
EV/S (x)	1.3	-	0.8
Dividend yield (%)	6.0	-	6.5

Source: Thomson Reuters

Shareholding Structure

Kuwait Finance House KSCP	76.5%
Government of Oman	10.5%
Others	6.1%
Public	6.9%
Total	100.0%

Source: Thomson Reuters

Recent Developments/Future Plans

- In March 2018, MUC launched the 'Chromelab', a technology designed to facilitate the student experience in the classroom.
- In September 2017, MUC signed an agreement with the UK's Higher Education Academy (HEA) to become an HEA Access Partner. The HEA will deliver online workshops with the College to support a group of seven academics in their applications for Senior Fellowship of the HEA.
- In February 2017, MUC released 'MyMajan', a smartphone app for Majan students that will provide them with instant access to their class and exam timetables as well as learning resources, library loans, grades and attendance.

Financial Performance			
US\$ Million	2016 YE Dec	2017 YE Dec	Change (%)
Revenue	17.9	18.6	3.9
Operating Income	5.5	5.4	-1.8
Operating Margin (%)	30.7	29.0	-
Net Income	5.0	4.8	-4.0
Net Income Margin (%)	27.9	25.8	-
Return on Common Equity (%)	22.2	18.9	-
Return on Total Assets (%)	16.7	13.9	-

Source: Thomson Reuters

Murdoch University Dubai (Privately Owned)

UAE

Company Description

Established in 2008, Murdoch University is a core branch of Australia-based Murdoch University, offering a range of undergraduate and postgraduate programs. It was founded in partnership with the Global Institute Middle East. Murdoch University Dubai offers programs to over 400 students across business, education, IT, media and communications. Its programs are accredited by the Australia Tertiary Education Quality Standard Agency (TEQSA) in Australia and locally authorized by the KHDA.

Business Segments/Services Portfolio

Programs offered by Murdoch University Dubai are as follows:

- **English Language:** The campus offers two courses through its English language Center - academic English, specifically for students who need to improve their English language skills before entering into the university studies, and General English, designed to develop language skills.
- **Undergraduate Programs:** It offers various Bachelors programs in the field of arts, media, business, science, and communication.
- **Postgraduate Programs:** It offers various Postgraduate programs in the field of business administration, business studies, healthcare management, MBA, master of education, and master of healthcare management.

Key Strengths

- Accredited by its parent campus in Australia, a recipient of the following recognitions: Ranked amongst the Top 100 Young Universities in the World Young Universities Ranking 2017, Times Higher Education; Received 'Five Star Rating' for graduate starting salaries and educational experience from The Good Universities Guide 2018; Achieved world-class standard or above in 85% of research disciplines - Excellence in Research for Australia 2015 Australian Research Council.

Recent Developments/Future Plans

- In October 2018, Dubai Press Club, in partnership with the university, and support of DP World, organized the first session of the 'Advanced Economic Journalism' training programme, which aims to introduce journalists to best practices in financial markets locally and globally.
- In March 2018, Murdoch University signed an agreement with worldwide education services provider Navitas Limited to support the growth of its Dubai campus.

Nafais Holding Company (Privately Owned)

Kuwait

Company Description

Established in 1984, Nafais Holding Company (Nafais) is engaged in establishing and managing schools, colleges, and institutes. It is also actively engaged across real estate and asset management services. It majorly operates in two segments: Educational and Healthcare services. The group consists of three companies including Al Malee Educational Services, Al Mouwasat Healthcare company and Educational Holding Group (EDU). The educational services segment is responsible for providing services through a network of schools in Kuwait and other parts of the MENA region. Al Malee educational services operates two schools based on international curriculum, Gulf English School and Al Takamul School. It also owns and manages two other schools in Kuwait, namely Al-Mansour School and Al-Rawad School. It has 20 subsidiaries operating across Kuwait, Saudi Arabia, and Egypt, including Al-Tafawoq Educational Services, Al-Tafawoq International Educational Services, and Al Mansour Educational Services, amongst others.

Business Segments/Services Portfolio

- **A'Takamul International School:** It is a private school in Kuwait, based on the American curriculum. The school is divided into three departments segments: kindergarten (KG 1 and KG 2), elementary (grade 1 to grade 5), and middle and high school (grade 6 to grade 12). The school has more than 2,500.
- **Gulf English School (GES):** GES is a well-established international school located in the suburb of Salmiya, Kuwait, catering to approximately 2,400 students. The school follows a modified National Curriculum of England and Wales from the foundation stage.

Key Strengths

- The schools have strong financial backing from its holding group and have established good presence across the region.

Recent Developments/Future Plans

- In February 2018, Nafais Holding officially withdrew from Bursa Kuwait following approval from Capital Markets Authority.
- In March 2017, Boubyan announced its interest to acquire Nafais' 32.8% stake in Educational Holding, for a value of 300 fils per share or a total of KWD 24.1 million.

Newton International School (Privately Owned)

Qatar

Company Description

Established in 2006, Newton International School (NIS) is a private educational institution in Qatar. It has nine campuses across Doha and Barwa. With student strength of approximately 10,000 people, NIS provides education based on the National Curriculum of England and Wales alongside the Cambridge International Primary Program. The curriculum is broadly classified as primary and secondary. The primary curriculum is structured into three groups, namely, EYFS, key stage (KS) 1 (years 1 and 2) and KS2 (years 3 to 6), and the secondary curriculum is split into KS3 (years 7 to 9), KS4 (years 10 and 11) and KS5 (years 12 and 13).

Business Segments/Services Portfolio

The schools operated by NIS include:

- **Newton International School, West Bay:** Founded in 2006, the school provides internationally recognized education based on the British National Curriculum from pre-school through Primary (years 1 to 6).
- **Newton International Academy, Barwa City:** The school caters to students from pre-school to year 13.
- **Newton International School, Lagoon:** This school caters to students from years 1 to year 13.
- **Newton International School, D-Ring Road:** This school caters to students from pre-school to year 8.
- **Newton British Academy, Barwa City:** This school caters to students from pre-school to year 13.
- **Newton British School, Al Waab:** This school caters to students from pre-school to year 6.
- **Newton British Academy, Al Dafna:** This school caters to students from pre-school to year 6.
- **Newton British Academy, Oasis:** This school caters to students from pre-school to year 6.
- **Newton British School, Muraikh:** This school caters to students from pre-school to year 6.

Key Strengths

- Strong presence in Qatar.
- Advanced Accreditation Commission has accredited NIS, D-Ring Road.

Recent Developments/Future Plans

- In December 2017, Ezdan Real Estate Company announced the establishment of an international school campus within Ezdan Oasis project in Qatar, which can accommodate up to 2,700 students. Managed by the Newton British Academy, the campus will include two schools, covering an area of 17,600 sqm.

Noor Al Khaleej International School (Privately Owned)

Qatar

Company Description

Noor Al Khaleej International School (NAKIS) is a private school established in 2002. The school caters to more than 1,000 students across K-12. It follows the British Curriculum leading to IGCSE, AS Level (Advanced Subsidiary Level) and A Level (Advanced Level), as set and regulated by the University of Cambridge Local Examination Syndicate. For Arabic and Islamic Studies, the school follows the National Standards of Qatar.

Business Segments/Services Portfolio

NAKIS offers K-12 education in Qatar

- **Kindergarten:** NAKIS offers a two-year kindergarten program to prepare children for more formal method of learning.
- **Primary and Secondary Education:** The school offers education from grade 1 to 10 based on the British Curriculum leading to IGCSE, AS Level, and A Level.

Key Strengths

- Recognized and approved as a center for conducting international exams by University of Cambridge Local Examination Syndicate.

Recent Developments/Future Plans

- N/A

Oman Education and Training Investment Company (Publicly Listed) Oman

Company Description

Founded in 1998, Oman Education and Training Investment (OETI) is engaged in a range of activities including education and training services, registration of patents, investment in securities and higher education services. OETI is a joint stock company listed on Muscat Securities Market (MSM) since January 2000. The company owns and operates Sohar University, which provides education and training for Omani and international students.

Business Segments/Services Portfolio

- **Sohar University:** Established in 2001, Sohar University is the first private university in Oman. It is co-managed by University of Queensland in Australia, offering undergraduate and postgraduate programs, including Bachelors, Diploma, and Advanced Diploma degrees, as well as university preparatory courses. Sohar University serves more than 7,300 students across its 216,710sqm campus. The university consists of four faculties: engineering, applied science, business, humanities, and social sciences.

Key Strengths

- OETI has established itself as a strong and cohesive base in its strategic alliance with partners with competitive in the field of investment, which has enhanced its technical and investment capabilities in the field.

Recent Developments/Future Plans

- In November 2017, Sohar University launched the first-of-its-kind national centre of excellence in advanced manufacturing.

Current Price (US\$) 0.6

Price as on November 12, 2018

Stock Details

Thomson Reuter Ticker	OETI.OM
52 week high/ low	0.6/0.4
Market Cap (US\$ mn)	40.0
Enterprise value (US\$ mn)	37.4
Shares outstanding (mn)	70.0

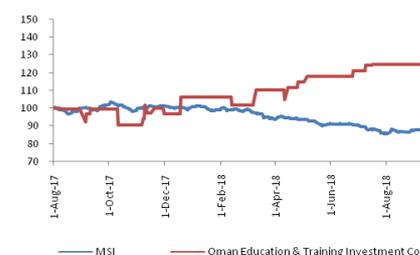
Source: Thomson Reuters

Average Daily Turnover ('000)

	OMR	US\$
3M	1,159.9	3,013.2
6M	1,372.4	3,565.2

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2015	2016	2017
P/E (x)	-	12.6	8.4
P/B (x)	-	0.8	0.6
EV/S (x)	-	1.2	1.0
Dividend yield (%)	-	5.3	8.0

Source: Thomson Reuters

Shareholding Structure

Global Financial Investment Holding SAOG	37.7%
Al Saud Company Ltd.	7.6%
Others	50.2%
Public	4.5%
Total	100.0%

Source: Thomson Reuters



Financial Performance			
US\$ Million	2016 YE Dec	2017 YE Dec	Change (%)
Revenue	37.4	37.1	-0.8
Operating Income	3.3	3.5	6.1
Operating Margin (%)	8.8	9.4	-
Net Income	2.7	3.4	25.9
Net Income Margin (%)	7.2	9.2	-
Return on Common Equity (%)	6.5	7.6	-
Return on Total Assets (%)	2.4	2.8	-

Source: Thomson Reuters

Skyline University (Privately Owned)

UAE

Company Description

Established in 1990, Skyline University College (SUC) offers various undergraduate and postgraduate programs, as well as other short-term courses. The management programs and trainings offered by SUC are approved and accredited by Ministry of Higher Education and Scientific Research, UAE. SUC has agreements with various colleges and universities in Canada, the UK, the US, Australia, New Zealand, Ireland, India, and Pakistan, amongst others.

Business Segments/Services Portfolio

Programs and Professional courses offered by Skyline University College are as follows:

- **Undergraduate Programs:** It offers various undergraduate programs through their School of Business and School of Information Technology (IT). In the business education domain, the programs consist of BBA programs in international business, public administration, accounting & finance, marketing & retail management, tourism & hospitality management, human resource management & psychology, and innovation & entrepreneurship. Under the IT division, it offers Bachelor of Science in information technology.
- **Graduate Programs:** It offers an array of MBA programs such as MBA in e-governance, international business & marketing, finance, strategic human resource management, strategic management & leadership, sustainable development, and project management.
- **Short-Term Courses:** It offers globally recognized certification programs such as CTH Diploma in travel & tourism management, events management, airline customer service, air cargo and logistics management, IATA - foundation in travel and tourism, ACCA.
- **Professional Courses:** It also offers professional development courses including management development program, English Language Centre, Centre for Continuing Learning, MBA qualifying program.

Key Strengths

- SUC has a strong brand equity and well-established reputation in the UAE.
- SUC offers a variety of innovative courses such as aviation, hospitality, and travel & tourism, amongst others.
- SUC's programs are approved and accredited by the Commission on Academic Accreditation (CAA) of the UAE Ministry of Higher Education and Scientific Research.

Recent Developments/Future Plans

- In May 2018, SUC allotted a scholarship fund worth AED 5 million for the Filipino Community Scholarship Program through a MoU signed with the Philippine Consulate General, Dubai.
- In September 2017, SUC signed a MoU with Orient Tours LLC to provide AED 1 million for BBA and MBA scholarship for the employees of Orient Tours along with future community engagements, career opportunities for SUC students, and use of SUC campus facilities.

Study World Education Holding Group (Privately Owned)

UAE

Company Description

Study World Education Holding Group (Study World) is engaged in a variety of education management activities ranging from K-12 schools to universities. The group's activities include education management, infrastructure support, student accommodation, transport, student recruitment, and marketing for nurseries, schools, vocational training institutes, colleges, and universities.

Business Segments/Services Portfolio

Some of the partnership of Study World in the Middle East includes:

- **Heriot Watt University, Dubai:** Heriot-Watt University is the first overseas university to set up a campus in Dubai International Academic City. It provides specialized programmes in the fields of Management, Engineering, built environment, food science and fashion. Its programmes range from master's degrees in disciplines such as Petroleum engineering, construction project management, management, energy, information technology, and the world-renowned Edinburgh Business School MBA, to undergraduate degrees in management, construction, quantity surveying and engineering.
- **Dovecote Green, Dubai:** Offers primary school education to pupils in the early years stage and key stage 1 (years 1 and 2), and key stage 2 (years 3 to 6). Dovecote follows the English national curriculum.

Key Strengths

- Study World has collaborated with some of the top rankings schools/colleges/universities such as Heriot-Watt University Dubai, Insight Media City, Kochi, Dovecote Green Primary School, Dubai, etc.
- Study World's partner university - Heriot Watt's degrees are accredited and approved by the Royal Charter in the UK.

Recent Developments/Future Plans

- NA

TalebGroup (Privately Owned)

Qatar

Company Description

Established in 1955, Taleb Group is a diversified business entity with a presence across various sectors such as education, trading, contracting, construction, services, manufacturing, hospitality, and healthcare. Under the education business, the group operates four schools namely, Cambridge School, Cambridge International School for girls, Doha Modern Indian School and, its recently established, Alpha Cambridge School. All of the group's schools provide education from kindergarten to grade 13.

Business Segments/Services Portfolio

- **The Cambridge School (TCS):** Established in 2001, TCS is one of the leading British Curriculum schools in Qatar, providing education based on the National Curriculum for England from kindergarten until year 9.
- **Cambridge International School for Girls (CISG):** The CISG provides kindergarten, primary, and secondary education until year 11 and follows the British Curriculum leading to IGCSE, AS and A Level.
- **Doha Modern Indian School (DMIS):** Established in 2005, DMIS is affiliated to the Central Board of Secondary Education (CBSE), and prepares students for the All India Senior School Certificate Examinations (grade 12) from the kindergarten level. DMIS follows the day boarding system for grade 3 and above, and is the first Indian school to obtain the Qatar National School Accreditation.
- **Alpha Cambridge School (ACS):** ACS commenced its operations in 2018, providing primary education for boys and girls from grades 1 to 4 (age 5 to 11 years). Its curriculum is based on the National Curriculum for England.

Key Strengths

- The group holds a strong reputation through boosting different curricula schools under its brand. CISG is an accredited center for Cambridge International Examination.

Recent Developments/Future Plans

- In July 2018, Taleb Group completed the construction of Alpha Cambridge School, Qatar, and has started enrolling students from KG to year 4.
- In October 2017, Al Khaleejia Business Management, a member of the Taleb Group, and Educare International Consultancy signed a MoU to explore opportunities with Taleb Group as a partner to Educare.

The Indian High School (Privately Owned)

UAE

Company Description

Established in 1961, The Indian High School (IHS) is a CBSE-affiliated educational institute in Dubai that provides K-12 education based on the Indian curriculum. The school is one of the oldest educational institutions in Dubai, with a history of more than 50 years. It caters to more than 15,000 students and has approximately 600 teachers across its three campuses, which are located in Garhoud, OudMetha, and Dubai Silicon Oasis.

Business Segments/Services Portfolio

The School's campuses comprise of the following:

- **IHS – Junior Campus:** The Junior Campus located in Al Garhoud runs classes up to grade 4 and has pre-primary classes for girls and boys. The school has over 5,791 students and 435 teachers, posting a 1:13 teacher-student ratio.
- **IHS – Senior Campus:** The Senior Campus located in Oud Metha runs classes from grades 5 to 12 (boys and girls) following the syllabus of the CBSE.
- **The Indian International School (IIS):** IIS caters to students from kindergarten through grade 10. It has a teacher-student ratio of 1:20 for pre-primary, primary and the middle section and 1:15 for secondary and senior secondary classes.

Key Strengths

- IHS has been accredited as 'Very Good' by the KHDA, Government of Dubai in 2017-18.
- IHS is the first school in the region to receive ISO 9001-2008 certification.
- IHS has also received certification from CBSE as 'CBSE New Generation Schools'.

Recent Developments/Future Plans

- In April 2018, Dubai's KHDA announced the pilot phase of 'Rahhal', the part-time learning concept based on a flexible and accessible education model providing knowledge, skills and experiences, at IHS Dubai.
- In November 2017, IHS Dubai hosted the first course of exploration of the 'Urban Forest' developed in its premise.



ALPEN
CAPITAL

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US\$ 300,000,000
 Debut Sukuk Offering - 5 years

Joint Lead Managers




Financial Advisor




AL BAYAN Group of Companies
 Sale of 100% Equity stake in the water bottle manufacturing, purification and distribution business.



to

Agthia Group PJSC



Financial Advisor




Lanka ORIX Leasing Company PLC

Strategic Investment
 in



Financial Advisor




Seylan Bank PLC

US\$ 45,000,000
 Term Facility

Lead Financiers





Financial Advisor



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Lead Arrangers



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Facility Provider



Financial Advisor




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 Structured Financing Facilities
 (Reserve Based Lending)

Facility Provider



Financial Advisor




RBL Bank Limited

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 Term Facility

Lead Arranger



Asian Development Bank

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