

Taaleem books record revenues of AED 830.7M in 9M 2023/24, up 15.0% YoY, bolstered by 32.9% YoY enrolment growth

Dubai | 4 July 2024 | Taaleem Holdings PJSC (“**Taaleem**” or the “**Company**”, DFM Symbol: **TAALEEM**), a leading K-12 premium education provider in the UAE with a portfolio spanning 32 schools, today announced its financial results for the 9-month period ending May 31, 2024, with robust double-digit growth across its key indicators, including revenues, EBITDA and net profit.

9M 2023/24 FINANCIAL & OPERATIONAL HIGHLIGHTS

<p>Total Schools</p> <p>32</p> <p>schools</p> <p>6 New Government Partnerships</p>	<p>Revenue</p> <p>AED 830.7 M</p> <p>operating revenue*</p> <p>+15.0% YoY</p>	<p>EBITDA</p> <p>AED 338.9 M</p> <p>+26.9% YoY</p> <p>(40.8% margin)</p>	<p>Net Profit (pre-tax)</p> <p>AED 277.6 M</p> <p>+38.9% YoY</p> <p>(33.4% margin)</p>
<p>Total Capacity</p> <p>42,953</p> <p>students</p> <p>+27.1% YoY</p>	<p>Total Enrolment</p> <p>37,954</p> <p>students</p> <p>+32.9% YoY</p>	<p>Capacity Added</p> <p>9,156</p> <p>students</p> <p>+64.1% YoY</p>	<p>Total Utilisation</p> <p>88.4%</p> <p>blended utilisation</p> <p>+3.8% YoY</p>

* Excludes non-operating revenues of AED 9.8M recorded in 9M 2023-24.

Key Performance Highlights

Solid top-line growth of 15.0% YoY to AED 830.7M in 9M 2023/24 primarily fuelled by record-breaking student enrolment of 37,954, up 32.9% YoY with the addition of 6 new PPP schools.

Despite new additions driving capacity up 27.1% YoY to 42,953 seats, a faster pace in enrolment saw blended utilisation grow by 3.8% YoY, reaching 88.4% in 9M 2023/24

EBITDA growth of 26.9% YoY in 9M 2023/24 to AED 338.9M came on the back of increased enrolment driving economies of scale, coupled with a 2.6% YoY decline in G&A expenses.

Premium expansion is on track with the handover of Dubai British School Jumeira and the expansion of Greenfield Int'l School, both set to start operations for the academic year in FY 2024/25.

Net profit (before tax) increased by 38.9% YoY to AED 277.6M driven by growing operational profitability, coupled with interest gains on cash reserves.

Taaleem's Government Partnership portfolio welcomed six new schools in 9M of 2023/24, bringing the total number of schools under the Company's portfolio to 32 schools.



Khalid Al Tayer,
Chairman of Taaleem

Note from the Chairman

The past nine months have marked a period of robust growth for Taaleem. Our total enrolment has surged by 32.9% YoY, bolstered by the addition of capacity for 9.2 thousand students through new government schools. Despite this rapid expansion, our blended utilization has risen to 88.4%, up 3.8% from last year, underscoring the effectiveness of our growth strategy. Looking ahead to the upcoming academic year, we are poised to add approximately 2.4 thousand seats to our premium segment, with the construction Dubai British School Jumeira now complete, and the expansion of Greenfield International School nearing completion. With a robust portfolio encompassing 32 schools and serving over 37,954 students, we remain dedicated to nurturing young minds and championing sustainable practices across our campuses. As we pursue further growth, sustainability remains central to our vision, ensuring a brighter future for generations to come.



Alan Williamson,
Chief Executive Officer
of Taaleem

Note from the CEO

We are thrilled to announce significant double-digit growth across our key financial indicators for the first nine months of the 2023/24 fiscal year. Our top-line growth for the period was significantly bolstered by an impressive increase in enrolment across all of our schools, particularly under our premium segment which saw its overall utilization surge by 7.5% YoY to come in at 83.0%. This achievement underscores our unwavering commitment to providing top-tier education and meeting the evolving needs of our students and their families. Furthermore, we are excited to share that we have entered into a master agreement with Harrow International Schools Limited (HISL), granting Taaleem the exclusive right to own and operate Harrow International Schools across the UAE, Saudi Arabia, Bahrain, Oman, Qatar, and Kuwait. Originating from Harrow School, one of the world's most prestigious institutions, our partnership with this distinguished education provider marks a pivotal milestone in our expansion strategy, ensuring the delivery of exceptional educational experiences locally and regionally.

Growth Strategy

Taaleem remains unwavering in its dedication to the 5-Year Strategy, with a primary focus on **expanding its premium school portfolio**, moving into the **super-premium segment**, and fortifying its track record through **government partnerships**.

Construction for the Dubai British School Jumeira (DBS Jumeira) has been completed, with a capacity to accommodate up to 1,900 students. Located in the heart of Jumeira, its state-of-the-art facility has successfully received its certificate of completion and is poised to welcome students for the new academic year 2024/25. Additionally, the expansion of the Greenfield International School (GIS) is

progressing as planned, with its foundation completed in April 2024. This expansion aims to introduce 20 new classes and accommodate an additional 500 students for the upcoming academic year. Simultaneously, construction commenced as scheduled for the fifth planned branch of the Dubai British Schools network, DBS Mira, with its completion by August 2025. The first 9 months of the year also saw Taaleem welcome 6 new government partnership schools, further solidifying its track record with key government entities.

In alignment with Taaleem's objective to venture into the super-premium educational space, the Company has secured a master agreement with Harrow International Schools Limited (HISL), providing Taaleem with the exclusive license to establish and manage Harrow International Schools throughout the UAE, Saudi Arabia, Bahrain, Oman, Qatar, and Kuwait. Stemming from Harrow School, renowned globally for its academic excellence, our collaboration with this distinguished educational provider enables Taaleem to enter the super-premium education sector, allowing the Company to optimize profitability, venture into new markets, and elevate the prominence of the Taaleem brand.

Operational Performance

Premium Schools

Contributing 89% to 9M 2023/24 revenues, Taaleem's premium education platform forms the core of its business, comprising 10 schools owned and operated by the Company. Spread across Dubai and Abu Dhabi, its portfolio of schools span the British, International Baccalaureate and American curricula, through 7 well-reputed brands, namely Dubai British Schools (DBS), Greenfield International School, Jebel Ali School, Raha International School, Uptown International Schools, Jumeirah Baccalaureate School and American Academy for Girls.

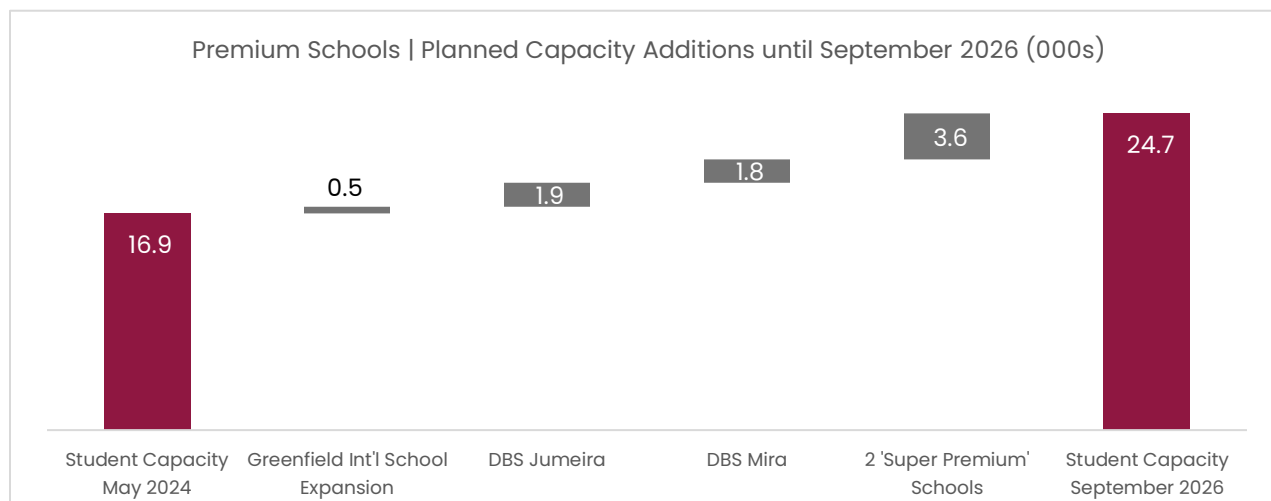
Premium Schools	9M 2022/23	9M 2023/24	Difference	YoY ▲
Number of schools	10	10	-	0.0%
Student enrolment	12,730	13,986	1,256	9.9%
Student capacity	16,856	16,856	-	0.0%
Implied utilisation (%)	75.5%	83.0%	-	7.5%
Available seats	4,126	2,870	(1,256)	-30.4%
Student-Teacher Ratio*	13.2	13.3	0.1	0.9%
Av. Gross Tuition Fees (AED)	57,353	59,498	2,144	3.7%

* Calculation excludes Dubai Schools

Enrolment in Taaleem's premium segment surged to 13,986 students in 9M 2023/24, marking a 9.9% YoY increase. This growth was driven by consistent expansion across all 10 schools within its premium portfolio, with notable increases in both the British and International Baccalaureate (IB) segments. While no new schools were launched during the academic year, accelerated enrolment growth led to a 7.5% YoY rise in implied utilisation, reaching 83.0% in the same period. Consequently, available seats at the Company's premium vertical declined by 30.4% YoY to come in at 2,870 by the end of the 9-month period.

The recently established Khalifa City Campus at Raha International School (RIS) contributed significantly to the overall growth in 9M 2023/24, with enrolment up by an impressive 31.4% YoY as it absorbed excess demand from the original RIS Gardens Campus. Following closely, Jebel Ali School experienced a notable 14.5% YoY surge in enrolment, accommodating 1,970 students in 9M 2023/24 and reflecting the success of its post-acquisition strategy. Moreover, Taaleem's three IB schools in Dubai, including Greenfield International School, Uptown International School, and Jumeira Baccalaureate School, also experienced growth, with their blended utilisation rising by 9.3% YoY to 83.4% during the same period.

The segment is set to expand with the launch of 4 new schools, including DBS Jumeira and DBS Mira opening in September 2024 and September 2025, respectively, and the ongoing expansion of GIS, on track to welcome students by September 2024. Moreover, the planning phase for the development of 2 new super-premium schools is currently underway, set to target the upper-income segment.



Government Partnerships

Taaleem manages a total of 22 schools through operating contracts with government entities, including the Department of Education and Knowledge (“Abu Dhabi Charter Schools”), Knowledge Fund Establishment (“Dubai Schools”), and Emirates Schools Establishment (“Ajyal Schools”), as part of their respective programmes, which aim to improve the quality of learning infrastructure in the UAE while making it more accessible. The Company receives income from these ventures in the form of management fees, with all costs borne by the Government, with the exception of Dubai Schools, which utilises a tuition fee model. The Company was awarded 6 new contracts in 9M 2023/24, comprising 4 Ajyal Schools and 2 Abu Dhabi Charter Schools.

Government Partnerships	9M 2022/23	9M 2023/24	Difference	YoY ▲
Number of schools	16	22	6	37.5%
Student enrolment	15,833	23,968	8,135	51.4%
Student capacity	16,941	26,097	9,156	54.0%
Implied utilisation (%)	93.5%	91.8%	-	-1.6%
Available seats	1,108	2,129	1,021	92.1%

Enrolment across schools within Taaleem’s government partnerships witnessed a substantial 51.4% YoY surge, reaching 23,968 students in 9M 2023/24, propelled by notable growth across all three partnerships. The Company expanded its portfolio by adding 6 new schools during the first nine months of the year, bringing the total number of managed schools to 22. Despite a slightly accelerated capacity compared to enrolment, the segment’s overall utilisation rate remained robust, surpassing the 90% mark at 91.8%, particularly as enrolment in the newly added schools gained traction. While government contracts are anticipated to contribute a relatively minor portion to Taaleem’s overall revenue in comparison to its premium schools, accounting for 11% of the Company’s top-line in 9M 2023/24, these partnerships serve to bolster Taaleem’s track record with licensing bodies and facilitate solid cash generation at low risk and minimal cost.

Consolidated Performance

Consolidated Performance	9M 2022/23	9M 2023/24	Difference	YoY ▲
Number of schools	26	32	6	23.1%
Student enrolment	28,563	37,954	9,391	32.9%
Student capacity	33,797	42,953	9,156	27.1%
Implied utilisation (%)	84.5%	88.4%	-	3.8%
Available seats	5,234	4,999	(235)	-4.5%

Taaleem demonstrated robust growth across its consolidated performance metrics during the first nine months of 2023/24, with the number of schools under its management up from 26 to 32 YoY. Total student enrolment surged from 28,563 to 37,954, marking a notable 32.9% uptick. This growth was supported by a corresponding rise in student capacity from 33,797 to 42,953 seats, reflecting a 27.1% YoY increase. Despite the increase in capacity, implied utilisation improved by 3.8% YoY to 88.4%, indicating the efficient management of resources. Consequently, the number of available seats decreased slightly from 5,234 to 4,999, reflecting a 4.5% YoY reduction. These figures underscore Taaleem's successful efforts in expanding its educational footprint while optimising resource utilisation across its growing portfolio of schools.

Financial Performance

Revenues

Operating Revenues (AED M)	9M 2022/23	9M 2023/24	Difference	YoY ▲
Student enrolment	28,563	37,954	9,391	32.9%
Operating revenue	722.2	830.7	108.5	15.0%
Premium schools	653.6	735.5	81.9	12.5%
<i>% of Operating Revenues</i>	<i>90.5%</i>	<i>88.5%</i>	-	<i>-2.0%</i>
Government partnerships	68.6	95.2	26.7	38.9%
<i>% of Operating Revenues</i>	<i>9.5%</i>	<i>11.5%</i>	-	<i>2.0%</i>
Non-operating revenue	4.4	9.8	5.4	121.1%
Total revenues	726.6	840.5	113.9	15.7%

Operating revenues during the first nine months of 2023/24 recorded AED 830.7M, up 15.0% YoY on the back of the 32.9% YoY surge in overall enrolment. Premium schools contributed AED 735.5M in 9M 2023/24, up 12.5% from the previous year, and accounting for 89% of operating revenues. Government partnerships saw significant top-line growth over the same period, with revenues rising 38.9% YoY to AED 95.2M, and now representing 11% of operating revenues, up from a 9% contribution in 9M 2022/23. Non-operating revenues, which include rental income, income from deferred government grants, and others, more than doubled, increasing by 121.1% YoY to AED 9.8M. Overall, total revenues rose by 15.7% YoY, from AED 726.6M to AED 840.5M, highlighting the solid double-digit top-line growth across both verticals.

Operating Expenses

Operating Expenses (AED M)	9M 2022/23	9M 2023/24	Difference	YoY ▲
Operating costs	366.3	410.9	44.5	12.2%
<i>% of operating revenues</i>	<i>50.7%</i>	<i>49.5%</i>	-	<i>-1.3%</i>
General & admin expenses	93.2	90.8	(2.4)	-2.6%
<i>% of operating revenues</i>	<i>12.9%</i>	<i>10.9%</i>	-	<i>-2.0%</i>
Total expenses	459.6	501.7	42.1	9.6%

% of operating revenues	63.6%	60.4%	-	-3.2%
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Operating costs stands at AED 410.9M in 9M 2023/24, up 12.2% YoY, primarily driven by an 11.9% YoY increase in staff and other benefits over the same period. However, as a percentage of operating revenues, total operating costs decreased slightly from 50.7% to 49.5%, indicating a 1.3% improvement in cost efficiency over the same period.

General and administrative expenses declined by 2.6% YoY in 9M 2023/24, from AED 93.2 million to AED 90.8 million on the back of decreasing legal and professional expenses, as well as board remuneration, compensation and other benefits, which returned to normalised levels following Taaleem's recent initial public offering (IPO). Consequently, the percentage of operating revenues allocated to these expenses fell from 12.9% to 10.9%, reflecting a 2.0% YoY improvement.

EBITDA

EBITDA (AED M)	9M 2022/23	9M 2023/24	Difference	YoY ▲
EBITDA	267.1	338.9	71.8	26.9%
<i>EBITDA margin %</i>	<i>37.0%</i>	<i>40.8%</i>	<i>n/a</i>	<i>3.8%</i>
EBITDA per student (AED)	9,351.6	8,928.2	(423.4)	-4.5%
Premium schools	257.9	314.0	56.1	21.7%
<i>EBITDA margin %</i>	<i>39.5%</i>	<i>42.7%</i>	<i>n/a</i>	<i>3.2%</i>
EBITDA per student (AED)	20,261.3	22,451.1	2,189.8	10.8%
Government partnerships	9.2	24.9	15.7	171.3%
<i>EBITDA margin %</i>	<i>13.4%</i>	<i>26.1%</i>	<i>n/a</i>	<i>12.7%</i>
EBITDA per student (AED)	578.7	1,037.2	458.5	79.2%

Taaleem recorded a consolidated EBITDA of AED 338.9 million in 9M 2023/24, marking a substantial 26.9% YoY increase. This growth also led to a margin increase of 3.8% YoY, reaching an impressive 40.8%, driven by the Company's focus on optimising expenses and benefiting from growing economies of scale. Taaleem's premium segment represented the lion's share of total EBITDA and its growth over the period, increasing by 21.7% YoY to come in at AED 314.0M in 9M 2023/24, with a corresponding margin increase of 3.2% YoY to 42.7%. Similarly, government partnerships also exhibited a positive trajectory, with EBITDA generated by the segment up by more than 2-fold YoY to reach AED 24.9M, representing an 12.7% YoY margin increase to 26.1% over the same period.

Net Profit

Net profit (AED M)	9M 2022/23	9M 2023/24	Difference	YoY ▲
Net profit (before tax)	199.8	277.6	77.8	38.9%
<i>NPM (Before tax) %</i>	<i>27.7%</i>	<i>33.4%</i>	<i>n/a</i>	<i>5.8%</i>
Current Tax	0.0	24.9	24.9	n/a
Deferred Tax	0.0	27.5	27.5	n/a
Net profit (after tax)	199.8	225.2	25.4	12.7%
<i>NPM (after tax) %</i>	<i>27.7%</i>	<i>27.1%</i>	<i>n/a</i>	<i>-0.6%</i>

Net profit before tax surged by 38.9% YoY to AED 277.6M in 9M 2023/24, translating to an enhanced margin of 33.4%, up 5.8% YoY. Bottom-line growth was a result of the increase in EBITDA, coupled with the distribution of non-operating expenses over a wider revenue base. Moreover, the increase in net finance income associated with IPO proceeds that have not yet been fully utilised further bolstered this performance.

Under UAE law, a new corporate tax was implemented on 1 September 2023, with the first payment due to the Federal Tax Authority by May 2025. The current effective tax rate stands at 8.97%, reflecting the timing of expenses and revenue recognition at this stage of the year. Additionally, the company

recognised a one-off deferred tax liability provision of AED 27.5M in the first nine months of 2023/24 pertaining to intangible assets arising from goodwill and other assets from mergers and acquisitions in the UAE prior to the enactment of the Corporate Tax Law.

It's important to note that the deferred tax provision is not an actual tax liability payable to the Federal Tax Authority and will be released to the profit and loss as the Company amortises certain intangible assets annually, ultimately being fully reversed over the useful life of some intangible assets, excluding Goodwill.

Consequently, net profit after tax increased by 12.7% YoY to AED 225.2M in 9M 2023/24, representing a minor 0.6% YoY decline in its corresponding net profit margin to stand at 27.1% over the same period.

Balance Sheet Highlights

Summary Balance Sheet (AED M)	FY 2022/23	9M 2023/24	Difference	YoY ▲
Total Assets	2,442.6	2,612.8	170.2	7.0%
Property and equipment	1,168.9	1,275.6	106.7	9.1%
Goodwill & other intangible assets	278.4	276.4	(2.0)	-0.7%
Right of use assets on lease (IFRS 16)	211.4	261.5	50.0	23.7%
Cash, cash equivalents & Wekala Deposits	702.7	658.8	(43.9)	-6.2%
Fees, prepayments & other receivables	81.1	140.5	59.4	73.2%
Total Liabilities	771.2	821.8	50.6	6.6%
Lease liabilities	234.2	290.1	55.9	23.9%
Provisions and other payables	509.8	426.8	(83.0)	-16.3%
Bank borrowings	27.2	104.9	77.7	285.4%
Shareholders' Equity	1,671.4	1,791.0	119.6	7.2%
Total Liabilities & Shareholders' Equity	2,442.6	2,612.8	170.2	7.0%

Total assets increased by 7.0% year-to-date to record AED 2,612.8M in 9M 2023/24 with growth primarily driven by significant increases in property & equipment, and fees, prepayments, and other receivables. Notably, property & equipment saw a 9.1% year-to-date increase, fees, prepayments and other receivables surged 73.2% over the same period.

Total liabilities also experienced a growth of AED 50.6M, representing a 6.6% year-to-date increase, primarily attributed to higher lease liabilities which rose by 23.9% year-to-date. This growth is attributed to the securing of a new land lease in December 2023 for Taaleem's planned new super-premium school in Dubai. Meanwhile, provisions and other payables decreased by 16.3% compared to year-end 2022/23, partially offsetting the overall growth in total liabilities.

This trend indicates a positive financial trajectory for Taaleem, with a substantial increase in total assets outpacing the rise in total liabilities, ideally positioning the Company for continued expansion and financial stability.

Debt & Net Debt

Debt & Net Debt (AED M)	FY 2022/23	9M 2023/24	Difference	YoY ▲
Total Debt	27.2	104.9	77.7	285%
Deposits (wakala)	475.1	312.7	(162.5)	-34.2%
Cash & cash equivalents	227.5	346.1	118.6	52.1%
Cash & Cash Equivalents	702.7	658.8	(43.9)	-6.2%
Restricted Cash*	27.3	88.0	60.7	222.7%
Net Debt	(648.2)	(465.9)	182.3	-28.1%

Taaleem's astute financial management, combined with the strategic utilisation of Initial Public Offering (IPO) proceeds yet to be fully deployed, has been instrumental in driving substantial earnings growth and fortifying its cash reserves. This prudent approach has resulted in a robust cash position and minimal debt, leading to a negative net debt position of AED 465.9M as of May 31, 2024. Notably, Taaleem incurred additional debt during the first 9 months of 2023/24 to facilitate the construction of Dubai British School Jumeira, aligning with its overarching financial objectives.

Taaleem is actively prioritising strategic Mergers and Acquisitions (M&A) initiatives, while also advancing its greenfield strategy. By leveraging the proceeds from its IPO, the company aims to optimise its capital structure, thereby ensuring sufficient resources to pursue investments and capitalise on potential M&A prospects, facilitating the execution of its robust growth strategy.

CAPEX

CAPEX (AED M)	9M 2022/23	9M 2023/24	Difference	YoY ▲
Plant, Property & Equipment	1,168.9	1,275.6	106.7	9.1%
Additions during the Period	30.3	160.7	130.4	429.7%
<i>% of operating revenues</i>	<i>4.2%</i>	<i>19.3%</i>	<i>-</i>	<i>15.1%</i>
Expansionary CAPEX	19.3	148.3	129.0	668.6%
Maintenance CAPEX	11.0	12.4	1.4	12.6%

Capital expenditure (CAPEX) grew significantly during the first nine months of 2023/24, with a notable 9.1% YoY rise in plant, property, and equipment. Total CAPEX surged by 429.4% YoY, representing 19.3% of the operating revenues. Particularly noteworthy is Taaleem's expansionary CAPEX, which experienced a remarkable 668.6% YoY increase, largely attributed to ongoing strategic initiatives such as the construction of DBS Jumeira and the expansion of GIS. This surge in expansionary CAPEX reflects Taaleem's commitment to enhancing its infrastructure and educational facilities, paving the way for sustainable growth and development in the education sector.

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About Taaleem Holdings

Taaleem (**DFM: TAALEEM**) is one of the largest K-12 premium education providers in the UAE with a portfolio consisting of 32 schools, comprising 10 owned and operated premium private schools, and 22 Government partnership schools operated on behalf of Government entities. The Company boasts a student body of 37,954 students and world-class faculty from diverse backgrounds.

For more information, kindly visit www.taaleem.ae

9M 2023/24 Financial Year Earnings Call

Taaleem will host its 9M 2023/24 earnings call at 3:00 p.m. Dubai time on Wednesday, July 10, 2024, which will be available via live streaming. Please [click](#) here to register for the event.

Upcoming Earnings Calls Schedule:

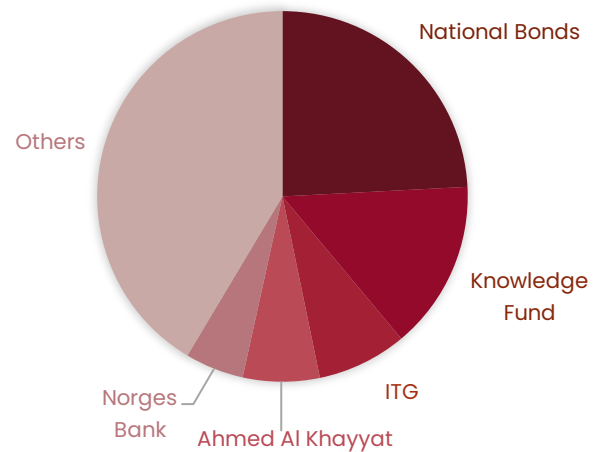
Year End 2023/24 - Financial Year Earnings Call - [Tuesday, October 8, 2024](#)

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Shareholders Structure (above 5% ownership)*

SHAREHOLDERS	STAKE%
National Bonds Corporation	22.4%
Knowledge Fund Establishment	13.6%
Investment Trading Group LLC	7.2%
Ahmed Saad Al Khayyat	6.2%
Norges Bank	5.5%
Others	45.1%



* As of 31 May 2024