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## GCC Education Industry

June 20, 2012



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*Alpen Capital was awarded the “Best Research House” at the Banker Middle East Industry Awards 2011*



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*“Since its formation, our nation’s leaders have consistently supported the importance of higher education in order to produce a strong knowledge economy and also young leaders of tomorrow. As a result, the UAE has developed a world class tertiary-level educational system and infrastructure. Today, there are several higher education options in the UAE which are of international quality and standing, including the Higher Colleges of Technology (HCT). HCT has nearly 20,000 male and female students enrolled in 17 campuses throughout the country, who learn in a technologically sophisticated environment that encourages independent and life-long learning skills necessary to success in a fast changing world. HCT graduates are eagerly sought by employers as they are capable of operating effectively in today’s global business environment. Our graduates make significant contributions to the sustainable economic and social development of the country”.*

**Dr. Tayeb Kamali**

Vice Chancellor, Higher Colleges of Technology

Group Chief Executive, Centre of Excellence for Applied Research and Training (CERT)  
Group of Companies

*“Quality education is one of the key forces in enabling the growth of GCC countries. The education sector is set to grow, keeping with the economic growth as well as the population growth being experienced by the GCC nations. While there are several private schools delivering quality education, the growth in higher education options is a more recent phenomenon and also has a lot of growth potential.*

*Private operators in the education sector face a number of challenges due to a regulated fee structure, high set-up costs, rising real estate costs and increasing salaries of quality teachers recruited from the international market. Attention from the regulatory body in addressing these challenges will provide a further boost to the education sector”.*

**Poonam Bhojani**

Chief Executive Officer

Innoventures Education

*“The outlook for the education sector looks positive in the GCC region, in line with its growth potential, particularly in Qatar, with the potential influx of expatriates especially from the subcontinent. To add to this the Qatari Government is also coming up with various initiatives to promote and enhance the quality of education available in the country. There is a need for ongoing investments into new teaching techniques and technologies to maintain competitive edge coupled with growing competition with a number of new schools planned for set up in future. However, improving social and economic fundamentals such as expected growth in the economy, population and general preference for quality education will give a significant boost to this sector. Further, government regulations encouraging expatriate schools on adopting International curriculum will help expand the nationality base to neighboring regions”.*

**C. V. Rappai**

Chairman

Birla Public School



*“The outlook for the education sector in the GCC is very bullish. Many GCC countries have committed significant amounts of their budget to enhancing the standard of education. They understand the importance of growing and enhancing their human capital in order to create a knowledge based economy. Whenever you are looking at diversifying the base of an economy, you are talking about bringing in a class and a pool of investors and a diverse range of sectors. That diversification, in terms of building something that will truly secure the future of a nation, cannot be done without building a world-class infrastructure, especially around education and healthcare. The private education market in the GCC is predicted to expand three fold in the next decade. We, at GEMS Education, are witnessing this trend already. Over the last three-year period from 2009 until this year, (2012) GEMS international curriculum schools in Dubai grew 52%, from 21,000 students to 32,000 students. Our Indian curriculum schools, which are more affordable generally, grew by 13% from 42,506 to 48,233, and could have grown more if not for the fact that we were at capacity. Even in the year of the global downturn we increased enrolment by 5%. The demand for a quality education is a global phenomenon, and the growth of the private sector in education is inevitable. I also believe that public private partnerships will also expand in the GCC as Governments seek support from the private sector. It is a tried and tested model in many parts of the world where the value, efficiencies, accountabilities and, certainly in our case, over 50 years of educational experience can be brought to bear in order to reform and improve the education system of a country”.*

**Sunny Varkey**

Founder and Chairman of GEMS Education

*“The education sector in the GCC is witnessing a period of tremendous growth. Rising population, higher income levels and an increasing awareness of quality education has resulted in a positive outlook for this sector. While a number of challenges like shortage of skilled teachers, high initial investment and running costs exist for investors, the education sector continues to be an attractive investment option. Although the private school market across the GCC is highly fragmented, it still offers significant opportunities for new investments and ample room for consolidation for existing players”.*

**Rohit Walia**

Executive Vice Chairman and Chief Executive Officer  
Alpen Capital Group



## 1. Glossary

- **Pre-primary Education:** It includes early childhood education including nurseries and kindergarten. Upon completion of these programs, the children continue their primary education.
- **Primary and secondary education:** It typically ranges from grade 1 to 12.
- **Tertiary Education:** It includes post-secondary education i.e. higher education and technical and vocational training.
- **Gross Enrolment Rate:** Total enrolment in a specific level of education, regardless of age, expressed as a percentage of the eligible official school-age population corresponding to the same level of education in a given school year.

## 2. Executive Summary

The education sector in the GCC is poised for robust growth in the future on the back of increasing population, rising private sector participation, and increased willingness of parents to ensure high-quality education for their children. Earnest intention of the governments to improve the coverage and quality of education in their respective countries through various reform measures also bodes well for the sector.

In particular, prospects appear bright for operators and investors in the private school segment across the region. Growth in the Saudi Arabian private school market is expected to be fueled by recent regulatory developments. Moreover, superior quality of education provided by private schools in the GCC is stimulating migration of students from public schools to the private counterparts. The private higher education segment, which is relatively under-developed, is also likely to grow in the future as new private and foreign universities set up operations in the region.

### 2.1 Scope of the Report

This report provides a perspective of the GCC education sector by examining the current industry status, key market dynamics, and scope for growth in the future. The report covers pre-primary education, primary & secondary education, tertiary education, and special education segments in all the GCC member countries. By focusing on the growth potential of the respective GCC member nations, it presents an outlook for the pre-primary, primary & secondary, and tertiary segments of the education sector. Further, the report includes detailed profiles of the six GCC nations as well as profiles of some of the well-known companies operating in the sector.

### 2.2 Industry Outlook

- Based on our forecasts, the total number of students in the GCC education sector is expected to grow at a CAGR of 2.7% between 2011 and 2016, and reach 11.6 million in 2016. An increasing school age population base is likely to be the main growth driver. The pre-primary segment will see a growth rate of 11.2%, followed by tertiary segment at 4.8%, primary segment at 1.7% and secondary segment at 1.6%.
- Total enrolment in private schools will grow at a CAGR of 10.2% between 2011 and 2016 mainly on the back of favorable demographics and greater preference towards the better education system in these schools.
- The share of students in the pre-primary segment is expected to increase from 5.3% in 2011 to 7.9% in 2016; while that of tertiary segment is expected to increase from 12.0% to 13.4% during the same period. However, the share of students in the primary and secondary education segment is expected to decline from 82.7% in 2011 to 78.7% in 2016.
- The share of students in private schools is expected to grow from 21.1% in 2011 to 30.4% in 2016.
- We expect the total number of schools to grow at a CAGR of 1.6% between 2011 and 2016 mainly due to increase in students in the region.

### 2.3 Key Growth Drivers

- Population in the GCC region is expected to increase at a CAGR of 2.5% between 2011 and 2013; while the share of expatriate population is also likely to increase from 47.8% to 48.4% during the same period. An increasing population base coupled with an expanding expatriate population is expected to drive demand for education across the region.
- GDP per capita of the region is expected to grow at a CAGR of 2.6% between 2011 and 2016. This increase in income levels of individuals will have a cascading effect on the middle class population's propensity to spend on education of their children, thus driving demand for private sector education.



- In recent years, there has been increasing awareness about the quality of education as a result of a rising gap between education provided by private and public schools. This gap in quality is likely to push parents in the GCC to lean towards private schools in the future.
- The region has seen several private schools and colleges open in the recent past. We expect further penetration of private schools due to the favourable policies adopted by the GCC governments.
- Government reforms, focused on enhancement of quality and reach of education in the region bodes well for the sector.

## **2.4 Key Challenges**

- Shortage of skilled teachers remains the biggest challenge for the education sector across the GCC, which is expected to pose a serious threat particularly for private school operators to maintain the quality of education provided by them.
- The enrolment rate in the higher education segment remains very low in the region as compared to the developed nations, reflecting a mismatch between skills taught to graduates and requirements of the labor market.
- The region has witnessed a lack of opportunity for fresh graduates mainly due to lack of tie-ups between the education sector and the private companies in the region. This is likely to have an effect on the unemployment rate of the region.
- Strict financing environment in the region, particularly after the economic recession, has resulted in difficulty to procure funds for new ventures.
- Setting up a school involves not only a high capital requirement, but also high running costs. The tuition fee increases however are regulated by the government and private schools do not have the flexibility of changing the fee structure in line with their higher costs. This proves to be a challenge for investors.

## **2.5 Trends**

- An increasing number of GCC nationals are shifting their children from public schools to private schools as a result of better quality of education provided by private schools.
- Despite the higher fee structure, private schools offering international curriculum are extremely popular among the growing expatriate population in the GCC, which has resulted in a number of international schools mushrooming in the recent past.
- The region has witnessed the establishment of several foreign affiliated universities and branches of foreign universities in the recent past. This trend is likely to enhance the quality of higher education in the region.
- The GCC region has witnessed migration of students from other MENA countries mainly on account of easy access to better quality higher education institutes region.
- The region has witnessed increasing use of technology in the education sector in the recent past. This is likely to improve the quality and teaching methods of education in the future.
- The GCC private education market is highly fragmented, and thus providing substantial opportunities to the existing operators to consolidate and develop economies of scale

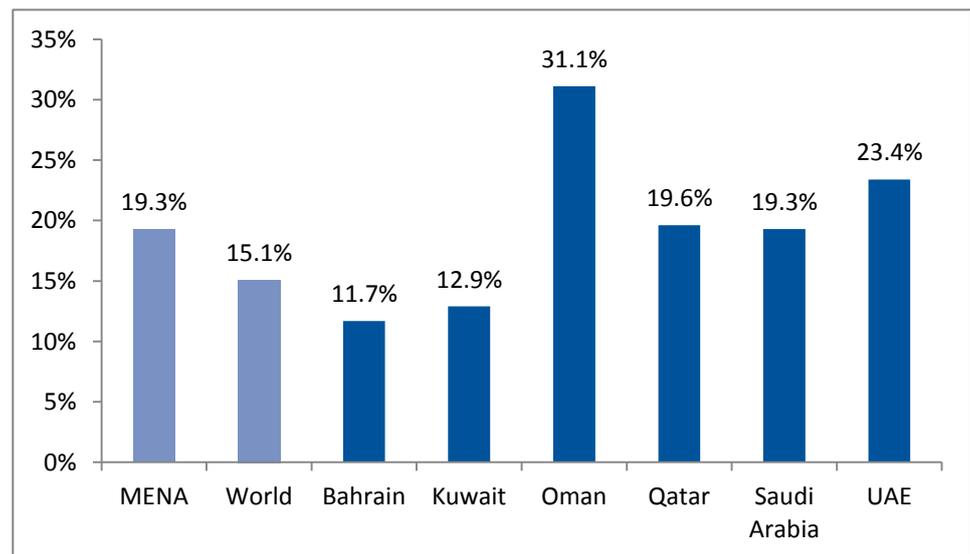
### 3. GCC Education Sector

#### 3.1 GCC Education Sector Overview

Quality education plays a key role in the economic development of any nation. This fact is clearly evidenced from past experiences of countries/regions such as Singapore, Ireland, Korea, and the European Union during the last five decades. The GCC member nations have also identified sound educational systems as being the cornerstone of economic progress and taken several initiatives aimed at improving the quality (and quantity) of education over the last two decades. As a result of the government's thrust, the region has witnessed a marked improvement in the quality of education. For example, Saudi Arabia in 2004 set forth a ten-year strategy focused on economic development and improving the quality of human capital. Likewise, the UAE released a draft document listing comprehensive reforms in the education sector in 2007. As a part of education sector reforms, the GCC region witnessed an increase in public expenditure on the sector. Government spending on education, as a percentage of total government expenditure, across the Middle East and North Africa (MENA) region increased from 12.7% in 1985 to 19.3% in 2008<sup>1</sup> (see Exhibit 1). In the UAE, this percentage increased significantly from 10.4% in 1985 to 27.2% in 2008; while it increased from 10.1% to 19.3% in Saudi Arabia during the same period<sup>1</sup>. Though public spending on education in Oman was in line with the MENA region average between 2000 and 2005, it was significantly higher in 2006 at 31.1%<sup>1</sup>.

**As a result of the government's thrust, the GCC region has witnessed a marked improvement in the quality of education in the past**

**Exhibit 1: Government Spending on Education as % of Total Government Expenditure**



Source: World Bank

Note: As per the latest data provided by World Bank. Data for Qatar, Kuwait, Oman, and UAE pertains to 2005, 2006, 2006, and 2009 respectively. For all other countries/regions, data pertains to 2008

**Large and continued government expenditure on education in the past decades has translated into an increase in enrolment rates in the past**

Large and continued government expenditure on education in the past decades has translated into increase in enrolment rates across the GCC region. Primary school gross enrolment rate across the GCC is comparable with the world average, while the secondary school gross enrolment rate is significantly higher than the world average. However, the tertiary school gross enrolment rate in the GCC region is lower than the world average

<sup>1</sup> Source: World Bank

reflecting a disconnect between skills taught to the graduates and requirements of the labor market (see Exhibit 2)

**Exhibit 2: School Gross Enrolment Rates**

Country	Pre-primary	Primary	Secondary	Tertiary
Bahrain	47.4%	107.3%	103.1%	21.3%
Kuwait	82.2%	105.6%	101.0%	21.9%
Oman	45.0%	105.3%	100.3%	24.5%
Qatar	55.4%	102.9%	93.7%	10.0%
Saudi Arabia	11.0%	106.0%	100.6%	36.8%
UAE	80.6%	104.3%	92.3%	22.5%
World	49.7%	107.1%	68.0%	27.1%
Middle East	25.4%	101.8%	74.5%	28.1%

Source: UNESCO, World Bank

Note 1: As per the latest data provided by UNESCO and World Bank

Note 2: The gross enrolment rate can be greater than 100% as a result of grade repetition and entry at ages younger or older than the typical age at that grade level

#### **Pre-primary Education**

Pre-primary education is primarily provided by private school operators throughout the GCC region. Pre-primary enrolment in countries with high expatriate population like the UAE, Kuwait, and Qatar is high due to better awareness of benefits of pre-primary education in children among the expatriates. However, nursery and kindergarten education is not a pre-requisite for admission into primary schools in countries like Saudi Arabia, which has resulted in low pre-primary enrolment rates in the Kingdom.

#### **Primary and Secondary Education**

The GCC region has a well-developed network of schools comprising of both public as well as private institutes. GCC private school market<sup>2</sup> is amongst the largest in the world with annual tuition fee of approximately US\$5.2 billion in 2010<sup>3</sup>. However, in terms of spending, private school education represents only 14% of the US\$36 billion school education market in the region<sup>3</sup>.

Public schools across the GCC are increasingly attended by local students, as the enrolment of expatriate students in public schools is capped. For instance, Abu Dhabi has set a cap of 20% for enrolment of expatriate students in public schools<sup>4</sup>. Further, the number of expatriate students in one class in Abu Dhabi should not exceed more than 25 in case of primary education and 30 in case of secondary education<sup>4</sup>.

In countries with high expatriate population like the UAE and Qatar, enrolment in private schools is particularly high. For instance, 75.3% and 43.5% of total students in Dubai and Abu Dhabi respectively attend private schools due to high expatriate population (see

<sup>2</sup> Note: Includes only Kuwait, Qatar, Saudi Arabia, Dubai and Abu Dhabi; excludes Oman and Bahrain. Booz & Company define private schools as those in which a private provider has full management control, regardless of its funding model.

<sup>3</sup> Source: 'A Decade of Opportunity- The Coming Expansion of the Private-school Market in the GCC', Booz & Company, 2011

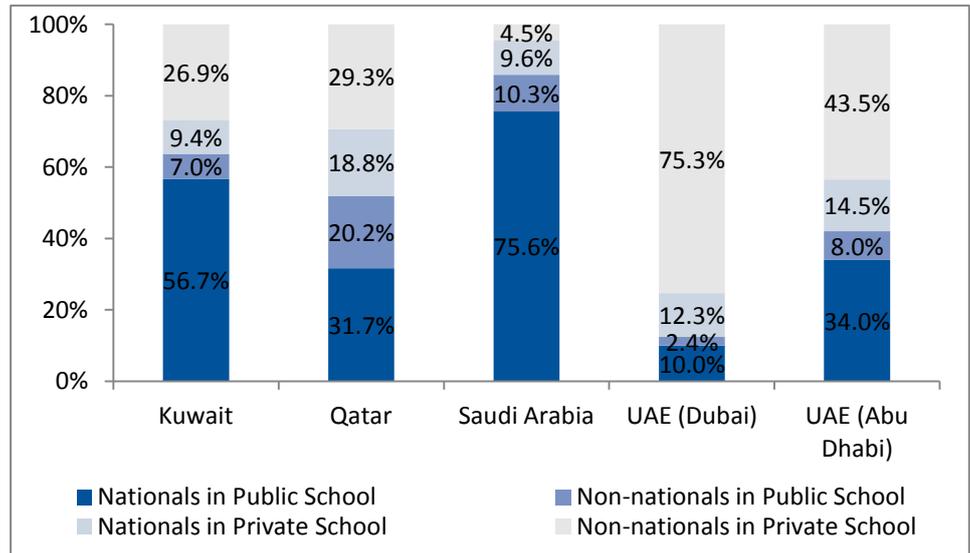
<sup>4</sup> Source: Abu Dhabi Education Council

***The GCC region has a well developed network of schools comprising of both public as well as private schools***



Exhibit 3). Saudi Arabia, on the other hand, has a relatively higher percentage of students enrolled in public schools given its lower proportion of expatriate population. The school education sector has seen the entry of several international school chains in the recent past. This trend is likely to continue in the future leading to an increase in spending in the education market from US\$36 billion in 2010 to US\$90 billion in 2020<sup>5</sup>. An expanding population base, gap in the quality of education in public and private schools, and increased willingness to pay for education by both locals as well as expatriates may drive the growth of private schools in future.

**Exhibit 3: Proportion of Students by Nationality and School Type**



Source: Relevant government ministries, Booz & Company report, 2011

Note: The above data pertains to most recent available years

**Tertiary Education**

The increase in gross enrolment rate of primary and secondary education, resulting in increasing number of high-school graduates, has put pressure on GCC member governments to focus on development of higher education. There has been a paradigm shift in the strategy adopted by governments towards the development of higher education from the past. Governments are increasingly seeking active participation from the private sector which has resulted in huge investments into the higher education sector over the recent years. The increased investment by the private sector has resulted in chains of private universities and colleges mushrooming in the region. Further, there is a high demand for private universities and colleges due to an expanding expatriate population with little access to government universities, and also due to a gap in the quality of education between private and public universities. However, investors in the higher education space are currently faced with strict government regulations in some GCC countries with respect to granting of licenses. For instance, in Saudi Arabia, licenses to run higher education institutes to overseas operators are not provided. Instead, the overseas players have to enter into management contract with local Saudi education providers, to participate in the sector.

Despite several initiatives by governments, the quality of higher education across the region is still not at par with the standards in developed nations and some emerging

***The quality of tertiary education across the region is still not on par with the standards in developed nations and some emerging economies***

<sup>5</sup> Source: 'A Decade of Opportunity- The Coming Expansion of the Private-school Market in the GCC', Booz & Company, 2011



economies. A shortage of skilled teachers and weak link between the higher education market and the labor market is one of the primary reasons for low quality of higher education in the region. We expect the higher education segment to witness significant private investment in the long-term, which will result in more private institutions opening across the GCC region. It is expected that the tertiary gross enrolment rate will increase in future, particularly in the UAE, and Qatar. Expanding expatriate population and the willingness of locals to pursue higher education will continue to drive growth of the higher education sector in the region.

### **Vocational Education**

To enhance the technical skills of graduates, the GCC member countries have also placed a strong emphasis on the development of technical and vocational training in the recent past. Access to good quality technical and vocational training will help reduce the unemployment level among local citizens across the region, particularly in the private sector. In order to improve the quality of vocational training, member nations of the GCC are increasingly looking to partner with reputed foreign companies and institutions. In March 2011, the Qatar Chamber of Commerce & Industry (QCCI) and the UK's City and Guilds entered into an agreement to setup a vocational center in Doha<sup>6</sup>. Similarly, Saudi Arabia has also witnessed the establishment of several vocational training centers in partnership with private companies and foreign institutions.

### ***3.2 Segmentation of Private Schools by Curricula***

Private schools in the GCC can be categorized based on the different types of curriculum offered by them. The region has a large number of Arabic medium private schools which cater primarily to the GCC nationals and expatriates from other Arab nations. These schools have been established as governments of most of the GCC nations have capped the enrolment of expatriates from other Arab nations in public schools. These Arabic medium private schools primarily offer national curriculum and in most cases are supported by government incentives. Arabic medium schools typically charge lower fee compared to the other categories of private schools.

Due to the presence of a large expatriate population from western countries, the GCC region has several western curricula based private schools. Apart from the expatriates from the western countries, this category of schools also caters to the GCC nationals as well as Arab and Asian expatriates, who wish to impart international standard education to their children. They offer diverse curriculum including British, American, and International Baccalaureate (IB). Some of these western curricula private schools serve specific national communities like Japanese, Germans, and French; and are subsidized by the respective governments<sup>7</sup>.

In addition, there are many Asian private schools which offer Indian, Pakistani and other Asian curriculum for catering to the needs of the expatriate population from the respective countries. As a result of growing popularity, the region has seen the establishment of many such reputed schools of late. Among the Asian schools, Indian curriculum schools hold a good reputation due to the high quality of syllabus and teaching methods adopted by them. Some of the reputed Indian schools operating in the region include the Dubai Modern High School, Indian High School, Delhi Private School, and Rajagiri International School in Dubai; DPS-Modern Indian School, and Ideal Indian School in Doha; International Indian School in Riyadh; and Gulf Indian School in Kuwait. These Indian schools mostly follow

<sup>6</sup> Source: Gulf industry fair factsheet, 2012

<sup>7</sup> Source: 'A Decade of Opportunity- The Coming Expansion of the Private-school Market in the GCC', Booz & Company, 2011

***Private schools in the GCC, based on curriculum can be categorized into Arabic, Western, and Asian***



the Central Board of Secondary Education (CBSE) or Indian Certificate of secondary Education (ICSE) or International General Certificate of Secondary Education (IGCSE) pattern of education. Recently, expatriates from the Indian subcontinent are increasingly considering the western curricula international schools as an option for their child's education to expose them to an international curriculum.

### 3.3 Fee Structure of Different Curricula across Schools and Colleges

*Fee charged by the private schools offering Indian and Arabic curriculum are relatively less as compared to the American or British curriculum based schools*

The tuition fee charged by various private schools in the GCC region varies widely based on the curriculum offered by them. International schools offering IB curriculum are the most expensive, followed by the schools offering American and British curriculum. Private schools offering American curriculum charge annual tuition fee in the range of US\$6,000 to US\$24,000 (see Exhibits 4 and 5)<sup>8</sup>. Fee charged by the private schools offering Indian and Arabic curriculum are relatively lesser as compared to the American or British curriculum based schools.

**Exhibit 4: Fee Structure of Pre-primary Schools**

School	Curriculum	Annual Fee Range (US\$)
<b>Bahrain</b>		
St Christopher's School	British	6,527
New Millennium School, DPS	Indian	2,127
Riffa Views International School	American	6,444-14,436
Bahrain Bayan School	IB	4,100-6,212
The British School of Bahrain	British	6,094-7,749
<b>Oman</b>		
The British School-Muscat	British	7,459-9,074
The American International School of Muscat (TAISM)	American	10,676-16,876
The Indian School Muscat	Indian	925-987
Sultan's School	IB	4,870
<b>Kuwait</b>		
The Universal American School	American	6,323-8,343
New English School	British	5,486-8,479
The Indian Community School Kuwait (ICSK)	Indian	948
Al-Ru'ya Bilingual School	English/Arabic	6,640
American International School	IB	6,127-9,084

<sup>8</sup> Note: Fee of respective schools and colleges are provided in the national currency of the country in which they operate. We have converted it into the US\$ using the following exchange rates: BHD-US\$: 2.57778, OMR-US\$: 2.56331, KWD-US\$: 3.5624, QAR-US\$: 0.27429, SAR-US\$: 0.26662, AED-US\$: 0.27224.



**Fee Structure of Pre-primary Schools (Continued from previous page)**

School	Curriculum	Annual Fee Range (US\$)
<b>Qatar</b>		
American School of Doha	American	8,498-14,170
Qatar International School	British	3,456-5,875
Al Jazeera Academy	IB	4,800
Birla Public School	Indian	1,411
<b>Saudi Arabia</b>		
American International School	American	7,741-17,135
British International School	British	7,278-11,135
Daratassalam International Delhi Public School	Indian	2,000
Jeddah Knowledge International School	IB	6,672-7,053
Rowad Al Khaleej International School	American	6,332-7,092
<b>UAE</b>		
GEMS - Our Own Indian School	Indian	1,294
GEMS World Academy	IB	15,078-18,862
Repton School	British	11,570
Dubai Modern High School	Indian	7,291-7,721
Dubai American Academy	American	4,285-12,605
GEMS Wellington International School	English/IB	9,052-11,401

Source: Respective website of schools

**Exhibit 5: Fee Structure of Primary and Secondary Schools**

School	Curriculum	Annual Fee Range (US\$)
<b>Bahrain</b>		
St Christopher's School	British	8,329-17,601
New Millennium School, DPS	Indian	2,127-3,673
Riffa Views International School	American	18,044-22,684
Bahrain Bayan School	IB	6,754-8,442
The British School of Bahrain	British	7,749-15,671



**Fee Structure of Primary and Secondary Schools (Continued from previous page)**

School	Curriculum	Annual Fee Range (US\$)
<b>Oman</b>		
The British School-Muscat	British	9,766-18,225
The American International School of Muscat (TAISM)	American	16,867-21,275
The Indian School Muscat	Indian	982-1,228
Sultan's School	IB	6,665-9,997
<b>Kuwait</b>		
The Universal American School	American	11,161-12,515
New English School	British	8,479-13,982
The Indian Community School Kuwait (ICSK)	Indian	1,079-1,300
Al-Ru'ya Bilingual School	English/Arabic	8,386-9,419
American International School	IB	12,240-14,342
<b>Qatar</b>		
American School of Doha	American	14,170-18,427
Qatar International School	British	6,134-9,591
Al Jazeera Academy	IB	6,309-10,094
Birla Public School	Indian	1,642-2,851
<b>Saudi Arabia</b>		
American International School	American	17,135-19,429
British International School	British	11,135-17,967
Daratassalam International Delhi Public School	Indian	2,000-3,679
Jeddah Knowledge International School	IB	9,532-13,344
Rowad Al Khaleej International School	American	7,092-8,105
<b>UAE</b>		
GEMS - Our Own Indian School	Indian	1,481-2,638
GEMS World Academy	IB	18,862-26,173
Repton School	British	12,115-23,140
Dubai Modern High School	Indian	8,742-11,448
Dubai American Academy	American	17,769
GEMS Wellington International School	English/IB	11,401-19,692

Source: Respective website of schools



**Exhibit 6: Fee Structure of Colleges**

College/University	Country	Fee Range (US\$)
The AMA International University	Bahrain	129 per credit per unit subject
Majan College	Oman	3,204 per semester (4 module)
American University of Kuwait	Kuwait	625 per credit hour
Qatar University	Qatar	137 per credit hour
Al Yamamah University	Saudi Arabia	5,322-6,666 per semester
Al Ghurair University	UAE	313 per credit hour
University of Wollongong	UAE	1,388 per subject
American University in Dubai	UAE	844 per credit hour

*Source: Respective website of colleges*



## 4. Country-wise analysis of the Education Sector

### 4.1 Pre-primary Education

#### Saudi Arabia

*The state of pre-primary education in Saudi Arabia is relatively less developed when compared to the developed nations of the world*

Nursery education in Saudi Arabia is predominantly provided by the private sector, particularly in urban areas, and does not have a long history as compared to the public education system. Further, attending kindergarten is not compulsory for enrolment in Grade 1 and hence does not form a part of the official education hierarchy. As a result, the state of pre-primary education in Saudi Arabia is relatively less developed when compared to the developed nations of the world. Only 1 in every 10 children across Saudi Arabia aged between 3 and 6 years receives any formal pre-primary education in the country<sup>9</sup>. Gross enrolment rates in pre-primary education across Saudi Arabia are very low as compared to other GCC nations and stood at 11.0% in 2010<sup>10</sup>. The segment is also marked by a wide disparity in the number of children enrolled in rural and urban areas of the country.

In recent years, several private institutions have entered the widely unchartered space of pre-primary education through technical and financial assistance from the government<sup>10</sup>. Entry of new players in the segments is mainly due to surge in demand of pre-primary education in the country as a result of increasing income levels and awareness amongst locals and expatriates.

#### UAE

*Most of the nurseries and kindergarten schools in the UAE are primarily operated by the private sector*

Introduction of a federal law in 1983 to regulate the licensing and functioning of nurseries in the UAE resulted in the establishment of the first licensed nursery school in Dubai in 1984. Since then, the number of nurseries across the UAE has risen significantly on the back of demand from a growing expatriate population. The period after 1984 saw increased participation from the private sector as well. In 2009, Dubai alone had 82 private licensed nurseries in which 7,551 children were enrolled, out of which 95.4% belonged to expatriate parents<sup>11</sup>. In sharp contrast to the private sector's participation, there were just two government-run nurseries in Dubai in the same year<sup>11</sup>. Active participation by the private sector resulted in an increase in enrolment rates in the pre-primary education sector across the UAE. Pre-primary enrolment rate increased from 64% in 1999 to 80.6% in 2006<sup>10</sup>, above the world and Middle East region averages of 49.7% and 25.4% respectively<sup>12</sup>.

#### Qatar

As a result of pro-active steps taken by the government, total gross enrolment rates in the pre-primary segment has increased from 33.9% in 2002 to 55.4% in 2009<sup>13</sup>. Further, pre-primary segment is primarily dominated by the private school operator in the country. Through the National Development Strategy (2011-16), the government has made kindergarten attendance mandatory for all Qatari children from the age of three with the aim to develop the education system.

<sup>9</sup> Source: 'AlRaeda to launch two school chains in Saudi Arabia that target early education', www.ameinfo.com, May 11, 2009

<sup>10</sup> Source: UNESCO

<sup>11</sup> Source: 'Early childhood education in Dubai', Dubai School of Government, January 2011

<sup>12</sup> Source: World Bank

<sup>13</sup> Source: UNESCO



***The pre-primary education, particularly nurseries are a relatively new phenomenon in Oman and limited to the urban areas of the country***

### **Oman**

Most of nurseries and kindergarten centers across the country are operated by private sectors. The pre-primary education, particularly nurseries are a relatively new phenomenon in Oman and limited to the urban areas only. However, this segment has witnessed significant growth in recent years as a result of the various awareness programs run by authorities. Subsequently, pre-primary gross enrolment rates have increased from 6.5% in 2000 to 45.0% in 2010<sup>13</sup>.

### **Bahrain**

Nurseries across the country, which cater to students of less than three years of age, come under the supervision of the Ministry of Social Development. In 2006, gross enrolment of pre-primary education stood at 47.4%<sup>14</sup>. There were 10 nurseries and 13 nursery-kindergartens run by private players in 2007-08<sup>15</sup>. Demand for nurseries has increased in recent years mainly due to an expanding expatriate population in the country.

### **Kuwait**

Pre-primary education is provided free-of-cost to all Kuwaiti nationals. The Ministry of Education provides free kindergartens for nationals between the ages of four and six. However, pre-primary education is not compulsory in the country. There are several private nursery schools which cater primarily to expatriate children as a result of which, pre-primary enrolment rate has increased significantly in the recent past and stood at 82.2% in 2008<sup>13</sup>.

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<sup>14</sup> Source: UNESCO

<sup>15</sup> Source: UNESCO (World Data on Education, 2010-11)

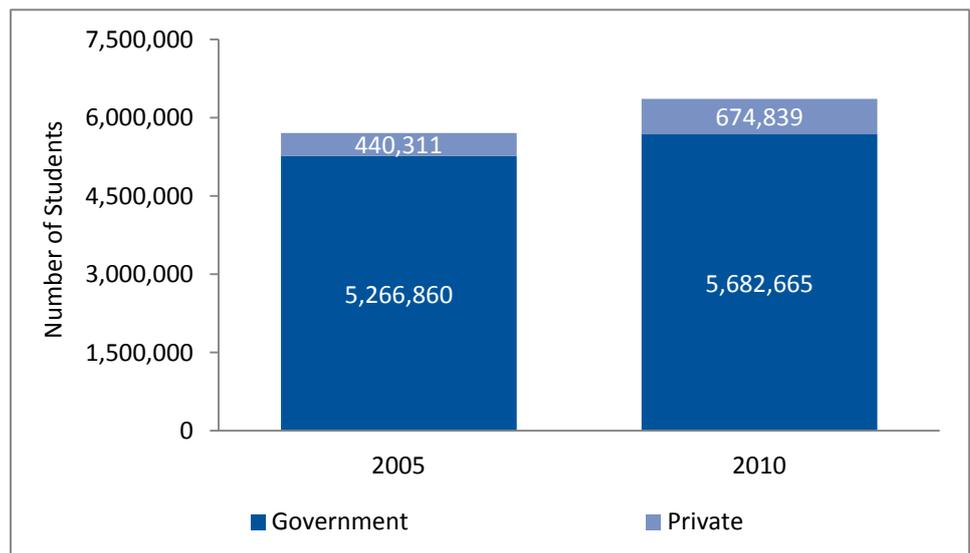
## 4.2 Primary and Secondary Education

### Saudi Arabia

Saudi Arabia witnessed the start of state-sponsored education system in the 1930s, which led to the establishment of several schools across the country. Later, the Education Policy Document, issued in 1969 by Saudi's Council of Ministers, acted as a foundation for the educational system in the country.

Saudi Arabia is the largest market for education services in the GCC, and accounts for around 75% of total students in the region's general education system<sup>16</sup>. During the past decade, the government of Saudi Arabia has made remarkable efforts to enhance its educational system by introducing new programs and establishing several schools across the country. The quality of education has improved substantially since the introduction of the First Development Plan in 1970. In addition, private schools and institutions in Saudi Arabia receive adequate support from the government. However, licenses to run private institutions are granted exclusively to Saudi citizens only, and the functioning of these institutions and the fee charged are closely monitored. As a result of the government efforts, the gross enrolment rates of primary and secondary education is very high and stood at 106% and 100.6% respectively for 2010<sup>17</sup>. Total number of students in primary and secondary education grew at a CAGR of 2.2% between 2005 and 2010<sup>17</sup> (see Exhibit 7). However, enrolment in private schools is still very low and stood at 9.7% and 12.2% for primary and secondary education respectively in 2010<sup>17</sup>.

**Exhibit 7: Total Number of Primary and Secondary Students in Saudi Arabia**



Source: UNESCO

***Demand for private and international schools has increased in recent years***

Demand for private and international schools have increased in recent years due to better quality of education provided by them, which is reflected in the academic performance of these schools as compared to government-run schools. The growth in expatriate population across Saudi Arabia has also contributed to this surge as children of expatriate

<sup>16</sup> Source: 'The Education Sector in Kingdom of Saudi Arabia', US-Saudi Arabian Business Council Report

<sup>17</sup> Source: UNESCO



parents are not admitted into government-run schools. The private school market of Saudi Arabia had a size of US\$2,241 million in 2010 in terms of annual tuition fee<sup>18</sup>.

The government's recent decision to allow Saudi children to enroll into schools offering international curriculum has also fuelled demand for international schools. This has resulted in the entry of several international chains into the Saudi Arabian school education market. While the number of schools and school chains eligible to offer the international curriculum to students increased from 12 in 2007 to 32 in 2011<sup>19</sup>, enrolment in international schools increased at a CAGR of 12% between 2008 and 2011<sup>19</sup>. Around 75% of private school enrolment is concentrated in the urban cities of Riyadh, Jeddah, and Damman<sup>19</sup>.

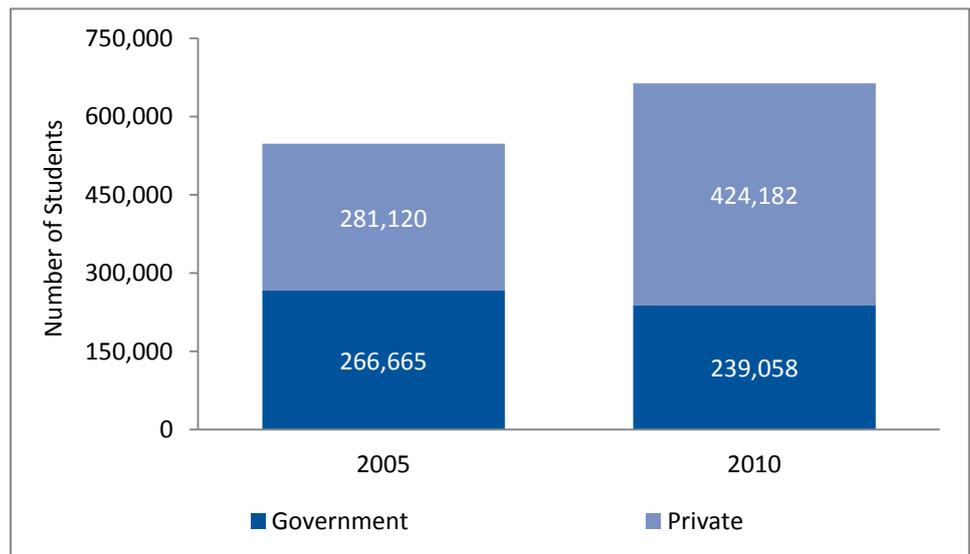
**UAE**

Education for UAE nationals is free in public schools, colleges and universities. The school education system was developed in the country in the 1960s and 1970s as a result of the school building program, a massive program of construction of schools across the country. Later, the government was focused on reforming the sector to enhance the quality as well as the reach of education among children which resulted in an increase of both literacy as well as gross enrolment rates across the country.

The school education market in the UAE has seen significant growth in the last decade as a result of which, the total number of students in the primary and secondary education segment increased at a CAGR of 3.9% between 2005 and 2010<sup>20</sup> (see Exhibit 8). The total number of students studying in private schools increased at a CAGR of 8.6% between 2005 and 2010<sup>20</sup>, which resulted in increase in the percentage of students studying in private schools from 51.3% to 64.0% during the same period.

***The school education market in the UAE has seen significant growth in the last decade***

**Exhibit 8: Total Number of Primary and Secondary Students in the UAE**



Source: UNESCO

<sup>18</sup> Source: 'A Decade of Opportunity- The Coming Expansion of the Private-school Market in the GCC', Booz & Company, 2011

<sup>19</sup> Source: 'Investment opportunities in K-12 and higher education in the UAE and Saudi Arabia', The Parthenon Group, 2011

<sup>20</sup> Source: UNESCO



***The private school market of Abu Dhabi is highly fragmented with the largest operators accounting for just 8% of total private schools***

***In 2009-10, only 17.6% of total students studying in private schools were UAE nationals***

***The Qatari K-12 education market has undergone a period of reforms since the 1990s***

Dubai has the most advanced private school market in the GCC region. Dubai's private education is regulated by the Knowledge and Human Development Authority (KHDA), which is empowered with licensing, monitoring, and inspection of private schools. Dubai's private school sector is far more transparent and open to competition, as a result of which it has been increasingly favored by institutional investors in the past. The private school market of Dubai had a size of US\$843 million in 2010 in terms of annual tuition fee<sup>21</sup>.

Abu Dhabi's private education is regulated by the Abu Dhabi Education Council (ADEC), which is empowered with licensing, monitoring, and the inspection of private schools. Abu Dhabi allows expatriate children to attend public schools, with a cap of 20% as required by law<sup>21</sup>. The private school market of Abu Dhabi is highly fragmented with the largest operators accounting for just 8% of total private schools<sup>26</sup>. Some of the big private operators in the Abu Dhabi school market include Global Education Management Systems (GEMS), SABIS, and Emirates National School. The private school market of Abu Dhabi had a size of US\$550 million in 2010 in terms of annual tuition fee<sup>21</sup>.

The UAE has also witnessed a shift in attitude of its nationals towards private school education. Many UAE nationals, particularly belonging to the high-income group, are shifting their children to international schools in order to impart greater quality education to them. A major proportion of students studying in private schools in the UAE belong to expatriate parents. In 2009-10, non-Arab Asian countries and other Arab countries constituted 41.7% and 28.5% of total students studying in private schools in the UAE<sup>22</sup>. Only 17.6% of total students studying in private schools were UAE nationals<sup>22</sup>.

As a result of growing demand from expatriates, gross enrolment in primary and secondary education segment in the UAE stood at 104.3% and 92.3% respectively in 2006<sup>23</sup>. The increasing income level has also resulted in the demand for world class private schools. The region has seen several high-end international as well as private schools opening in the recent past, most of which are concentrated in Dubai, Abu Dhabi, and Sharjah.

### **Qatar**

The Qatari education system comprises 12 years of basic education – six years of elementary stage, three years of preparatory stage, and three years of secondary stage. The Qatari school education market has undergone a period of reforms since the 1990s. As part of the reform program and on the recommendation of the RAND Corporation-Qatar Policy Institute in 2001, the government established the SEC to oversee the school education system across Qatar. The government also encouraged the establishment of independent schools, operated by private parties, which provide a better quality of education through the development of their own teaching plans and methods.

<sup>21</sup> Source: 'A Decade of Opportunity- The Coming Expansion of the Private-school Market in the GCC', Booz & Company, 2011

<sup>22</sup> Source: Ministry of Education, UAE

<sup>23</sup> Source: UNESCO



**Exhibit 9: Qatari School Market Overview**

Particulars	Number of Schools	Number of Students
Semi-Independent	92	18,864
Private Arabic	33	7,571
Independent	108	62,915
International	103	28,854
Community	96	39,395
Others	5	272
<b>Total</b>	<b>437</b>	<b>157,871</b>

Source: Supreme Education Council Report, 2009-10

**The private school market of Qatar, with a market size of US\$433 million in 2010 in terms of annual tuition fee, is highly fragmented**

Qatar had 437 schools comprising 157,871 students in 2010 (see Exhibit 9). Apart from fully government-run schools and independent schools, Qatar also has a well-developed chain of private and international schools focused on different groups of expatriate population like the Lebanese, Jordanian, Sudanese, Indian, and American. The Qatari private school space can be segregated into three categories: private Arabic schools offering Qatari curriculum, community private schools which are primarily sponsored by embassies and focus on the development of children of expatriates, and international schools offering foreign curriculum. Independent and semi-independent schools<sup>24</sup> constitute 24.7% and 21.1% of the total schools in Qatar<sup>25</sup>. The private school market, with a size of US\$433 million in 2010 in terms of annual tuition fee, is highly fragmented with limited involvement of institutional investors and most schools operating as standalone institutions<sup>26</sup>.

Total number of students in the primary and secondary education segment increased at a CAGR of 4.6% between 2005 and 2010<sup>27</sup> (see Exhibit 10). Primary and secondary school enrolment stood at 102.9% and 93.7% respectively in 2010. The total number of students studying in private schools increased at a CAGR of 8.8% between 2005 and 2010, which resulted in increase in the percentage of students studying in private schools from 39.5% to 48.1% during the same period<sup>27</sup>.

<sup>24</sup> Note: The SEC began the transformation of all Ministry of Education schools into independent school system. The schools still in transformation stage are classified as semi-independent schools.

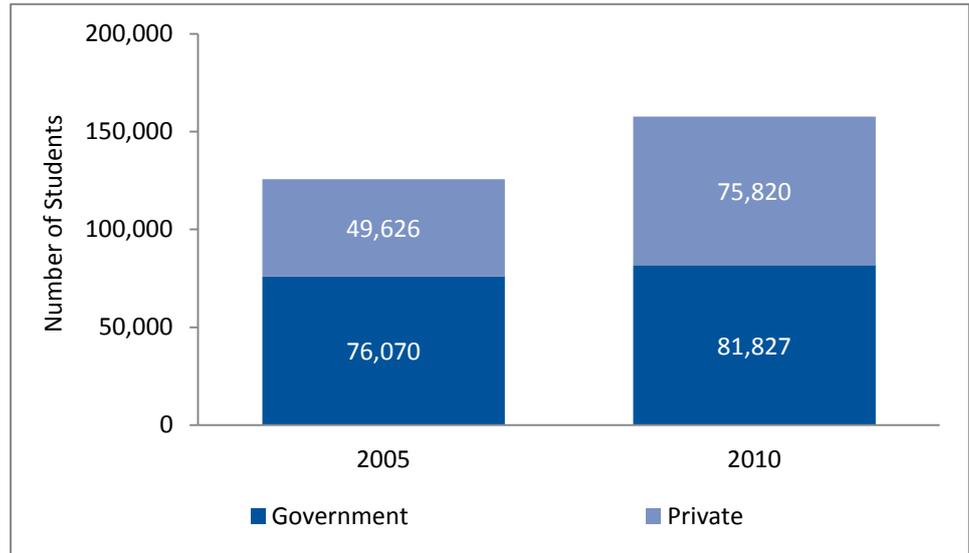
<sup>25</sup> Source: Supreme Education Council, Qatar

<sup>26</sup> Source: 'A Decade of Opportunity- The Coming Expansion of the Private-school Market in the GCC', Booz & Company, 2011

<sup>27</sup> Source: UNESCO



**Exhibit 10: Total Number of Primary and Secondary Students in Qatar**



Source: UNESCO

**Oman**

The modern education system of Oman started in 1970, after which the number of schools increased from three in 1969-1970 to 389 in 1980-81 catering to 106,032 students<sup>28</sup>. Later, in the 1980s, the government of Oman took several initiatives to improve the quality and coverage of the education system in the country. In the period after 1995, government reforms were focused on providing 10 years of basic education to all children. The government has also placed a strong focus on reforms in the education sector in its 'Vision 2020 document' which aims at improving the quality of secondary education, and ensuring that students are adequately prepared for higher education and geared up to enter the labor market.

The government of Oman has encouraged involvement of the private sector in the school education space. There were just two private schools in Oman in 1972-73 providing education to 115 students<sup>29</sup>. Since then, the number of private schools has risen to 158 in 2005-06 educating 28,183 students<sup>29</sup>. There are also several international schools operating in Oman, which primarily cater to the foreign community. International schools are required to follow all procedures as stipulated by the Directorate General of Private Schools, Ministry of Education.

As a result of the various government initiatives, gross primary enrolment rate in Oman increased from 32.4% in 1975 to 105.3% in 2009<sup>30</sup>. Gross secondary enrolment rate increased at an even healthier pace from 0.6% to 100.3% during the same period<sup>30</sup>. Total number of students in the primary and secondary education segment increased at a CAGR of 0.8% between 2003 and 2009<sup>30</sup> (see Exhibit 11).

*There are also several international schools operating in Oman, which primarily cater to the foreign community*

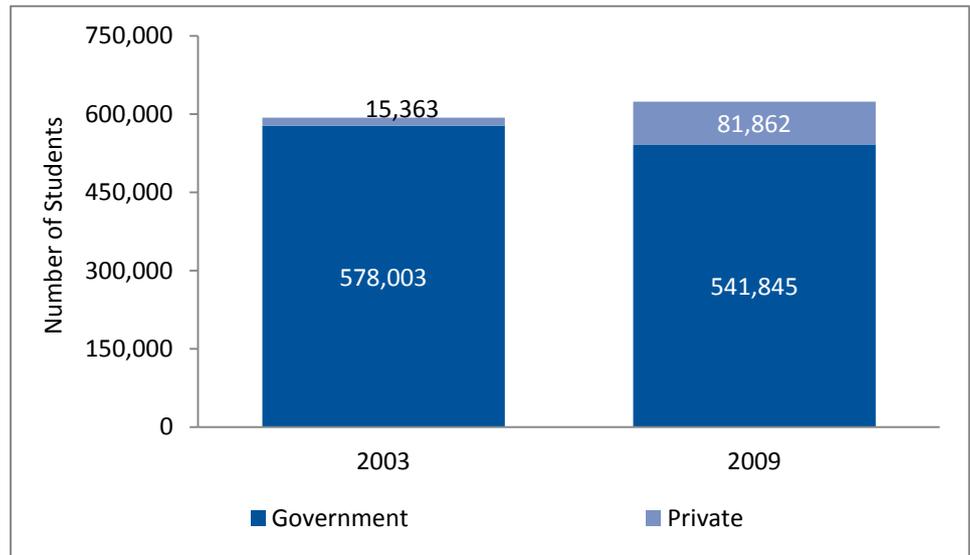
<sup>28</sup> Source: 'Education as a motor for development', International Bureau of Education Report, 2004

<sup>29</sup> Source: Ministry of Education, Oman

<sup>30</sup> Source: UNESCO



**Exhibit 11: Total Number of Primary and Secondary Students in Oman**



Source: UNESCO

**Bahrain**

***Bahrain has the longest established system of modern education among all GCC nations***

Bahrain has the longest established system of modern education among all GCC nations with first elementary school for boys being established in 1919. Over the years, the education sector has progressed significantly in terms of quality as well as reach. In 2005, the sector was identified as one of the priority areas for reforms by the government. In 2008, the government also launched the School Improvement Program with the objective of improving the quality of education in Bahrain.

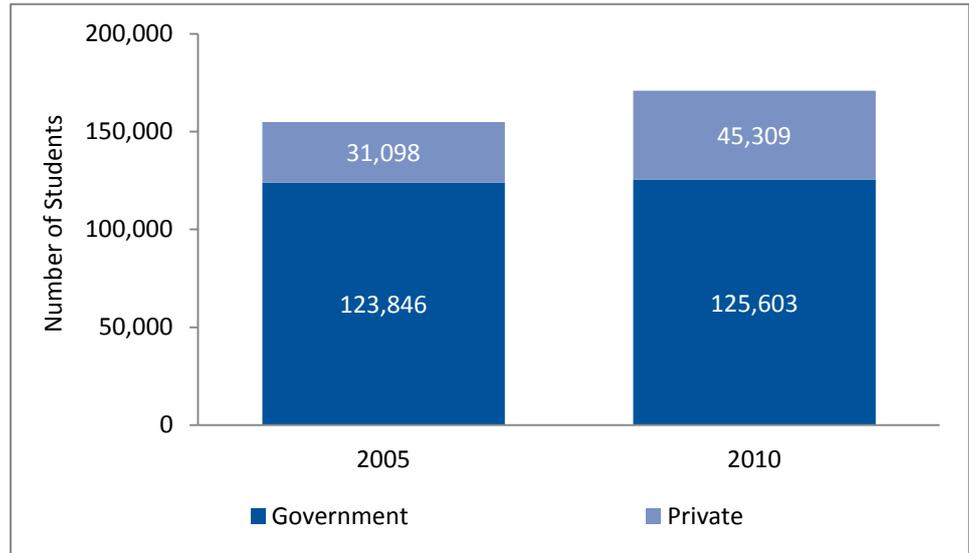
Bahrain has established separate schools for boys and girls. The first private school, the Manama School, started operating in the country in 1952. Later, in 1961, the government enacted the Private Education Act to promote private sector participation in the sector. Private schools in Bahrain can be further segregated into national and foreign private schools. National private schools are primarily run by Bahraini nationals and the curriculum adopted is approved by the Ministry of Education. Foreign private schools such as the Al Hekma International School, Al Naseem International School, and Riffa Views International School are financed and run by foreign nationals.

Total number of students in the primary and secondary education segment increased at a CAGR of 2.0% between 2005 and 2010<sup>31</sup> (see Exhibit 12). The total number of students studying in private schools increased at a CAGR of 7.8% between 2005 and 2010<sup>31</sup>. Primary and secondary gross enrolment rate stood at 107.3% and 1031% respectively in 2006.

<sup>31</sup> Source: UNESCO



**Exhibit 12: Total Number of Primary and Secondary Students in Bahrain**



Source: UNESCO

**Kuwait**

The Kuwaiti government started taking active participation in the school education system since 1939. Later, with the discovery of oil in the country, revenues of the government increased substantially which led to large money invested in the social services sector, including education. In 1965, schooling was made compulsory for all children aged between 6 and 14. In 1967, the government started encouraging private sector involvement in education by extending considerable subsidies to them, resulting in significant investment in the Kuwaiti school education system.

Restrictions on foreign ownership of schools prohibit freehold ownership of land by non-Kuwaitis. The Kuwaiti Commercial Code also stipulates that non-Kuwaitis can undertake business activities in Kuwait only in partnership with a Kuwaiti national. The law further specifies that Kuwaitis working in partnership with foreign nationals should have at least 51% equity holding in the partnership. Despite tough ownership laws, Kuwait has witnessed the opening of several international schools due to high demand of these schools from the expatriate population.

***The market size of private schools in Kuwait stood at US\$1,109 million in 2010***

Kuwait has a very well-developed private school sector. The market size of private schools in Kuwait stood at US\$1,109 million in 2010 in terms of annual tuition fee<sup>32</sup>.

**Exhibit 13: Kuwaiti School Market Overview (2010-11)**

Particulars	Public Schools	Private Schools
Number of Schools	788	460
Number of Students	353,327	209,867
Students to Teachers Ratio	6.5	16.7

Source: Ministry of Education, Kuwait

Note: Includes 200 public and 101 private kindergarten schools

<sup>32</sup> Source: 'A Decade of Opportunity- The Coming Expansion of the Private-school Market in the GCC', Booz & Company, 2011



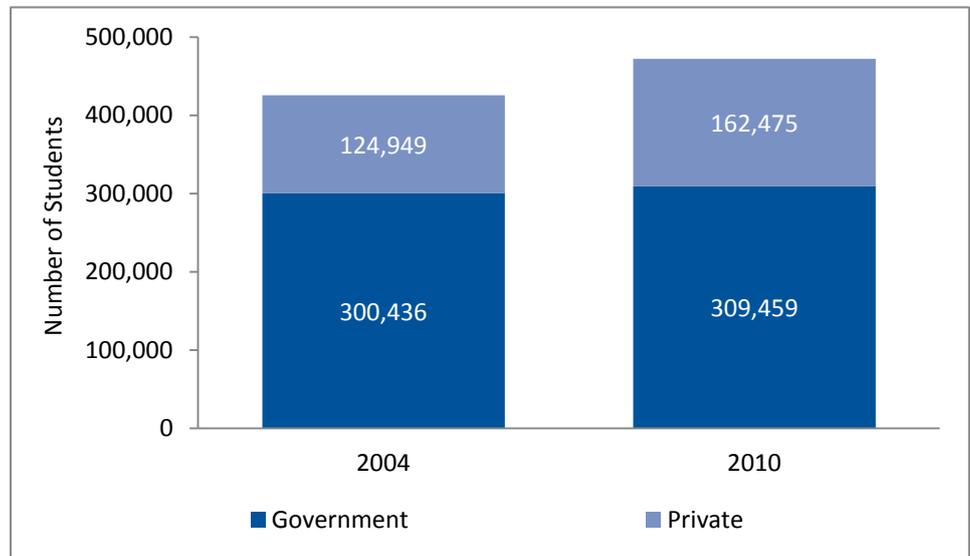
***The private school market in Kuwait is highly competitive and is characterized by the presence of several well-established players***

In 2010-11, Kuwait had a total of 1,248 schools comprising both private and government-run schools<sup>33</sup>, and composition of public and private schools in Kuwait stood at 63.1% and 36.9%<sup>33</sup> (see Exhibit 13). Approximately 62.7% of the total numbers of students attend public schools<sup>33</sup>. Private schools can be further segregated into Arab schools and foreign schools. Approximately one-third of the foreign schools follow the curriculum pursued by the Ministry of Education while the rest offer international syllabus.

The private education sector is regulated by the Ministry of Education, which is currently developing the strategy to reform teaching methods, including improving and upgrading the curriculum. The private school market is highly competitive and is characterized by the presence of several well-established players across the country. Some of the institutional investors present in the sector include NBK Capital, The Institute for Private Education, Al Rayan Holding Company, and AREF Investment Group.

Total number of students in the primary and secondary education segment increased at a CAGR of 1.7% between 2004 and 2010<sup>34</sup> (see Exhibit 14). The total number of students studying in private schools increased at a CAGR of 4.5% between 2004 and 2010<sup>31</sup>. The gross enrolment rate of primary and secondary education segment was very high and stood at 105.6% and 101.0% respectively in 2008<sup>34</sup>.

**Exhibit 14: Total Number of Primary and Secondary Students in Kuwait**



Source: UNESCO

<sup>33</sup> Source: Ministry of Education, Kuwait

<sup>34</sup> Source: UNESCO



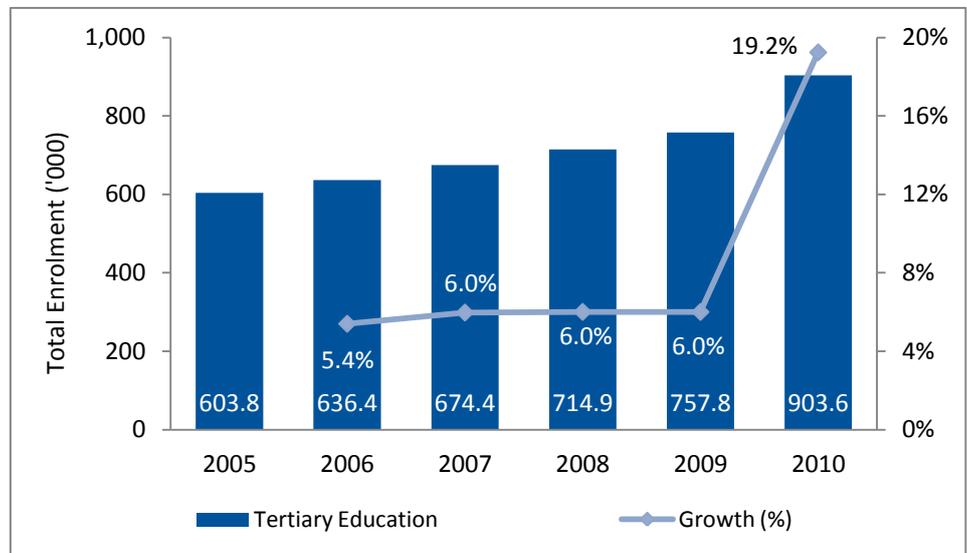
### 4.3 Tertiary Education (including Vocational Training)

#### Saudi Arabia

Establishment of the King Saud University in 1957 led to the foundation of modern tertiary education system in Saudi Arabia. Most of the government universities and colleges offer several programs and specialties like Islamic studies, humanities, social sciences, economics, administration, natural sciences, engineering, medicine, agriculture, to name a few. In addition to universities and colleges, the country also has a network of technical and vocational institutes. Increasing penetration of primary and secondary education has led to solid development of the tertiary education market in Saudi Arabia. Total enrolment in tertiary education increased at a CAGR of 8.4% between 2005 and 2010 in the country<sup>35</sup>. Gross tertiary enrolment rate increased from 29.2% in 2005 to 36.8% in 2010<sup>35</sup>. The number of students enrolled increased significantly from 757,770 in 2009 to 903,567 in 2010, registering a y-o-y growth rate of 19.2%<sup>35</sup> (see Exhibit 15). Although growth in tertiary students in Saudi Arabia was stable during the previous years, 2010 experienced a strong 19.2% growth.

**Total enrolment in tertiary education increased at a CAGR of 8.4% between 2005 and 2010 in Saudi Arabia**

Exhibit 15: Total Enrolment in Tertiary Education Level



Source: UNESCO

During the past decade, the tertiary education system of Saudi Arabia has seen remarkable progress, and the sector has witnessed introduction of new programs and establishment of several universities and technical colleges across the countries. In addition to the public sector, the private sector has also become actively involved through participation in several key educational initiatives including the King Abdullah University of Science and Technology, the education section of King Abdullah Economic City, and institutions in Prince Abdul Aziz bin Musaed Economic City and Knowledge Economic City.

**Saudi Arabia has witnessed significant growth in private universities during the past decade**

The country has witnessed significant growth in private universities during the past decade. With enrolment in private higher education growing around 33% per annum between 2008 and 2011<sup>36</sup>, revenue growth of private universities was more than 40% per

<sup>35</sup> Source: UNESCO

<sup>36</sup> Source: 'Investment opportunities in K-12 and higher education in the UAE and Saudi Arabia', The Parthenon Group, 2011



***More than 80% of students enrolled in private universities and colleges pursue medicine, management and commerce, or IT and engineering***

***The government plans to allocate approximately SAR731.5 billion towards human resource development in the five-year plan of 2010-2014***

annum between 2007 and 2011<sup>36</sup>. Expatriates, who are not allowed to enroll in government universities, comprise around 25% of total students enrolled in private universities across Saudi Arabia<sup>36</sup>. Private universities have extreme focus on providing high employability education like medicine, Information Technology (IT), management, and engineering, which has resulted in increased preference for these universities. More than 80% of students enrolled in private universities and colleges pursue medicine, management and commerce, or IT and engineering. In contrast, more than 50% of students enrolled in public universities pursue traditional educational streams such as science and humanities<sup>36</sup>.

Collaboration of higher education institutes in Saudi Arabia with foreign academic institutions has also helped in enhancing the quality of tertiary education. There have been several collaborations between Saudi universities and the US academic institutions since the 1960s<sup>37</sup>. These collaborations have been historically focused on the development of undergraduate programs in disciplines like engineering, healthcare, and IT; conducting Research & Development (R&D activities; and facilitating scholarships to deserving students. For instance, in 2007, Alfaisal University entered into an agreement with the Massachusetts Institute of Technology, US and King Abdulaziz City for Science and Technology to conduct research in biotechnology, water, and other areas of interest to Saudi Arabia.

The government of Saudi Arabia is keen to further promote vocational and technical training among Saudi nationals with an aim to improve their employment levels, who lag behind expatriates in terms of employability due to a gap in skill-sets. The government plans to allocate approximately SAR731.5 billion towards human resource development in the five-year plan of 2010-2014, an increase of around 52% as compared to the previous plan's allocation<sup>38</sup>. Budgeted allocation to technical and vocational training rose by 41.6% to SAR23 billion in the 2010-2014 plan<sup>37</sup>. Approximately 170 technical and vocational training institutes are under construction across Saudi Arabia<sup>38</sup>. The country has also witnessed several partnerships with international and national companies to provide vocational and technical skills among the Saudi population. Some of these institutes include the Saudi Japanese Automobile High Institute, High Institute for Plastic Fabrication, Saudi Oger Training Institute, General Motors Program.

### **UAE**

The UAE has a superior and diversified tertiary education system comprising several established public universities such as the UAE University, Zayed University, and Higher Colleges of Technology, where nationals can study for free. The country also has a well-developed private higher education system including many institutions with international accreditation. Some of the universities functioning across the UAE include the American University in Dubai, American University of Sharjah, University of Sharjah, Ajman University of Science and Technology, Zayed University, Higher Colleges of Technology, and Masdar Institute for Science and Technology. Gross tertiary enrolment rate stood at 22.5% in 2003<sup>39</sup>. The private universities in the UAE are increasingly attended by students from other GCC countries as well as the MENA region as a result of superior quality of higher education institutes as compared to other Arab countries. Expatriate students comprised 56.1% of a total of 65,618 students in private universities in 2010-11<sup>40</sup>.

Apart from public and private universities, there are a number of international universities like the Manipal University, BITS Pilani, London Business School, and New York

<sup>37</sup> Source: 'The Education Sector in Kingdom of Saudi Arabia', US-Saudi Arabian Business Council Report

<sup>38</sup> Source: 'Saudi Arabia 2012', National Commercial Bank

<sup>39</sup> Source: UNESCO

<sup>40</sup> Source: Ministry of Higher Education & Scientific Research (Private)



***The UAE government has partnered with several foreign institutions, particularly from the US, with the aim to provide better quality higher education***

University that operate campuses in the UAE. These are housed mostly in special zones like the Dubai Knowledge Village and the Academic City. The UAE government has partnered with several foreign institutions, particularly from the US, with an aim to provide better-quality higher education. Some of the foreign universities that have collaborated with the UAE-based universities include The Massachusetts Institute of Technology, The Wharton School, and The Rochester Institute of Technology.

In recent years, the UAE, in pursuit of diversifying its economy and enhancing the skill level of nationals, is focusing hard on development of a technical and vocational education system. The government has established several technical and vocational institutes such as the Abu Dhabi Centre for Technical & Vocational Education and Training, National Institute of Vocational Education in Dubai, Abu Dhabi Vocational Education & Training Institute, and the National Qualification Authority.

Demand for vocational training across the UAE has been growing recently, particularly for courses in key industries like aviation, hospitality, fashion, nursing, teaching, creative arts, and public service. Several private companies have also come forward to impart technical training to students across the UAE. In December 2011, Etihad Airways and the Vocational Education Development Centre signed a memorandum of understanding aimed at providing career development opportunities for UAE's nationals.

#### **Qatar**

Higher education was first provided in Qatar in 1973 with the establishment of the University of Qatar. Gross enrolment rate in the tertiary education sector of Qatar stood very low at just 10.0% in 2010<sup>41</sup>. Although the rate increased from 4.5% in 1976 to 26.4% in 1999<sup>42</sup> as a result of several programs initiated by the government to promote higher education across Qatar, continued investments in the sector did not produce the desired results. Gross enrolment rates continued to decline for a better part of the last decade on high dropout rates in the higher education system as the labor market seemed more attractive. In addition, a mismatch between the skill-sets provided in higher education and demand of the labor market has also failed to attract more students.

Nevertheless, higher education in Qatar has undergone significant reforms in the recent past. Qatar University was granted autonomy as per recommendations of the RAND Corporation-Qatar Policy Institute in the reform project initiated in 2003. Further, the administration and academic structures of the university were decentralized and its academic standards including teaching and research were upgraded. Significant investments have been made in the higher education space to increase the reach and quality. One of these steps includes the establishment of the Education City which hosts branch campuses of some of the world's reputed universities. To expand the reach of higher education by inviting foreign universities into Qatar, the government established the Education City. Initially occupied by the Virginia Commonwealth University, the Education City had expanded to include nine global universities by 2011.

The government, with strong desire to improve employment level among Qatari nationals, has strengthened its focus on developing the technical and vocational training system. Qatar's National Vision 2030 proposes to increase the participation of its nationals in the labor market through investment in education, and the vocational and technical training sectors.

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<sup>41</sup> Source: UNESCO

<sup>42</sup> Source: World Bank



**Many private universities with foreign affiliations mushroomed in Bahrain after the terrorist attacks in the US**

### **Oman**

The first government university in Oman, the Sultan Qaboos University, was established in 1986. The university currently has nine colleges operating under it, having around 17,000 students under various faculties during 2009-10. Also, Oman has 27 private universities and colleges with around 35,000 students. To encourage private sector participation in the space, Oman offers several incentives including providing land and monetary grants. The country also has several private universities affiliated to foreign universities. The continued efforts of the government towards improving the reach of higher education in Oman coupled with active participation of the private sector has resulted in an increase of tertiary gross enrolment rate from 0.2% in 1977 to 24.5% in 2010<sup>43</sup>.

Oman's Ministry of Manpower has encouraged the participation of expatriate population in sectors that have historically witnessed a shortage of skilled domestic workforce. To increase Omani nationals' participation in the labor market, the Ministry of Manpower runs vocational training centers in Al Seeb, Saham, Sur, Ibri and Shinas. These centers train the local population in vocational, technical, and commercial programs. The government also encourages private sector participation to impart technical and vocational training to Omanis. In 2011, Oman LNG and the Oman Society for Petroleum Services entered into an agreement, according to which Oman LNG will fund job-related training for 160 Omani candidates<sup>44</sup>. In January 2012, certain Taiwanese companies have also expressed their interest in training Omani nationals, particularly in the engineering field.

### **Bahrain**

Some key public institutions in Bahrain include the University of Bahrain established in 1986, College of Health Sciences established in 1976, the Arabian Gulf University founded in 1980, and the Gulf College of Hospitality and Tourism. Some of the private universities opened in Bahrain have collaboration with foreign institutions as well. For instance, Ahlia University has collaborated with the UK's Brunel University, and the Gulf University in Bahrain has partnerships with the American University in Cairo, the American Welding Society and the American Society for Quality. The terrorist attacks in the US in September 2001 led to a sharp reduction in students going to the US for further studies, which led to increased demand for foreign affiliated private universities in Bahrain. As a result, a number of private universities with foreign affiliations mushroomed in the country after the terrorist attacks.

To improve the employment level among locals, considerable emphasis has been laid on development of the technical and vocational training segment. Vocational training across the country is regulated and coordinated primarily by the Ministry of Labor and High Council for Vocational Training. The Ministry of Labor operates several vocational training institutes such as the Bahrain Training Institute, Bahrain Institute of Banking and Finance, Bahrain Institute of Technology, Bahrain Institute of Hospitality and Retail Training, and Bahrain Polytechnic.

The government established the Labor Fund (renamed as Tamkeen) in 2006 to improve skill levels of Bahraini nationals. Tamkeen, through its human capital development initiatives, also grants funds to the private sector to impart training to Bahraini nationals. Recently, Tamkeen signed an agreement with the Azadea Group, an international fashion and lifestyle company, to train 60 Bahrainis in the company on a one-time basis. As result of the increase in institutes for higher and technical education, the enrolment of students in

<sup>43</sup> Source: UNESCO

<sup>44</sup> Source: 'Oman LNG, OPAL sign pacts for vocational training of 160 citizens', www.muscatdaily.com, June 5, 2011



***In Kuwait, demand for private universities has increased in the recent past***

tertiary education showed a marked improvement in the 1980s and 1990s. Gross tertiary enrolment rate increased from 2.1% in 1975 to 21.3% in 1999<sup>45</sup>.

**Kuwait**

Kuwait has two public institutions for higher education, namely Kuwait University and Public Authority for Applied Education and Training. In addition, there are several private universities and colleges such as the Gulf University for Sciences and Technology, Australian College of Kuwait, American University of Kuwait, Gulf American College, Kuwait-Maastricht Business School, and the Box-Hill College for Girls. Demand for these private universities has increased in the recent past due to the high quality of education provided by them. In addition, an increase in income levels has also played a part in enrolment growth in private universities in Kuwait. Private universities in Kuwait are approved by the Private Universities' Council, a government institution chaired by the Ministry of Higher Education.

The Kuwaiti government has also put strong emphasis on development of its technical and vocational training sector by establishing several training institutes in the past such as the Center for Training of Foreman and Construction Supervisors in 1966, Institute of Applied Engineering in 1968, and Institute of Aeronautics in 1969. In 1982, the Public Authority for Applied Education and Training was established to further fulfill the need for technical and vocational training in the country.

The private sector has also expressed its interest to impart vocational training to Kuwaiti nationals, and the country has seen the establishment of several private vocational institutes including the Australian College of Kuwait and the British Institute of Vocational Training. In addition, several companies have articulated their interest to provide vocational training to Kuwaiti youth. For instance, Siemens ESS offers vocational training to Kuwaiti nationals in Germany and Kuwait to develop the requisite skills and absorb them within the company.

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<sup>45</sup> Source: World Bank (Recent data is not available)



***The foundation of a formal special education in Saudi Arabia was laid in 1960***

***In Dubai, more than 20 schools have started admitting children with special needs in the last two years***

## ***4.4 Education for People with Special Needs***

### **Saudi Arabia**

Prior to 1958, children with special needs did not get any form of special education in Saudi Arabia. The foundation of a formal special education in Saudi Arabia was laid in 1960 with the establishment of Al-Noor Institute for the blind. Later, in 1962, the Ministry of Education established the Department of Special Learning to enhance learning and rehabilitation of students with disabilities, resulting in many special education institutes being setup across the kingdom. Saudi Arabia was the first Arab country to introduce the concept of mainstreaming<sup>46</sup> in public schools in 1984. In 1996, the government started implementing a policy focused on expanding the role of public schools in educating students with special needs, wherein they are integrated with normal students. However, the special education segment is currently witnessing an acute dearth of experienced teachers.

### **UAE**

Special education has been one of the prime focuses of the UAE government. In 2006, the UAE signed an optional Protocol to the United Nations (UN) Convention on the Rights of Persons with Disabilities and Federal Law, which aims to guarantee the rights for people with disabilities. The UAE also passed the UAE Disability Act to protect the rights of disabled people. Recognizing the need to support students with special needs, the government has established several schools across the UAE such as Al Noor Speech, Hearing and Development Centre, Dubai Autism Center, Dubai Centre for Special Needs, St. Andrews International School, Rashid Pediatric Therapy Centre, and ABA Center for Special Needs. Private schools have also risen to the occasion and started admitting students with special needs in recent years. Representatives of several organizations like the Ministry of Education, the Knowledge and Human Development Authority, the Child Development Authority, the Butterfly Foundation, Save the Children, and UNICEF have started campaigns in the country focused on creating awareness among school principals on how to successfully include children with special needs in regular schools. In Dubai, more than 20 schools have started admitting children with special needs in the last two years, signifying growing awareness and acceptance levels of such children.

### **Qatar**

Qatar witnessed the launch of education for children with special needs in 1974 in Doha's primary school. Further, in 1981 and 1982, a special education institute for boys and girls (named later as School of Hope) was established. Some of the other government-funded institutions exclusively providing education for such students include The Shafallah Center (established in 1999), and Al Noor Training Centre (established in 1981). Some of the private schools also admit children with special needs.

### **Oman**

Special education in Oman has witnessed significant progress over the last three decades. Since 1993, the country has seen 11 special education centers, all of which are government-funded. Some of the schools for children with special needs include Al Amal School for the Deaf, the Omar bin al Khattab Institute for the Blind, and the Al Wafa Centre for the Blind.

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<sup>46</sup> Note: Mainstreaming is a term that refers to the practice of educating students with special needs in regular classes during specific time periods based on their skills.



*Over the years, the government of Bahrain has established several institutes to cater children with special needs*

### **Bahrain**

The Ministry of Education, Bahrain established a Special Education Committee in 1986 to look after the educational needs of children with disabilities. However, the initiative to provide education to such children came about only after 1988-89, following recommendations from workshops held in cooperation with the UNESCO. As per the recommendations, the government had to start remedial classes in eight primary schools for students with disabilities. In 1992, on a progressive note, the government pursued the strategy of integrating such students into normal classes to eradicate discrimination. Over the years, the government has established several institutes such as the Saudi-Bahraini Institute for the Blind, Al-Amal Institute, and Social Rehabilitation Center, to cater to the educational needs of children with special needs.

### **Kuwait**

Kuwait has witnessed active participation from both public and private parties for fulfillment of educational needs of special children. Some of the institutes providing specialized education and training to children with disabilities include the Kuwait Society for the Handicapped, Kuwait Blind Association, Kuwait Club for the Deaf, Kuwait Dyslexia Association, Khalifa School, Ideal Education School, and Fawzia Sultan Learning Institute. Many foreign countries, like the US have bolstered educational ties with Kuwait, and made contributions to this sector in the field like training teachers, developing curriculum, and providing books and materials for various schools catering to children with disabilities.

## 5. GCC Education Sector Outlook

The GCC education sector is poised for consistent growth in the future driven by increased private sector participation, growing focus on quality education, and strategic plans of various governments in the region to improve the education system through reform programs. Various segments of the GCC education sector like the pre-primary, primary, secondary, and tertiary are poised to witness decent growth over the forthcoming years.

### 5.1 Forecasting Methodology

We have forecasted the total number of students and schools in the GCC education sector based on statistical data sourced from UNESCO, World Bank, International Monetary Fund (IMF), and the respective ministries of education. Following is a brief of the methodology adopted.

- We have forecasted the total number of students in the pre-primary, primary and secondary, and tertiary segments. Projections are arrived at based on the student population and gross enrolment rates in each of these segments. While historical population falling under each educational segment has been sourced from the UNESCO, projected population has been arrived at using the overall population growth expectations of the IMF. Historical gross enrolment rates have also been taken from the UNESCO. We have forecasted the number of students enrolled by forecasting gross enrolment rates for each segment considering their growth potential.
- We have calculated the average number of students per school (catering to the pre-primary, primary and secondary segments only) for historical years as per the data provided by the education ministries of the respective countries or other government websites. Subsequently, we forecasted the total number of schools based on expected growth in the total number of students assuming the average number of students per school to be constant.

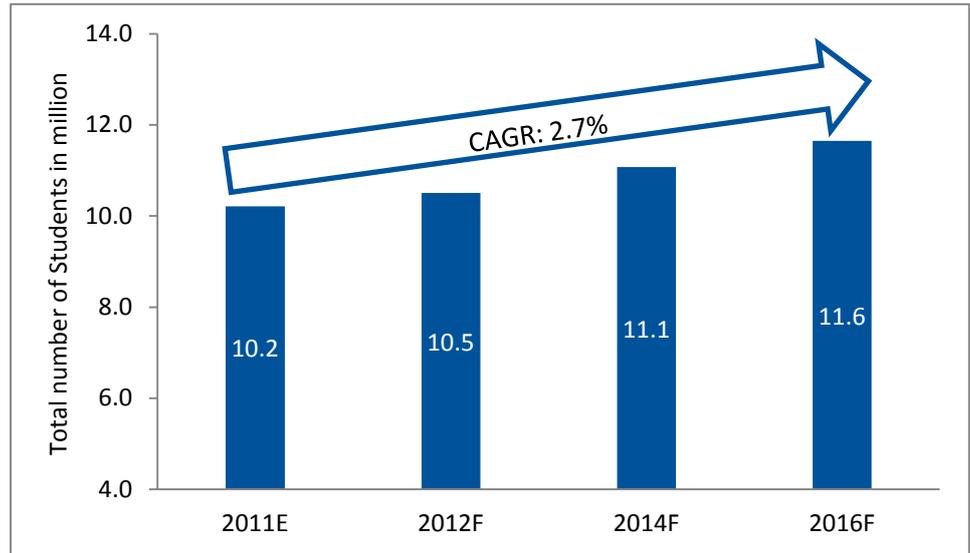
*Note: We have changed our forecast methodology from our previous report published in 2010 and hence, the numbers are not comparable with the previous report.*

### 5.2 Sector Outlook

We expect the total number of students in the GCC region to grow from an estimated 10.2 million in 2011 to 11.6 million in 2016, registering a CAGR of 2.7% (see Exhibit 16). Growth in the total students in the region is primarily attributed to the increasing population in the region.



Exhibit 16: Total Number of Students in the GCC



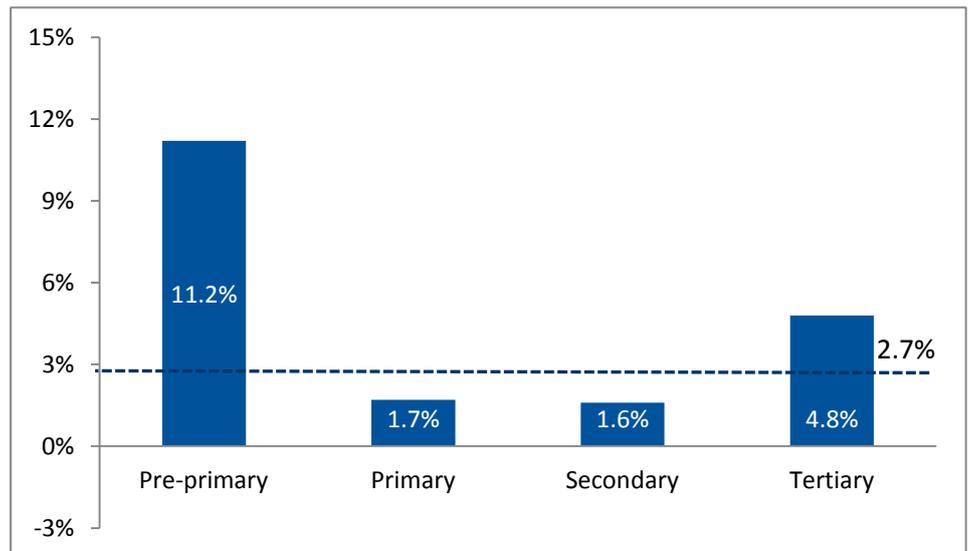
Source: Alpen Capital

Note: E denotes estimates and F denotes forecasts

**Growth in total number of students in the pre-primary and tertiary segments is expected to outpace the growth rate of primary and secondary education segments**

Growth in total number of students in the pre-primary and tertiary segments is expected to outpace the growth rate of primary and secondary education segment during our forecasted period. The pre-primary segment will see a CAGR of 11.2%, followed by tertiary at 4.8%, primary at 1.7%, and secondary at 1.6% during the period (see Exhibit 17).

Exhibit 17: CAGR of Number of Students by Segments in the GCC (2011-2016)



Source: Alpen Capital

**Students in the primary and secondary education segment are expected to make a smaller contribution to the overall sector going forward**

The share of students in the pre-primary segment is expected to increase from 5.3% in 2011 to 7.9% in 2016, while the share of tertiary students is expected to rise from 12.0% to 13.4% during the same period. Further, students in the primary and secondary education segment are expected to make a smaller contribution to the overall sector going forward as the currently under-penetrated segments like pre-primary and tertiary education segment is expected to grow at a relatively faster pace. Growth in the pre-primary segment



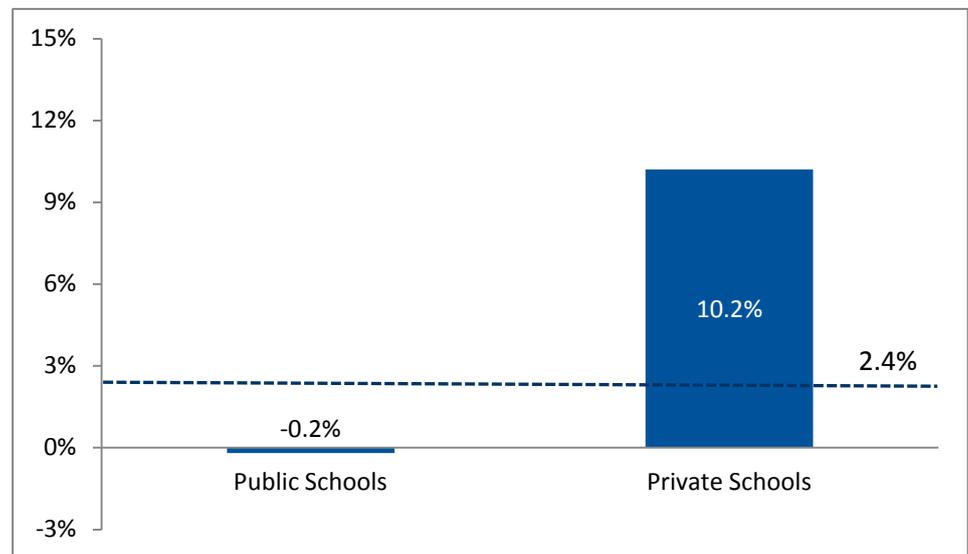
***It is expected that the total enrolment in pre-primary, primary and secondary education segments in private schools will grow at a CAGR of 10.2% between 2011 and 2016***

will mainly be on the back of increasing awareness of pre-school education among nationals. Tertiary education segment will grow mainly as a result of government initiatives which are focused on improving awareness for the need to have GCC nationals in the technical fields rather than to entirely depend on expatriate population.

### Composition of Students between Public and Private Schools

It is expected that total number of students enrolled in pre-primary, primary and secondary education segments will grow at a CAGR of 2.4% between 2011 and 2016 mainly due to growth in students in private schools. It is expected that the total enrolment in pre-primary, primary and secondary education segments in private schools will grow at a CAGR of 10.2% between 2011 and 2016 due to favorable demographics and parents' willingness to spend on education due to rising income levels. In contrast, total enrolment in pre-primary, primary and secondary education segment in the public schools is expected to decline at a CAGR of -0.2% during the period (see Exhibit 18). Total number of students enrolled in private schools is expected to increase from 21.1% in 2011 to 30.4% in 2016. Better quality of education provided by private schools will also lead to more nationals shifting from public schools.

**Exhibit 18: CAGR of Students Enrolled in Public and Private Schools in the GCC (2011-2016)**

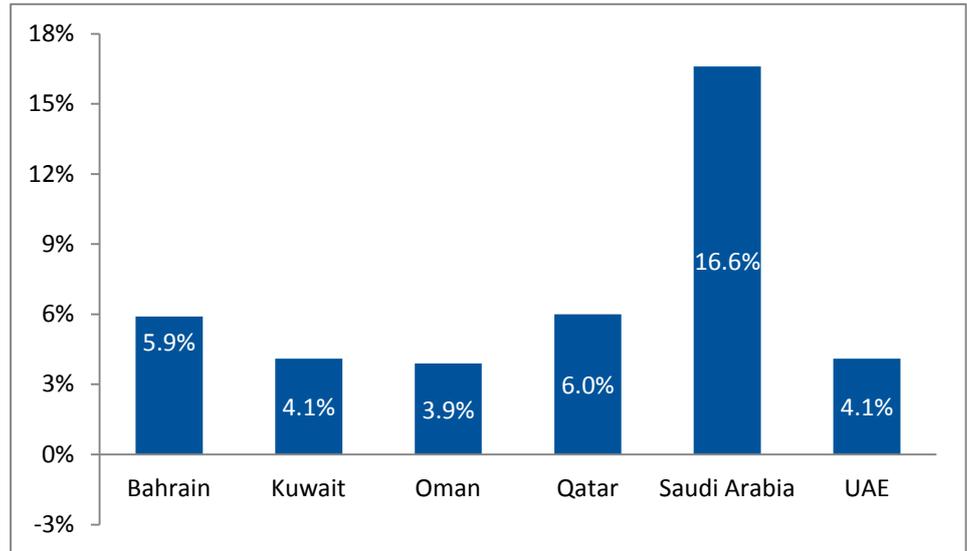


Source: Alpen Capital

Private school enrolment in Saudi Arabia is expected to grow the most in the region, at a CAGR of 16.6% between 2011 and 2016, followed by Qatar and Bahrain at 6.0% and 5.9% respectively (see Exhibit 19). We expect the recent regulatory changes, which allow Saudi nationals to enroll in international schools, will boost overall enrolments in private schools in the kingdom. We also expect an increasing shift in students from public to private schools in the country.



Exhibit 19: CAGR of Students Enrolled in Private Schools by Country (2011-2016)



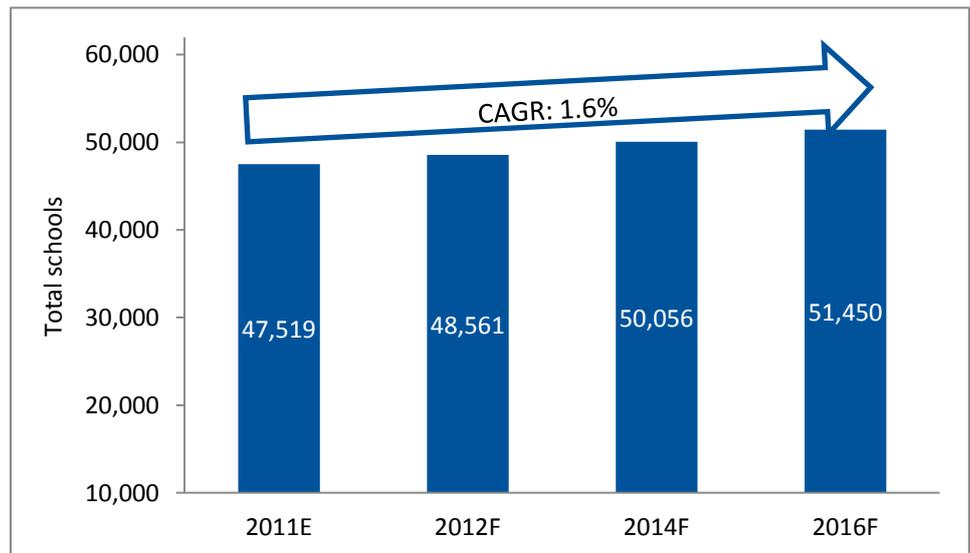
Source: Alpen Capital

**Higher demand for education will propel growth in the number of schools in the region**

### Growth in Schools across the GCC Region

Higher demand for education will propel growth in the number of schools in the region. Total number of schools is expected to grow at a CAGR of 1.6% between 2011 and 2016. By 2016, the region is likely to have a total of 51,450 schools, out of which 20.6% will be private schools (see Exhibit 20).

Exhibit 20: Total Number of Schools in the GCC



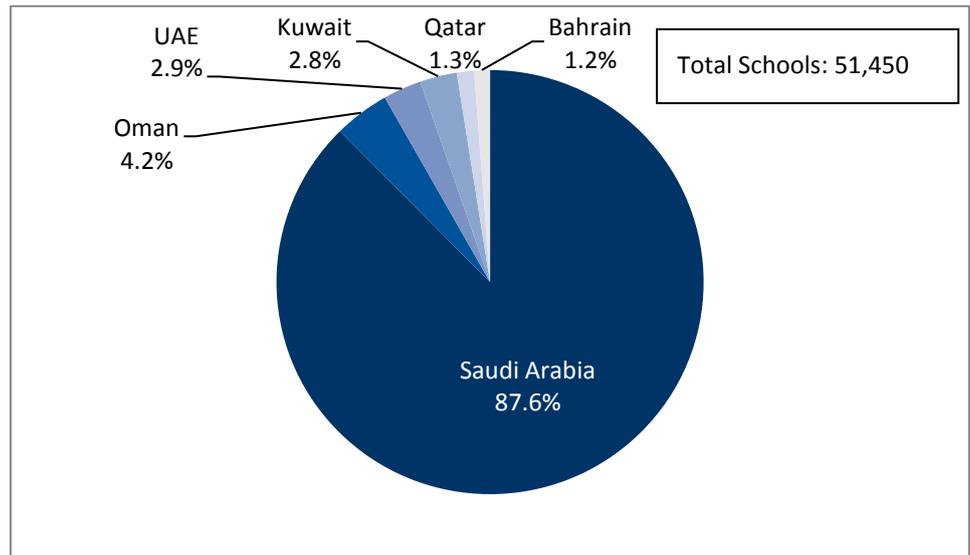
Source: Alpen Capital

Note: E denotes estimates and F denotes forecasts

In 2011, Saudi Arabia constituted 88.7% of total schools in the GCC region, followed by Oman at 3.7%. In 2016, schools in Saudi Arabia and Oman are expected to be 87.6% and 4.2% respectively of the total schools in the GCC region (see Exhibit 21).



**Exhibit 21: Country-wise Composition of Total Schools in the GCC (2016)**



Source: Alpen Capital

**The number of private schools is expected to grow at a faster pace, growing at a CAGR of 13.6% between 2011 and 2016**

The number of private schools is expected to grow at a faster pace compared to the public schools, growing at a CAGR of 13.6% between 2011 and 2016, mainly driven by increasing inclination towards these schools in Saudi Arabia. The number of schools in Saudi Arabia is expected to expand at a CAGR of 16.6% during the period on the back of demand from both expatriates as well as local population. It is expected that urban cities of Saudi Arabia will drive enrolment growth in the private school segment, while the government will focus on driving education in the rural areas.

Number of private schools in Qatar is expected to grow from an estimated 324 in 2011 to 433 in 2016, depicting a CAGR of 6.0% between 2011 and 2016, mainly due to an expanding population base. It is expected that the private education landscape in Qatar will witness significant growth as growth in population entails the increase in school-age population. A high GDP per capita provides ample monetary resources to parents to ensure quality education to their children, a factor strongly favoring the private school market. Increasing influx of skilled expatriates to execute the infrastructure development plans leading to the 2022 FIFA World Cup is also likely to fuel demand for private schools and colleges across Qatar.

Number of private schools in the UAE is estimated to grow at CAGR of 4.1% mainly on the back of increasing income levels of expatriates and UAE nationals, as well as the high standard of education provided by the private schools.

**We expect that the number of higher educational institutes across the GCC region will rise mainly on the back of rising enrolment rates**

We also foresee that the number of higher educational institutes across the GCC region will rise mainly on the back of rising enrolment rates in the GCC member countries. Recently, the Saudi Arabian government, in pursuit of enhancing the reach of higher education in the country, announced plans to establish 18 university cities and academy complexes for male and female students across the country. Further, the government plans to build 167 colleges for male students and 161 colleges for female students.

## 6. Growth Drivers

### Favorable Demographics

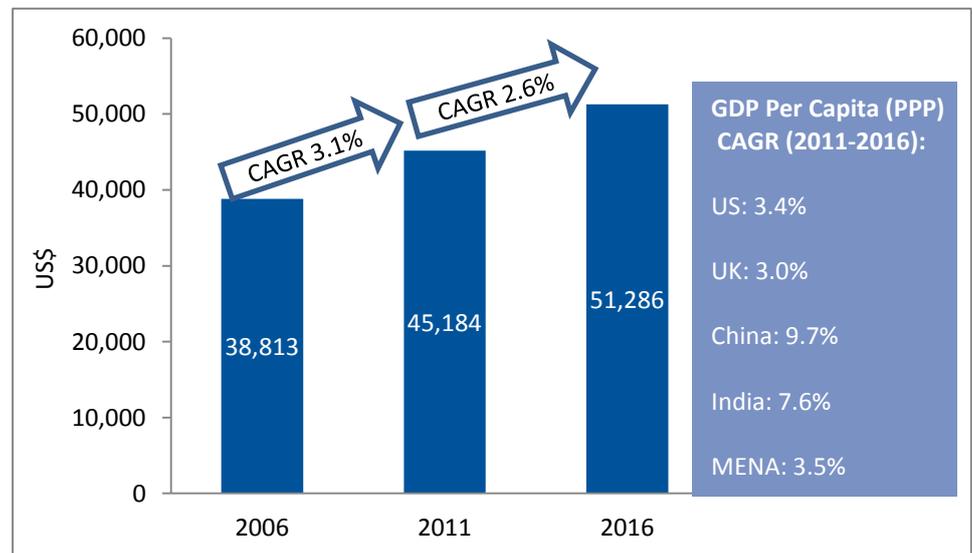
**An increasing population base coupled with an expanding expatriate population is expected to drive demand for education across the region**

Although population growth in the GCC has slowed down in recent years, it is still high in comparison to the global annual growth of around 1.2% between 2005 and 2010<sup>47</sup>. Total population of the GCC region is estimated to grow from 43.2 million in 2011 to 45.4 million in 2013, depicting a CAGR of 2.5% during the period<sup>47</sup>. An increasing population base coupled with an expanding expatriate population is expected to drive demand for education across the region.

### Rising Income Levels

Average GDP per capita (PPP) of the GCC region increased from US\$38,813 in 2006 to US\$45,184 in 2011, registering a CAGR of 3.1%<sup>48</sup>. The growth is primarily attributable to rising oil prices over the last decade. Going forward, GDP per capita is expected to grow at a CAGR of 2.6% between 2011 and 2016 to reach US\$51,286<sup>48</sup> principally due to stable and high oil prices (see Exhibit 23). Individual wealth levels of people in the GCC member countries are significantly higher than that in the prominent emerging economies of China, Brazil, and India and many developed nations (see Exhibit 24).

**Exhibit 22: Average GDP Per Capita (PPP) of the GCC (2006-2016)**



Source: IMF, World Economic Outlook Database, April 2012

**Increasing income levels leading to a rise in spending on education across the GCC region is expected to translate into more private sector investment in the region**

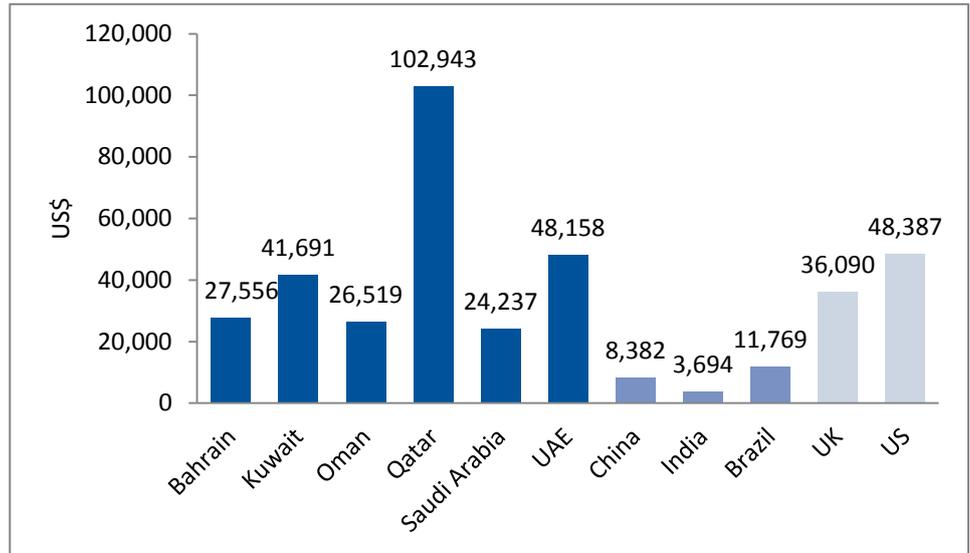
Increasing income levels are expected to result in higher urbanization as people move to urban areas in quest for better living standards including, the pursuit of high-quality education for their children. Thus, higher income levels will have a cascading effect on the middle class population's propensity to spend on education of their children. It is expected that countries like Saudi Arabia, which have historically seen low enrolment in private schools, may benefit the most as willingness to spend on education increases due to growing income levels. Increasing income levels, leading to a rise in spending on education across the GCC region, is expected to translate into more private sector investment in the region. This is likely to further improve the quality of education in the GCC region.

<sup>47</sup> Source: IMF

<sup>48</sup> Source: IMF, World Economic Outlook Database, April 2012



Exhibit 23: Average GDP Per Capita (PPP) (2011)



Source: IMF, World Economic Outlook Database, April 2012

### Growing Awareness towards Education

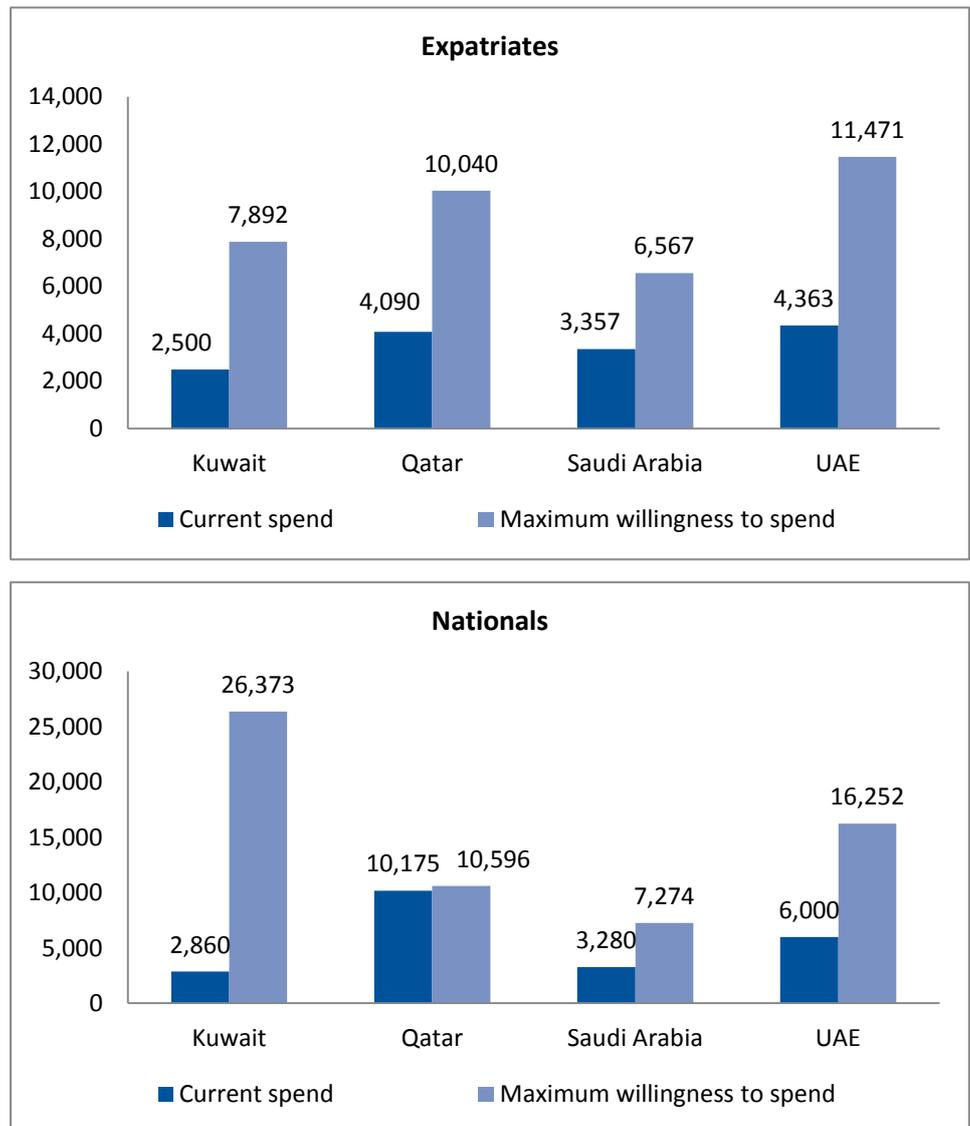
***Due to a gap in the quality of education in public and private schools in the region, parents are increasingly willing to avail private education***

The increasing income levels of nationals as well as expatriates have led to an increase in living standards which have influenced people's attitudes towards education. This is clearly evidenced by growing enrolment rates during the last two decades. As a result of growing awareness about education, parents are increasingly looking to enroll their children in schools which provide quality education. In the present scenario, parents across the GCC region have started giving due consideration to the quality of teachers, curriculum, reputation of schools, learning environment for children, and the preservation of culture before choosing the school for their children<sup>49</sup>. Moreover, due to a gap in the quality of education in public and private schools in the region, parents are increasingly willing to avail private education despite it involving high costs.

<sup>49</sup> Source: 'A Decade of Opportunity- The Coming Expansion of the Private-school Market in the GCC', Booz & Company, 2011



**Exhibit 24: Current Private School Spend on Education and Willingness to Spend on Education (Expatriates and Nationals)**



Source: Booz & Company and YouGov survey, Booz & Company report, 2011

**The high willingness to spend on education is expected to translate into robust growth rates for private sector schools in the region**

As per the Booz & Company and YouGov survey, the future willingness to spend on education for both nationals as well as expatriates is high. Kuwait, Saudi Arabia, and the UAE nationals are likely to increase their spends on private schools significantly as a result of growing awareness of quality education; while expatriates of Kuwait, Qatar, Saudi Arabia, and the UAE are also likely to do the same on private education (see Exhibit 25). This is expected to translate into robust growth rates for private sector schools, particularly in Saudi Arabia, where private school enrolment is still very low as compared its counterparts in the GCC region.



***Several governments across the GCC region have encouraged the private sector's participation***

## **Private Sector Participation**

As a result of growing encouragement from the government and high demand from the expatriate population, several private schools and colleges have opened in the last decade. Several governments across the GCC region have encouraged the private sector's participation by providing free land, subsidies, and grants in the past. Although facilitating access to education is primarily the responsibility of governments in the GCC countries, private sector participation is widely encouraged to accelerate the reach of good-quality education to the general masses. The private sector has also flourished due to the growing affluence of people and increasing number of expatriates. As a result, enrolment into private schools has increased in the last decade. For instance, in the primary education segment, the proportion of students enrolled in UAE's private schools grew from 45.0% in 2000 to 71.7% in 2010, while it increased from 38.2% to 55.5% in Qatar during the same period. Although the private school market across the GCC is highly fragmented, it still offers significant opportunities for new investments and ample room for consolidation for existing players.

## **Government Reforms**

Increasing focus of governments on developing the education sector in the GCC countries bodes well for the sector. In 2004, the Saudi Education Ministry devised a 10-year program to raise the country's standards of education by eradicating illiteracy and reducing repetition rate in schools. In 2007, the UAE also set a five-point strategy to enhance the quality of education in the country. Further, a number of GCC countries including Oman and Bahrain have developed an economic vision document for the future. Improving the quality and reach of education has been considered as a cornerstone for economic prosperity in these vision documents.



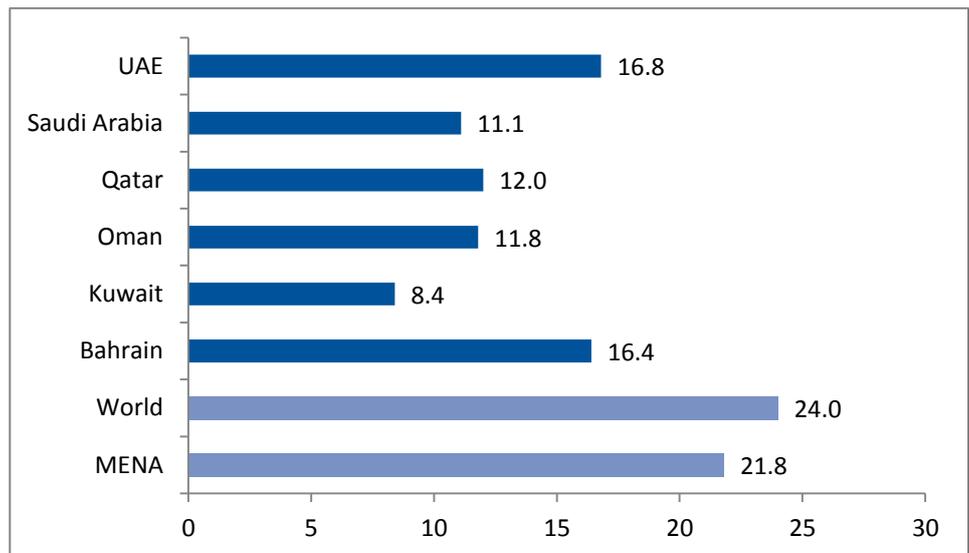
## 7. Challenges

### Shortage of Skilled Teachers

**The shortage of skilled teachers is the biggest challenge for the GCC education sector**

The pupil to teacher ratio in the primary segment of the education sector in all the GCC nations is lower than the world and MENA averages (see Exhibit 26). Despite this, the quality of education in the region is not at par with that of developed countries mainly on account of a shortage of skilled teachers. The shortage is particularly evident in the private and international schools, which set higher standards of education. One of the main reasons for a shortage of teachers is low pay scales and incentives offered, which have restricted GCC nationals, particularly men from entering the profession. A shortage of skilled teachers for subjects like mathematics and science is particularly high in the region. As more and more new private and international schools open up across the region to meet the growing demand, this shortfall is likely to aggravate in the future.

**Exhibit 25: Pupil-Teacher Ratio (Primary)**



Source: World Bank

Note: Data for World, MENA, and Oman pertains to 2009; while data for Kuwait, Qatar, Saudi Arabia, and the UAE pertains to 2010. Data for Bahrain pertains to 2002

Apart from a shortage of skilled teachers, the region is also facing the problem of high attrition rate among teachers as the experienced ones easily get a chance to switch schools due to a demand-supply gap prevalent in the market. Some of the school operators in the GCC estimate the average tenure of teachers at just two or three years<sup>50</sup>. The high attrition of teachers in the region leads to an increase in recruitment costs for the operators and disrupts the operations of schools by diverting their attention from the core issues of education.

### Quality of Higher Education

**Enrolment in tertiary education across the GCC still lags behind the global average**

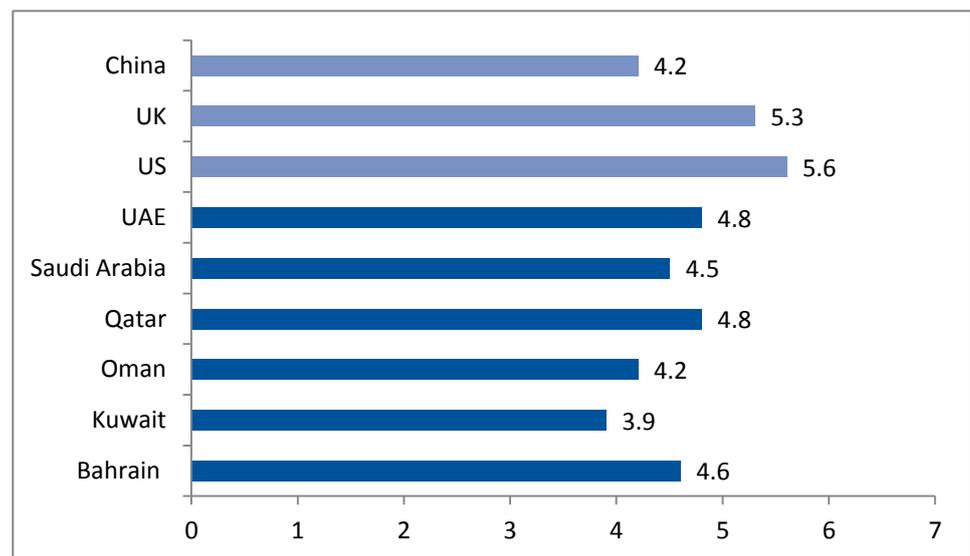
The GCC member countries have shown significant progress in the primary and secondary segment as depicted by their high enrolment rates. However, enrolment in tertiary education still lags behind the global average, primarily reflecting a mismatch between skills taught to the graduates and requirements of the labor market. The quality of

<sup>50</sup> Source: 'A Decade of Opportunity- The Coming Expansion of the Private-school Market in the GCC', Booz & Company, 2011



higher education in the region is also not at par with that of the developed nations like the US and UK (see Exhibit 27). As a result, there has been a trend among GCC students to go overseas to pursue higher education, mainly in the US and European countries. To deal with this situation, most of the GCC member nations are inviting reputed foreign universities to open their campuses in their countries. Further, private colleges across the GCC are also looking to enter into partnership or get affiliated with foreign institutions to improve the quality of higher education. Even though new institutes with foreign collaborators have established themselves in the region, the higher education segment still lags developed markets.

**Exhibit 26: Quality of Higher Education and Training**



Source: *Global Competitiveness Report 2010–2011, World Economic Forum*

Note: On scale of 1 to 7. (1=Poor, 7=Excellent)

### Lack of Opportunity for Fresh Graduates

There has been dearth of opportunities for fresh graduates mainly due to lack of tie-ups between the education sector and the private companies in the region. Lack of opportunities is likely to have an effect on unemployment as the region is likely to add roughly 5 million fresh graduates into the job market from an estimated 15.6 million in 2010 to more than 20.5 million by 2020<sup>51</sup>. Further, the region has seen a mismatch between supply and demand for skills in the labor market due to lack of co-ordination between the education sector and the economy. In particular, there is a huge dearth of science and engineering graduates, who remain in high demand, while there is an excess of social science graduates. The gap in skill sets acquired by fresh graduates and demand of the labor market is also leading to lack of opportunity for graduates.

### High Capital Expenditure Requirement

Establishing educational institutes require significant amount of monetary resources. An international school requires an upfront investment of US\$50 million to US\$100 million. This heavy front-ended investment forces investors to rely on external funding. However, the financing environment in the region has become increasingly tough, particularly after the economic slowdown, making it extremely difficult for investors to procure funds for a new venture. The situation has been compounded as owners are inhibited from availing

**The region has seen a mismatch between supply and demand for skills in the labor market**

<sup>51</sup> Source: 'Meeting the Employment Challenge in the GCC- The Need for a Holistic Strategy', Booz & Company

mortgage financing due to a lack of land ownership. Thus, establishing new educational institutes are primarily restricted to high net worth individuals or entities with strong balance sheets.

### Tuition Fee Hike Controls

While education in public schools is free for nationals in all the GCC member nations, the large expatriate population depends on private schools for education. The current fee structure in private schools is high and unaffordable for the lower income class. For instance, admission fee in Dubai's private schools ranges from AED2,000 to AED5,000<sup>52</sup>. Further, these schools are currently charging annual fee in the range of AED5,000 (US\$1,361) to AED100,000 (US\$27,224) depending upon the various facilities provided<sup>52</sup>. In Saudi Arabia, following the government's decision to introduce a minimum wage for private school teachers at SAR5,000, several schools hiked their fee by nearly 30% in 2011<sup>53</sup>. In Doha too, the Supreme Education Council (SEC) allowed a fee hike of up to 10% for 55 private schools for academic year 2011-12 considering various factors including new premises, advanced facilities, safety standards, and IT laboratory with modern equipment. However, at the same time, the SEC rejected the fee hike plea of 51 other schools. Due to the increasing cost of education in the GCC, many expatriates are opting to send their children to their home countries for schooling.

In the past, the government has intervened to put a cap on fee hikes in private schools. Fee hikes are also subject to approval by relevant monitoring authorities who conduct a strict appraisal of private schools on various parameters such as the quality of infrastructure, teachers, modern facilities, and safety standards followed. There have been instances in the recent past when fee hikes had been frozen to protect the interests of consumers. In 2010, Dubai introduced a fee cap which restricted private school operators to raise fee without the permission of government authorities. However, recently in April 2012, the KHDA has allowed private schools in Dubai to hike fee within the range of 3% to 6% for the academic year 2012-13<sup>54</sup>, subject to ratings.

A tuition fee regulation in private schools across the GCC region is one of the major issues restricting institutional investors from investing in the sector. In most of the GCC countries, new schools can initially set a fee in a certain range, but later require approvals to raise tuition fee further. The region has witnessed tuition fee freezes, particularly after the economic slowdown to protect consumers from rising fee. The tuition fee freezes in private schools have had an adverse effect on the margins of operators.

Schools not only have a high capital requirement, but also have high running costs. The cost structure for schools have increased due to escalations in real estate, energy, licensing, salaries, visa and other domestic costs as well as global factors such as currency variations and international labor market conditions. International schools recruit mostly from overseas locations and quality teachers command high salaries all over the world. Tuition fee increases on the other hand are regulated by the government and private schools do not have the flexibility of changing the fee structure in line with their higher costs.

*The region has witnessed tuition fee freezes, particularly after the economic slowdown*

<sup>52</sup> Source: [www.dubaifaqs.com](http://www.dubaifaqs.com) (article dated May 2, 2012)

<sup>53</sup> Source: 'Schools raises fees up by 30% for more pay', Arab News, June 12, 2012

<sup>54</sup> Source: 'Parents lament soaring cost of education', [www.gulfnews.com](http://www.gulfnews.com), April 9, 2012



***A growing number of GCC nationals are shifting their children from public schools to private schools***

***Governments of GCC member nations have encouraged the entry of foreign universities in the region***

## 8. Trends

### Growing Interest in Private Education among GCC Nationals

International student assessments like Program for International Student Assessment (PISA) and Trends in International Mathematics and Science Study has repeatedly ranked public schools operating in the GCC among the lowest in the world. For instance, as per the PISA result of 2009, eight out of ten best performing schools were private schools. The private education institutes set higher standards and have played a key role in the development of the education sector in the GCC. Private schools also impart students with the much-needed English language skills and focus on maintaining the good quality of education by hiring skilled and trained teachers. Further, these schools also emphasize on mathematics and science in their syllabus, which is a requirement for higher education. Thus, they offer students an easier pathway to university-level education. As a result, apart from expatriates, a growing number of GCC nationals are shifting their children from public schools to private schools. This shift in trend can be inferred in the declining enrolment rates in public schools in the past. For instance, primary school gross enrolment rate in public schools across Qatar declined from 62.3% in 2000 to 45.8% in 2010; while in Kuwait, it declined from 71.2% to 63.2% during the same period<sup>55</sup>.

### Popularity of International Curriculum amongst Expatriates

The expatriate population has limited access to public schools and is largely dependent on private schools to educate their children. Despite the higher fee structure, private schools offering international curriculum are extremely popular among the growing expatriate population in the GCC, largely due to the high quality of education and excellent infrastructure and facilities provided by them. The added benefit of the language of instruction being English further encourages expatriate parents to enroll their children in these schools as it exposes their children to a more cosmopolitan environment. As a result of the growing popularity of international curriculum among expatriates, the region has seen international schools mushrooming over the past decade.

### Increasing Presence of Foreign Universities

Several new private foreign universities have entered the GCC region since the 1990s. However, this trend gained significant traction in the last decade. The UAE has led the way by having the largest number of private universities in the region. Most of these universities are affiliated to or established in collaboration with foreign universities or institutes. The main aim of collaboration is to promote a globalized mindset among students and prepare them adequately for the global market.

The region has also witnessed many foreign university campuses open in the past. The existence of foreign universities in the region provides students the opportunity to pursue higher education in foreign universities, particularly those who are unable to study abroad. The government has also encouraged the entry of foreign universities to improve the quality of higher education in the region. These foreign universities are extremely popular with the expanding expatriate population who wish to pursue higher education in world-class private colleges after completing their schooling from private schools. The Education City in Qatar plays host to some of the most reputed global universities like the Northwestern, Carnegie Mellon, Weill Cornell Medical College, Georgetown University, and Virginia Commonwealth University. Further, the UAE also has two free zones, namely the Dubai Knowledge Village, established in 2003; and Dubai International Academic City,

<sup>55</sup> Source: UNESCO

established in 2007. These two free zones in the UAE host several international universities including the Michigan State University Dubai, Manchester Business School, Hult International Business School, University of Phoenix, Middlesex University, Amity University, Manipal University, BITS- Pilani-Dubai, and London Business School.

### **Migration of Students from other MENA Countries and Asian Subcontinent to the GCC Region**

Enrolments by foreign students, particularly from other MENA countries, have been steadily increasing in the higher education segment. Students migrate from other MENA countries mainly on account of the access to better quality higher education institutes in the GCC region. The GCC region also offers better job opportunities after studies, which encourages students from these countries and other less developed nations from Asia to migrate to the region. The UAE, in particular, plays host to several private universities which collaborate with foreign institutes, to offer migrant students quality western education in a multi-cultural environment. The GCC member countries, like the UAE and Qatar, are particularly favored by overseas students due to the uncomplicated and trouble-free processing of visa, the presence of several colleges having affiliations with reputed foreign institutes, and the availability of quality faculty.

### **Increased Application of Technology in Education**

In most of the GCC member countries, the role of technology in education has been ignored for long. However, we expect technology to play a key role in improving the quality and teaching methods of the education in the future. In the recently held BETT Middle East exhibition in Abu Dhabi, application of Information and Communication Technology (ICT) in education across the region was the main focus. Many reputed companies including Microsoft and Hewlett-Packard are already working on various ICT initiatives for the education sector across the region. Apart from introducing ICT as a new academic subject, schools and colleges in the region are developing courses which include computer programming and computer engineering. The governments of GCC member countries are also looking to empower teachers with ICT knowledge by conducting training workshops for them.

### **Increasing Consolidation in the Sector**

The GCC private education market is highly fragmented consisting primarily of standalone schools owned by individual investors. There has been limited involvement of institutional investors, as observed by the market in the past. For instance, in the private school space of Saudi Arabia, no single school operator controls more than 5% of the total private school tuition fee base. Also, standalone schools lack professional management as the owners of these schools often possess shortage of administrative experience in the education space, which results in inferior quality of delivery of services. The fragmented nature of the market provides substantial opportunities to the existing operators to consolidate and develop economies of scale, as seen in the case of some of the operators like Innoventures Education. In 2010, Innoventures Education in partnership with Emaar Properties took over the management of Raffles International Schools and Nurseries in Dubai. Other players in the private school space are also likely to follow suit in future to benefit from economies of scale.

*The region is witnessing increasing use of technology in the education sector*



## 9. Merger and Acquisition (M&A) Activities

The education sector has witnessed some M&A and Private Equity (PE) deals over the past two years. The largest deal since January 2010 was the Varkey Group/Everon deal with a total deal value of US\$47.9 million. The deal was done with the aim of strengthening and expanding Varkey Group's operations in other countries. Some overseas companies are also looking to foray into the GCC education sector. Recently in 2012, India-based CORE Education & Technologies Limited has announced the acquisition of operations of Ras Al- Khaimah Institute of Engineering, an operator of colleges in the UAE. The purpose of the deal was to offer new courses and improve the quality of higher education at the Ras Al-Khaimah Institute of Engineering.

**Exhibit 27: Major M&A deals in GCC Education sector**

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Consideration (US\$ million)
Varkey Group Limited	UAE	Everonn Education Ltd	India	2011	47.9
Varkey Group Limited	UAE	Global Education Management Systems	UAE	2012	6.47
CORE Education & Technologies Limited	India	Ras Al-Khaimah Institute of Engineering-Operations	UAE	2012	2.0
Douglas OHI LLC	Oman	Occupational Training International	Oman	2010	1.3
Eastgate Capital Group Ltd	UAE	Certain undisclosed schools	UAE	2011	N/A
Al Marefa Exemplary Co for Educational Services WLL	Kuwait	Two undisclosed schools	Kuwait	2011	N/A
Al Khaleej Training & Education	Saudi Arabia	LG & DE Ltd	United Kingdom	2011	N/A
CedarBridge Partners Fund I	UAE	Kids First Group	UAE	2011	N/A
Educational Holding Group KSC	Kuwait	Knowledge Village Co KSC	Kuwait	2010	N/A
NBK Capital Equity Partners	Qatar	Establishment for Educational Development LLC (Newton Schools)	Qatar	2010	N/A

Source: Thomsonone Database, Zawya

Note 1: The Varkey/GEMS deal was announced on February 27, 2012 and is pending completion

Note 2: The Eastgate deal was announced on December 19, 2011 and is pending completion

Note 3: The Al Marefa deal was announced on April 20, 2011 and is pending completion

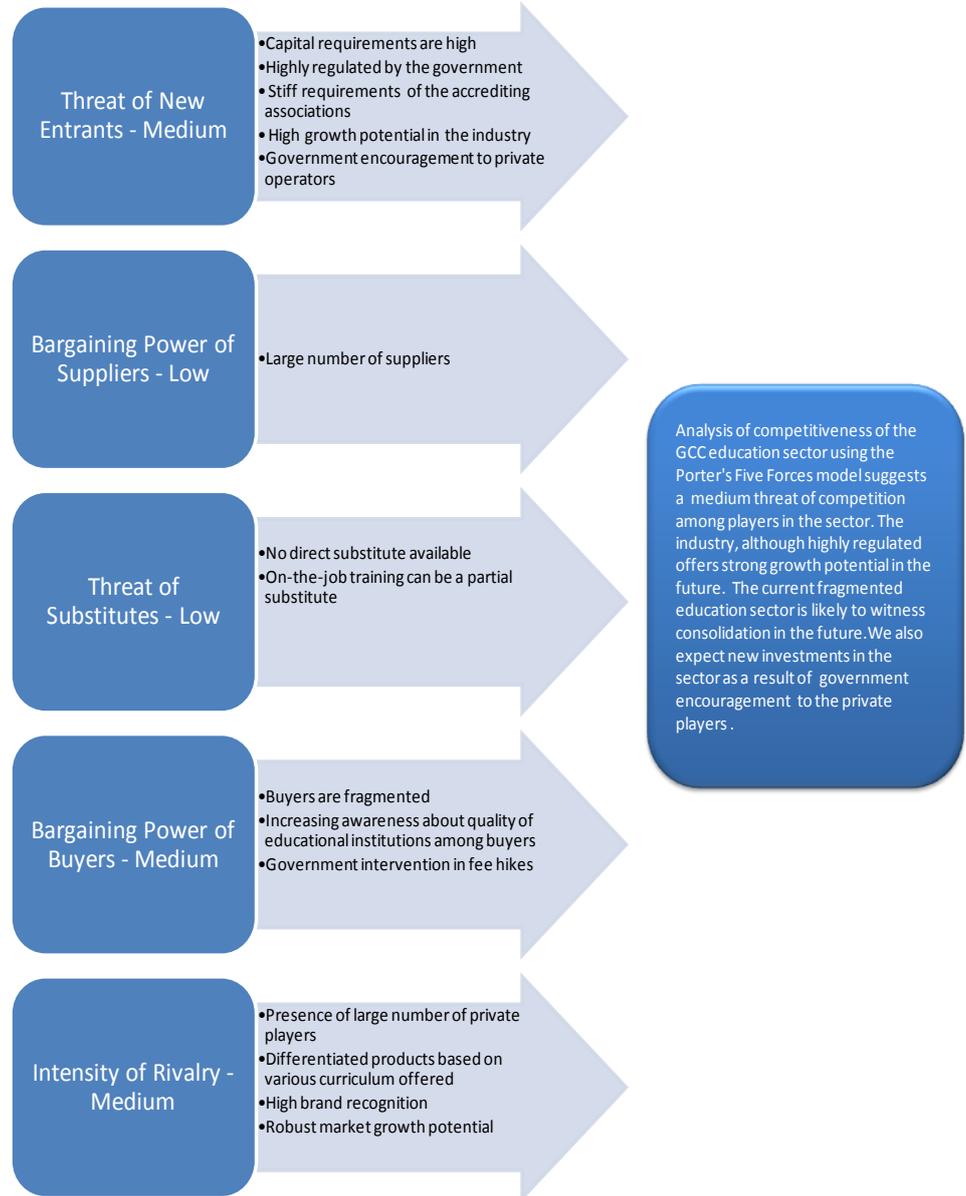
Note 4: Varkey Group Limited raised its interest in Global Education Management Systems to an undisclosed majority by acquiring stake from Abraaj Capital Ltd

Note 5: CedarBridge Partners Fund I/Kids First Group and NBK Capital Equity Partners/Newton Schools are private equity deals



## 10. Porter's Five Forces Model

Exhibit 28: Competitiveness of the GCC Education Sector



Source: Alpen Capital



## 11. Major Education Projects in the Region

Exhibit 29: Major Education projects in the GCC region

Project Name	Country	Project Value (US\$ millions)	Expected completion
Bahrain Training Institute (BTI) - BTI Utilities and Infrastructure Development (Block 1 & 2)	Bahrain	16.0	2013
Kuwait Ministry of Higher Education - Obadh Al Samet School	Kuwait	13.0	2013
Kuwait University City - College of Business and College of Women	Kuwait	900	2014
Kuwait University City - College of Engineering and Petroleum	Kuwait	500	2014
Kuwait University City - Faculty of Arts and Education	Kuwait	428	2015
Kuwait Ministry of Public Works - Fintas Special Needs School	Kuwait	359	2017
Kuwait Ministry of Public Works - Hawalli Special Needs School	Kuwait	503	2017
Kuwait Ministry of Public Works - Jahra Special Needs School	Kuwait	467	2017
Oman Ministry of Higher Education - Kumzar Basic Education School	Oman	-	2012
Ashgal - Ten New Schools Around Doha and Villages - Package 3	Qatar	62	2013
Northwestern College of Media and Communication	Qatar	120	2013
Ewaan Al Farida (Four New Schools)	Saudi	-	2012
King Saud University - Female University Campus	Saudi	2,200	July 2012
Aramco - King Abdullah Petroleum Studies and Research Center	Saudi	300	2013
King Abdulaziz University - Scientific Facilities Classrooms	Saudi	-	2014
Royal Commission for Jubail and Yanbu (RCJY) – Intermediate and secondary Girls Schools in Yanbu Industrial City	Saudi	10.9	2014
RCJY - Jubail Industrial College Support Facilities	Saudi	-	2014
RCJY - Primary Boys School and Primary Girls School in Yanbu Industrial City	Saudi	9.3	2014
ADFEC -Masdar Institute of Science and Technology	UAE	500	2012
Mubadala - UAE University Campus	UAE	-	Q4 2012
Mubadala - New York University	UAE	895	2014

Source: Zawya

# Country Profiles



## UAE

### Key Growth Drivers

- **Population:** The population of the UAE is expected to reach 6.0 million by 2015. Increase in expatriate population, which accounts for more than 88% of the country's overall population, would be the main growth driver for the education sector.
- **Increasing income level:** GDP per capita based on PPP is expected to grow at a CAGR of 1.4% between 2011 and 2015 to reach US\$50,984 in 2015. Further, as per market intelligence firm, Euromonitor International, total consumer spending on education across the country has been rising steadily in the past. Increasing income levels coupled with rising expenditure on education bodes well for the education sector.
- **Increasing private sector participation:** The country has witnessed significant private sector investment in its education sector in the past. The reform programs pursued by various emirates which facilitates more private sector participation is expected to improve the quality of education further in the country.

### Recent Industry Developments

- As a part of the strategy to overhaul regulations of nurseries in the UAE, the Ministry of Social Affairs in February 2012 decided to rate the nurseries across the country on a scale of A (excellent) to E (unacceptable). The ministry plans to publish the ratings online.
- In 2011, Ras Al Khaimah, one of the emirates of the UAE, established an educational council; a regulatory body that would ensure that growing number of colleges meets the specified quality standards for higher education in the emirate.
- In 2011, the ADEC launched a series of training workshops on the use of latest applications developed by the school regulator for smooth functioning of operations. The workshops were organized for school principals, vice-principals, and senior school management officers in Abu Dhabi, Al-Ain and Al-Gharbia.
- In April 2012, the government of the UAE launched the Mohammed Bin Rashid Smart Learning Initiative program worth US\$272 million to integrate information technology in classrooms.

### Macro-economic Indicators

Indicators	Unit	2011E	2013E	2015E
GDP growth at constant prices	%	4.9	2.8	3.5
GDP per capita at constant prices	AED	124,922	123,847	124,761
GDP per capita based on PPP	US\$	48,158	49,086	50,984
Population	mn	5.4	5.7	6.0
Inflation	%	0.9	1.7	1.9

Source: International Monetary Fund, Alpen Capital

### Number of Students

Segment	2011E	2013E	2015E
Pre-primary	128,887	137,626	146,955
Primary and Secondary	728,300	776,548	827,916
Tertiary	101,046	116,434	133,323

Source: Alpen Capital

### Key Players

Company	Type
Centre of Excellence for Applied Research (CERT)	Training and research company
Emirates International School	School operator
Fortes Education	School operator
Global Education Management Systems (GEMS)	Chain of schools
Innoventures Education	Owns and operates schools
King's Dubai	School
Skyline College	College
Taaleem	Owns and operates schools



### Government Reform Programs/Initiatives

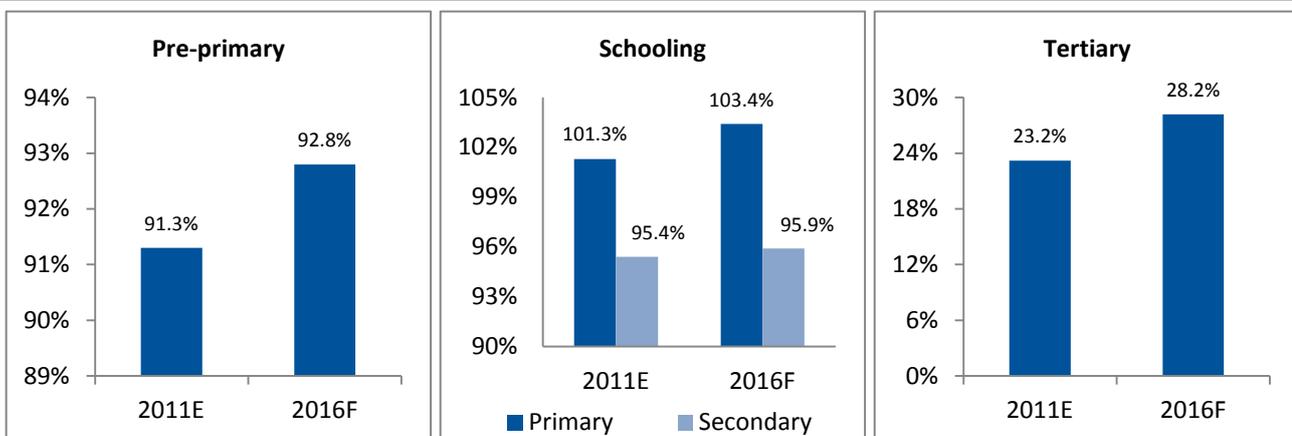
With an aim to reform the education system across the country and increase the reach and quality of education, the government established the Dubai Education Council and Abu Dhabi Education Council in 2005. Dubai Education Council aims to enhance the quality of education in Dubai by attracting world-class schools and focusing on international accreditation, while Abu Dhabi Education Council aims at engaging the private sector, improve, and modernize the educational facilities, reduce bureaucracy, update curricula, and increase the use of information technology in the sector. In 2007, the UAE government set the following five-point strategy to enhance the quality of higher education in the country:

- Improve the competency of high school students and prepare them for higher education
- Regularly review the curricula to ensure they meet the required quality standards
- Establish cooperative relationships with the corporate sector
- Monitor the quality of programs at private universities and community colleges
- Partner with reputed foreign universities

Further, in 2007 Abu Dhabi published 'The Abu Dhabi Economic Vision 2030', a policy document describing the long-term roadmap for economic progress of the Emirate. The document stressed on development of many sectors, including education. Some of the highlights in the document related to the education sector include:

- Recognized education as a one of the nine pillars that will form the architecture of the Abu Dhabi's social, political and economic future
- Ensuring that high quality education are available to residents of Abu Dhabi
- Upgrading the quality of education system, and to increase the educational attainment rates of nationals
- Development of remote regions of Abu Dhabi through focus on education
- Regular revision of curricula at all levels of education
- Increasing participation and completion rates at all levels of education by the encouraging part-time and summer jobs for youth
- Promotion of vocational education in Abu Dhabi by developing its vocational and technical training base

### Gross Enrolment Rate (%)



Source: UNESCO, Alpen Capital



## Saudi Arabia

### Key Growth Drivers

- Population:** The Education sector growth in Saudi Arabia is driven by increasing population. As per IMF estimates, population is expected to reach 30.6 million by the end of 2015. Further, expatriate population which accounts for around 30% of total population is also expected to increase significantly in the next few years.
- Increasing private sector participation:** Enrolment in private schools has shown an improvement in recent years on the back of growing expatriate population who do not have access to public schools in the country. We expect enrolments in private schools to improve further as a result of a change in regulations allowing nationals to attend international schools.
- Increasing income levels:** GDP per capita based on PPP is expected to depict a CAGR of 4.0% between 2011 and 2015 to reach US\$28,390. Increasing income levels of nationals as well as expatriates is likely to result in higher spending on education.
- Government support:** Saudi government spent US\$40 billion on education in 2011; up from US\$36.7 billion in 2010. Moreover, government budgeted spending on education has doubled since 2005. Increasing government spending on education bodes well for the sector.

### Recent Industry Developments

- In May 2012, reputed Indian university, Jamia Millia Islamia, signed a memorandum of understanding for cooperation with Riyadh-based King Abdulaziz Foundation for Research and Archives to promote efforts in the field of culture, exchange of expertise, and restoration of rare and valuable manuscripts for studies and research.
- In April 2012, US publishing house, McGraw-Hill Education disclosed its expansion plans in Saudi Arabia by offering various educational products and services across the country. The company is also looking to partner with local firms to pursue its expansion strategy.
- To improve the quality of education in Saudi Arabia, the government seeks more private sector participation in the sector. In 2012, e-learning will be one of the top priorities of the government which will connect schools located at isolated places.

### Macro-economic Indicators

Indicators	Unit	2011E	2013E	2015E
GDP growth at constant prices	%	6.8	4.1	4.3
GDP per capita at constant prices	SAR	33,196	35,094	36,680
GDP per capita based on PPP	US\$	24,237	26,343	28,390
Population	mn	28.2	29.4	30.6
Inflation	%	5.0	4.4	4.0

Source: International Monetary Fund, Alpen Capital

### Number of Students

Segment	2011E	2013E	2015E
Pre-primary	233,858	356,996	489,193
Primary and Secondary	6,301,238	6,470,652	6,606,099
Tertiary	949,544	1,044,257	1,142,171

Source: Alpen Capital

### Key Players

Company	Type
Al Khaleej Training and Education	Provides computer based training courses and IB curriculum school operator
Al Yamamah University	Private University
King Abdulaziz University	Public University
King Fahd University of Petroleum and Minerals	Public University
Sultan Bin Abdulaziz Science & Technology Center	Science and technology institute



### Government Reform Programs/Initiatives

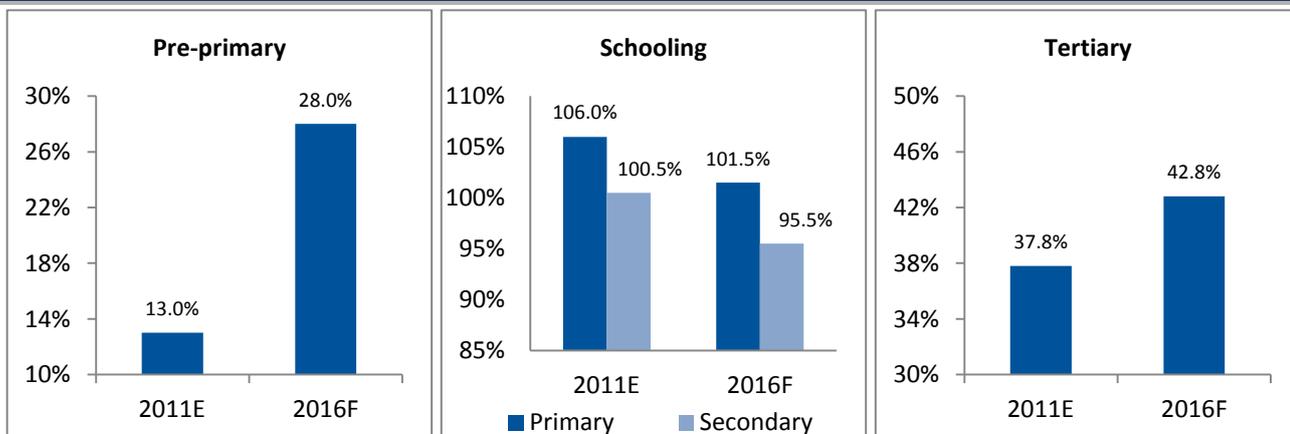
To improve the quality of education and literacy rates, the government adopted a 10-year development plan in 2004. Some of the objectives of the plan are:

- Development of programs to gauge the preparedness of a child for enrolment in pre-school stage
- Making basic education compulsory
- Increase the number of male and female teachers at an annual rate of 3.5%
- Enhance girls' education and vocational training by accommodating students at an annual rate of 30% in girls' technical education
- Trim down the failure rate to 5% at the elementary stage, 7% at the intermediate stage, and to 8% in the secondary stage
- Reduce the drop-out rates to a general rate of 1% in all stages
- Improvement in the average number of teachers per student to that of 1 to 20 in the various educational fields by the end of the plan. In 2010, the ratio stood at 1 to 11 in case of primary segment and 1 to 10 in case of secondary segment

In 2012, the Saudi Arabian government announced plans to spend SAR81.5 billion (US\$21.7 billion) on its education sector to enhance the reach and quality of education in the kingdom. Some of the highlights of the new phase of education development announced by the Saudi Arabian government include:

- Development of 18 university cities and academy complexes for male and female students in Jazan, Hail, Jouf, Tabuk, Najran, Northern Borders, Baha, Shaqra, Majmaah, Taibah, Qassim, Taif and Kharj
- Development of 167 colleges for male students
- Development of 161 colleges for female students
- Development of 11,000 housing units for faculty members
- Development of 100 housing units for students capable of accommodating approximately 50,000 students
- Development of 3,800-bed 12 university hospitals in Jazan, Jouf, Hail, Baha, Taif, Taibah, Tabuk and Northern Borders of Saudi, Najran, Rabigh, Kharj and Qassim

### Gross Enrolment Rate (%)



Source: UNESCO, Alpen Capital



## Qatar

### Key Growth Drivers

- **Population:** Qatar's population grew at a CAGR of 13.9% between 2005 and 2010. It is projected to grow at CAGR of 4.0% between 2011 and 2015 mainly due to the massive influx of foreigners. Foreigners with temporary residence status account for around three-fourth of the total population. The expanding population is likely to result in an increase in school-age population in the next decade.
- **Increasing economic activity:** Qatar will host the FIFA World Cup in 2022, which is expected to spur economic activity in the region. This may increase skilled expatriate workers' population for completion of various developmental works which will lead to an increase in demand of private and international schools in the country.
- **Rising income levels:** Significant increase in Qatar's GDP in the last decade has led to an increase in income levels of nationals as well as expatriates, which is one of the highest in the world. Further, the GDP per capita based on PPP is likely to witness a CAGR of 2.7% between 2011 and 2015. The private education sector in particular is likely to benefit from rising income levels as spending on education increases.

### Recent Industry Developments

- In May 2012, Texas A&M University of Qatar received funding to the tune of US\$39 million from Qatar National Research Fund for 39 research projects.
- In December 2011, Carnegie Mellon University and The General Secretariat for Development Planning entered into an agreement to increase future cooperation in fields such as scientific research, capacity building, and information systems in Qatar.

### Macro-economic Indicators

Indicators	Unit	2011E	2013E	2015E
GDP growth at constant prices	%	18.8	4.6	5.9
GDP per capita at constant prices	QAR	190,865	195,607	200,360
GDP per capita based on PPP	US\$	102,943	108,467	114,554
Population	mn	1.8	1.9	2.1
Inflation	%	2.0	4.0	5.0

Source: International Monetary Fund, Alpen Capital

### Number of Students

Segment	2011E	2013E	2015E
Pre-primary	30,533	33,471	36,689
Primary and Secondary	159,584	173,073	188,257
Tertiary	14,584	17,341	20,445

Source: Alpen Capital

### Key Players

Company	Type
Al Jazeera Academy	School operator
Birla Public School	School
Doha College	School
Qatar Foundation	Semi-private educational institution

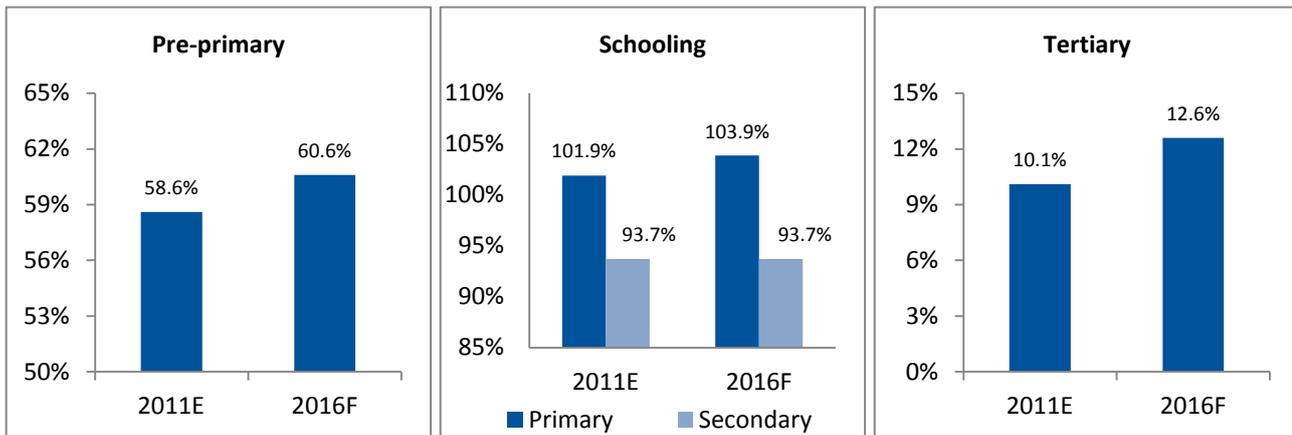


### Government Reform Programs/Initiatives

The reform program in Qatar started in the mid-1990s with the government planning to revamp its existing educational system in a bid to replace expatriate workers with locally trained workers. Pursuant to the plan to enhance the skill levels of locals, the government established the Qatar Foundation for Education, Science and Community Development in 1995. Later, in 2001, on the recommendation of RAND Corporation-Qatar Policy Institute, the government took the following key steps:

- Established the leading authority for K-12 education, namely Supreme Education Council which is responsible for setting-up the country's education policy. The Supreme Education Council comprises three institutes: the Education Institute to oversee and support independent schools; the Evaluation Institute which develops and tests of students, monitors learning of students, and evaluates the performance of schools; and the Higher Education Institute which advises the students about career options for higher education in Qatar and overseas countries, and additionally administers scholarships and grants for students
- Independent schools with new curriculum, teaching methods, and collaborations were established in Qatar. These independent schools are government-funded schools which are granted autonomy to carry out their mission and objectives
- Granted autonomy to Qatar University. Further, the administration and academic structures of the university were decentralized and its academic standards including teaching and research were upgraded
- Established Education City, having campuses of several foreign universities

### Gross Enrolment Rate (%)



Source: UNESCO, Alpen Capital



## Kuwait

### Key Growth Drivers

- **Population:** Kuwait's aggregate population stood at 3.6 million at the end of 2010, registering a steady growth of around 3.7% between 2005 and 2010. Further, population is expected to grow at a CAGR of 2.8% between 2011 and 2015.
- **Per capita income:** Kuwait has one of the wealthiest populations in the world with a very high per capita income. Further, GDP per capita income is expected to increase at a CAGR of 2.5% between 2011 and 2015. This provides ample opportunities for various players in the education sector to expand their business in the region.

### Recent Industry Developments

- In April 2012, the National Assembly of Kuwait approved a draft bill on the establishment of the Jaber Al-Ahmed University.
- In 2011, the minister of Education and Higher Education submitted a report on the construction of the new University City at Al-Shadadia to the Kuwaiti parliament.
- In 2011, Hewlett-Packard Middle East and the Ministry of Education, Kuwait entered into an agreement for the integration of technology in the K-12 education segment across the country.
- In 2011, Zak Solutions was awarded the best Microsoft Gulf Education Partner by Microsoft Corporation. The award was conferred to Zak Solutions for their achievement in the education sector and for the implementation of various smart schools and e-learning projects in Kuwait.

### Macro-economic Indicators

Indicators	Unit	2011E	2013E	2015E
GDP growth at constant prices	%	8.2	1.8	3.9
GDP per capita at constant prices	KWD	5,491	5,640	5,727
GDP per capita based on PPP	US\$	41,691	44,028	46,097
Population	mn	3.7	3.9	4.1
Inflation	%	4.7	4.0	4.0

Source: International Monetary Fund, Alpen Capital

### Number of Students

Segment	2011E	2013E	2015E
Pre-primary	75,462	79,920	85,474
Primary and Secondary	485,354	514,672	545,786
Tertiary	46,982	51,992	57,332

Source: Alpen Capital

### Key Players

Company	Type
Al Rayan Holding Company	School operator
American University of Kuwait	Private University
Public Authority for Applied Education and Training	Operates vocational and training colleges and centers
Universal American School	School

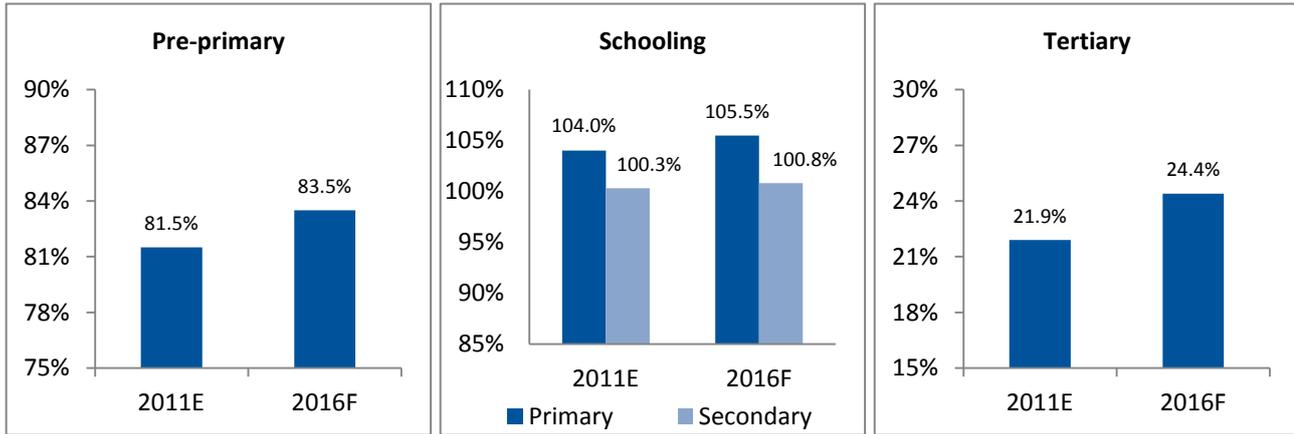


### Government Reform Programs/Initiatives

Historically, the Kuwaiti government has encouraged private sector participation in its education sector by extending considerable subsidies to them like allotting land and distributing textbooks to Arabic medium private schools. Further, it has also taken initiatives to promote female education in the country. Ministry of Education in Kuwait has established various special needs institutes to provide equal educational opportunities.

Currently, Ministry of Education is developing its education strategy with a focus on reforming teaching methods and the national curriculum. Further, the ministry plans to promote effective use of information and communications technology in the classroom. The ministry also plans to introduce school inspections in the near future to with an aim of improving the quality of education in the country.

### Gross Enrolment Rate (%)



Source: UNESCO, Alpen Capital



## Oman

### Key Driving Factors

- Population:** The population of Oman is estimated to rise at a CAGR of 3.2% between 2011 and 2015 to reach 3.5 million by 2015. Expatriates represented around 28% of its total population in 2010. The growth in population of both nationals and expatriates is likely to fuel demand for education in the country.
- Government Plans:** The government of Oman has been earnest in its efforts to improve the quality and reach of education in the country. It plans to spend around OMR1.3 billion on general education in 2012, constituting around 13% of total public expenditure. The government has also placed great emphasis on improving the quality of secondary education, and ensuring that students are adequately prepared for higher education and thereby for the labor market in its Vision 2020 document.

### Recent Industry Developments

- In 2012, meetings were held between the Oman Chambers of Commerce and Industry and the UK-based United World Schools to explore the possibility of opening United World School branches in Oman.
- The American Middle East Institute, a US-based independent, non-profit organization, with operations focused on the development of business, cultural, and educational ties between the US and Middle East, is seeking to boost educational ties in Oman.
- In 2011, The Research Council in Oman agreed to support 53 research projects in fields such as education, healthcare, and the telecommunication sector.

### Macro-economic Indicators

Indicators	Unit	2011E	2013E	2015E
GDP growth at constant prices	%	5.5	4.0	3.4
GDP per capita at constant prices	OMR	3,975	4,080	4,091
GDP per capita at PPP	US\$	26,519	27,983	28,928
Population	mn	3.1	3.3	3.5
Inflation	%	4.0	3.0	2.9

Source: International Monetary Fund, Alpen Capital

### Number of Students

Segment	2011E	2013E	2015E
Pre-primary	47,993	51,511	55,322
Primary and Secondary	589,426	625,253	663,709
Tertiary	81,166	87,054	93,429

Source: Alpen Capital

### Key Players

Company	Type
Dhofar University	University
Majan University College	University
Oman Education and Training Investment Company	Owns and operates Sohar University



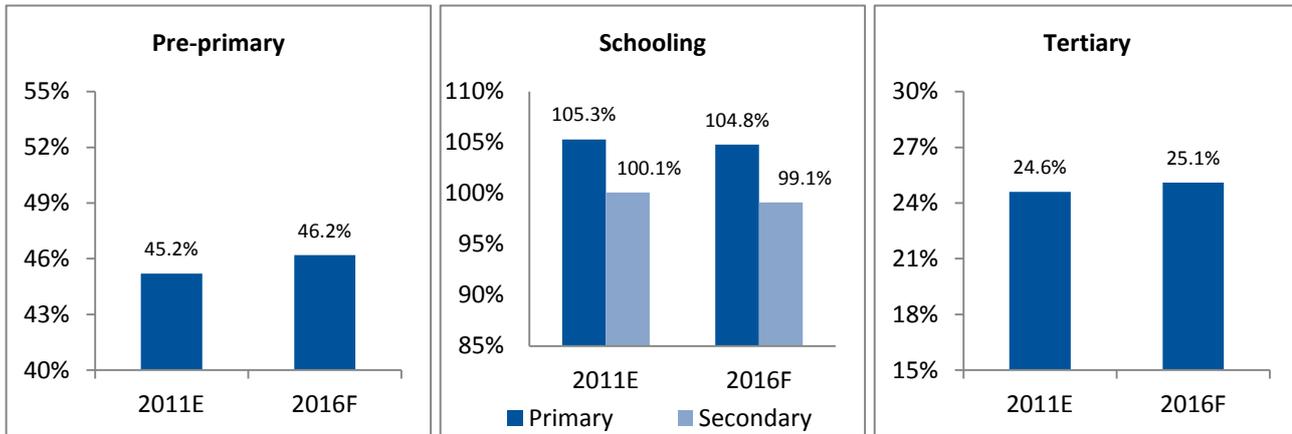
### Government Reform Programs/Initiatives

The government adopted a 10-year basic education system in 1998. The new reform program encompassing 10 years of basic education has the following key aspects:

- Improvements in the structure and procedures of the Ministry of Education
- Changes to the curriculum's content and textbook development
- Changes in the method of assessment of students
- Improvement in the training of teachers
- Improving infrastructure
- Promotion of special education

The 'Vision 2020 Document released by the government in 1995, aims at among other things, on improving the quality of secondary education, and ensuring that students are adequately prepared for higher education and the labor market.

### Gross Enrolment Rate (%)



Source: UNESCO, Alpen Capital



## Bahrain

### Key Driving Factors

- Population:** Bahrain's population grew at a CAGR of 5.1% between 2000 and 2010 and is expected to grow further at a CAGR of 2.0% between 2011 and 2015. Growth in population will be primarily driven by the influx of expatriate labor. Expatriates comprise around 54% of Bahrain's total population.
- Increasing income:** GDP per capita based on PPP increased at a CAGR of 3.2% between 2000 and 2010. It is further likely to increase at a CAGR of 2.0% between 2011 and 2015 mainly due to increasing economic activity in the country. Rising income level of nationals as well as expatriates is likely to translate into increased spending on education in Bahrain.
- Government initiatives:** The government of Bahrain had allocated BHD 660 million for the education sector in its 2011-12 budget with the aim of improving the quality of education in the country. The government is also promoting Bahrain as an educational and training hub of the GCC region by encouraging foreign educational and training institutions to set up their centers in the country. The Vision 2030 document of the government also stresses on the need to improve the quality of education across the country. All these government initiatives bode well for the education sector of the country.

### Recent Industry Developments

- In 2011, Tamkeen a semi-autonomous government-supported authority established with the vision to build the local workforce, entered into an agreement with the AIESEC to train 45 Bahraini graduates over the next three years. AIESEC is an international platform aimed at developing leadership skills of the youth.
- In 2010, the government of Bahrain and Cisco entered into a strategic agreement to collaborate on integrating the information and communications technology into the education system of the country.
- In 2010, Bahrain Polytechnic, the country's premier training institution, signed a memorandum of understanding with the Bahrain Chamber of Commerce and Industry with a purpose of contributing to each other's success and facilitating the economic and social development of the country.

### Macro-economic Indicators

Indicators	Unit	2011E	2013E	2015E
GDP growth at constant prices	%	1.8	2.8	2.6
GDP per capita at constant prices	BHD	4,600	4,637	4,691
GDP per capita at PPP	US\$	27,556	28,559	29,789
Population	mn	1.1	1.2	1.2
Inflation	%	1.0	1.5	2.0

Source: International Monetary Fund, Alpen Capital

### Number of Students

Segment	2011E	2013E	2015E
Pre-primary	26,828	27,998	29,247
Primary and Secondary	175,225	185,303	196,099
Tertiary	36,749	38,594	40,568

Source: Alpen Capital

### Key Players

Company	Type
Ahlia University	Private University
University of Bahrain	Government University

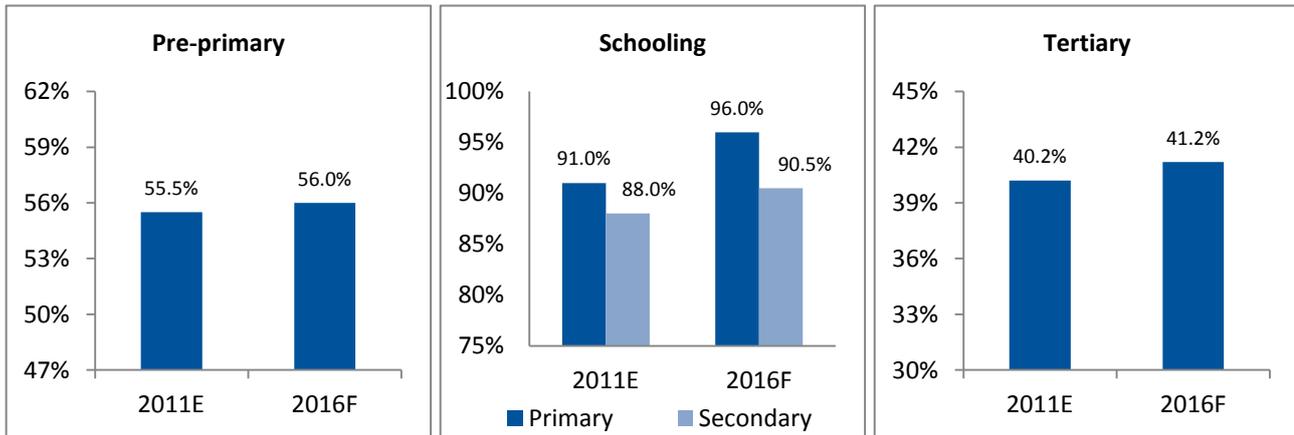


### Government Reform Programs/Initiatives

In its 'Vision 2030' document, Bahrain stressed on the importance of improving the quality of education across the country. Through this document, it aims at developing an education system which provides the opportunity for its citizens to fulfill their needs and aspirations. Through 'Vision 2030', Bahrain aspires to accomplish the following objectives in the education sector:

- Improve the quality of teachers
- Provide high-quality training to its citizens in the applied and advanced skills to make them competitive globally and help attract new industries to Bahrain
- Set quality standards across the education sector and regularly review the performance of its educational and training institutions
- Encourage research and development in universities.

### Gross Enrolment Rate (%)



Source: UNESCO, Alpen Capital

# Company Profiles



### Company Description

Ahila University, established in 2001, was the first private university to be recognized by the Bahraini Government and the first Bahraini private university to be recognized by the Kuwaiti Ministry of Higher Education. The university offers undergraduate, postgraduate, and PhD programs through its network of six colleges, and one deanship of student affairs. All the courses are recognized by the Bahrain's Education Council. Ahila University is autonomous and is entirely funded and managed by private entities. The university is also affiliated with international universities such as Brunel University (since 2004), University of Wisconsin (since March 2007), George Washington University (since September 2010), among others. As of February 2011, the university had strength of 1,707 students.

### Business Segments/Product Portfolio

- **College of Arts, Science and Education:** The college offers an undergraduate program in interior design, mass communication & public relations and a postgraduate program in mass communication & public relations. The college comprises five departments namely: Arabic & General Studies, Foreign Languages, Interior & Graphic Design, Mass Communication & Public Relations, and Mathematical Sciences.
- **College of Business and Finance:** The college offers undergraduate and postgraduate programs in business education and management. The college comprises four departments namely: Accounting & Economics, Finance & Banking, Management & Marketing, and Management Information Systems.
- **College of Engineering:** The college offers an undergraduate program in computer and telecommunications engineering and mobile and network engineering. It also provides a master's degree in information technology and computer science jointly with the College of Information Technology.
- **College of Information Technology:** The college offers an undergraduate program in information technology, and in distributed systems and multimedia. The college has two departments namely: Information Technology and Multimedia.
- **College of Medical and Health Sciences:** The college offers undergraduate program in physiotherapy. It expects to provide a Master's degree in Physiotherapy after receiving an approval from the government.
- **College of Post-graduate Studies and Research:** The college offers postgraduate and doctoral programs.

### Key Strengths

- First mover advantage in private education.
- Diversified course offering.
- Affiliations with international universities.



## Al Jazeera Academy (Privately Owned)

Qatar

### Company Description

The Al Jazeera Academy, established in September 2002, based in Doha, offers international curriculum (British National Curriculum, International General Certificate of Secondary Education (IGCSE), and AS) comprising three separate schools. The school caters to students from age 3 to 18. In September 2005, the school commenced the International Baccalaureate Organization's Diploma Program, which is a two-year pre-university course for students aged 16 to 19.

### Business Segments/Product Portfolio

- **The Primary School:** Offers education to students between pre-school till year six.
- **The Secondary Girls School:** Offers international curriculum such as British National Curriculum, IGCSE, and AS to girls aged between 7 and 13 years.
- **The Secondary Boys School:** Offers international curriculum such as British National Curriculum, IGCSE, and AS to boys aged between 7 and 13 years.

### Key Strengths

- Well-poised to handle the influx of expatriates as it offers international education.



## Al Khaleej Training and Education

## Saudi Arabia

### Company Description

Al Khaleej Training and Education (Al Khaleej), established in 1993, provides computer-based training courses in English across fields such as computer science, information technology, management training and other subjects. Al Khaleej has more than 82 branches and 11 franchises around Saudi Arabia providing training courses annually to around 48,000 individuals, and to more than 2,500 companies. Al Khaleej has invested in International school education and opened Rowad Al Khaleej International School.

### Business Segments/Product Portfolio

The following are the twelve divisions of Al Khaleej Training and Education:

- **New Horizons:** Owns a franchise and operates 40 centers of New Horizon which is a computer-training center providing credible certification programs in the IT industry.
- **Direct English:** Owns a franchise of Direct English in the Middle East across 38 centers in the Middle East.
- **The Platinum:** Owns the franchise and operates three centers of the 'The Platinum' that provides advanced IT training solutions across fields such as networks, customer relations, operating systems etc.
- **TAKNIAT:** Operates three branches providing management training and development.
- **Crestcom:** Owns the franchise right which provides management training course for "bullet-proof" manager.
- **Online Trading Academy (OTA):** Owns the franchise right for OTA in, the Gulf, Lebanon, Syria and Libya.
- **Al Khaleej e-Learning:** Owns the division which provides e-learning services.
- **M&O:** Owns the franchise right for M&O Arabia which provides marine training.
- **Pingu's English:** Owns Pingu's English which provides English learning course for children.
- **Formula'A:** Owns the franchise which provides vocational training programs for women in the Hair-cutting and makeup art.

Other divisions include **Kawader** which provides recruiting services, and **Linguaphone**.

### Key Strengths

- Strong network of training centers and franchises.
- Operates in the lucrative e-learning business.

Current price (SAR) 35.3

Price as on May 31, 2012

### Stock Details

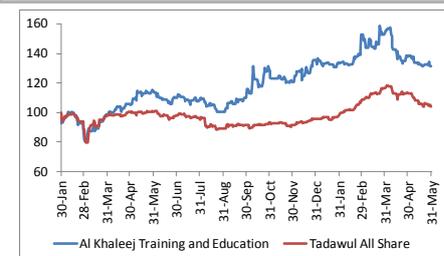
Bloomberg ticker	ALKHLEEJ AB
52 week high/ low	43.6/26.88
Market Cap (US\$ mn)	235.3
Enterprise value (US\$ mn)	271.5
Shares outstanding (mn)	24.999

Source: Bloomberg

### Average Daily Turnover (000's)

	SAR	US\$
3 M	8,292,271	2,211,064
12 M	6,787,098	1,809,728

### Share Price Chart



### Valuation Multiples

	2011	Current	2012E
P/E (x)	17.28x	17.94x	NA
P/B (x)	2.95x	2.75x	NA
EV/S (x)	2.00x	1.95x	NA
Dividend Yield (%)	1.11	1.09	NA

Source: Bloomberg

### Shareholding Structure

Al Rashid Abdul Aziz	20.30%
El-Shadwi Ahmad Ali	13.30%
EFG-HERMES, UAE	12.50%
Others	53.90%
<b>Total</b>	<b>100.00%</b>

Source: Bloomberg



Financial Performance			
US\$ Million	2010	2011	Change (%)
Revenue	105.4	137.3	30.2
COGS	74.2	96.5	30.1
Operating Income	13.0	16.1	23.6
Operating Margin (%)	12.3	11.7	
Net Income	12.1	14.0	15.9
Net Income Margin (%)	11.5	10.2	
ROE (%)	18.5	18.4	
ROA (%)	10.0	10.3	

- Revenue of company increased by 30.2%.
- Gross profit margin remained stable at 28.7% relative to 2010.
- Net income improved by 15.9% mainly on the back of increase in revenue.

Source: Bloomberg, Zawya

### Company Description

Al Rayan Holding Company, established in 2006, is a Kuwaiti shareholding company providing private education for students from Kindergarten (KG) to grade 12. Curriculums covered in schools include the National Curriculum for England and Wales, Indian Central Board for Secondary Education (CBSE), Pakistan Federal Board of Intermediate and Secondary Education (FBISE), Arabic etc. The holding company owns and manages five schools namely: Kuwait International English School, New Pakistan International School, International Business School, Fahaheel Al Watanieh Indian Private School, and Fahaheel Al Watanieh School. Apart from owning the five schools, Al Rayan also owns Al Nouri Teaching Establishment Company and runs Al Rayan Education services.

### Business Segments/Product Portfolio

Al Rayan Holding Company owns the following schools and education-allied services:

- **Kuwait International English School (KIES):** KIES, established in 1991-92, offers British curriculum education from classes KG to grade 12. KIES also offers Special Needs Educational Services. KIES had 463 students enrolled in 2008-09 and is certified by QMI of Canada to the prestigious ISO-9001:2000 standard.
- **New Pakistan International School (NPIS):** NPIS, established in 1997-98 in collaboration with the Kuwait Establishment for Education Services, offers Oxford Curriculum from KG to eighth grade. Students have a choice to opt for the IGCSE system or the Pakistani FBISE after they finish the Oxford Curriculum. NPIS jointly conducts courses with Cambridge University to conduct the IGCSE course. NPIS is recognized by the Ministry of Private Education and affiliated with the Pakistan FBISE.
- **International British School (IBS):** IBS, established in 2010-11, offers National Curriculum of England and Wales from KG to the sixth grade.
- **Fahaheel Al Watanieh Indian Private School (FAIPS):** FAIPS established in 1995-96 offers Indian CBSE curriculum to nearly 2,450 students from KG to twelfth grade. FAIPS signed an agreement with Delhi Public School Society in 1996 to provide staff and curricula expertise. FAIPS is affiliated with the Indian CBSE, New Delhi.
- **Fahaheel Al Watanieh School (FAS):** FAS, established in 1968-69, is an Arabic community school following the curricula of the Ministry of Education, Kuwait. The school initially provided KG – elementary classes and later forayed into providing intermediate and secondary education for girls and boys separately. Total students enrolled in 2008-09 stood at 3,756.

### Key Strengths

- Portfolio of schools offering multiple curriculums.



### Company Description

Al Yamamah University, established in May 2001, provides undergraduate programs in the fields of business administration and computing & IT and a postgraduate program in management. The University which initially started as a college in 2001, was classified as a full-fledged university after King Abdullah issued a royal decree ratifying the transformation. The university is owned by the Al-Khudair family who also owns the first private school established in 1957 in Riyadh.

### Business Segments/Product Portfolio

- **Al Yamamah University:** The University offers a bachelor's degree in business administration. It also provides distance learning to aspirants and offers an executive Master's in Business Administration (MBA) for professionals with work experience. Additionally, it also provides a bachelor's degree in computing & IT.

### Key Strengths

- Strong parental backing.

### Recent Developments/Future plans

- In April 2012, Al Yamamah University signed an agreement with Bangalore University based in India, to pursue cooperative efforts in business and computer education and research, while also analyzing potential projects in other academic fields.
- In April 2012, Al Yamamah University signed an agreement with Saudi Arabia's General Directorate of Public Security to provide training courses to Public Security personnel.



### **Company Description**

Birla Public School, established in 2004, is an institution providing education from KG to class 12. Birla Public School is the first overseas venture of the Birlas, a reputed Indian industrial and commercial enterprise, with respect to schools. The school is spread across an area of 5.2 acres providing KG, primary, middle school, secondary, and senior secondary classes. The medium of instruction in the school is English. The school is affiliated to CBSE, India.

### **Business Segments/Product Portfolio**

- **The Kids Valley:** Provides kindergarten education to students.
- **Primary School:** Provides education to students from class I to class IV.
- **Middle School:** Provides education to class VI to class X.
- **Senior Secondary School:** Provides education to classes XI and XII.

### **Key Strengths**

- Strong backing by the Birla Education Group which are well-known for delivering academic excellence and quality.



### Company Description

Centre of Excellence for Applied Research (CERT), established in 1996, began as the commercial arm of the Higher Colleges of Technology, which has over 19,000 students. It provides training services relating to technology and research programs and imparts teaching programs in technology. CERT is one of the large investors in the MENA region in the discovery and commercialization of technology. Its technology park houses leading technology companies including Alcatel-Lucent, IBM, Intel, and Honeywell. CERT is the exclusive health and environment educator for the General Health Authority. The CERT Institute for Languages offers instruction in several languages, and is also the sole provider of linguistic training to the UAE military. Postgraduate programs offered include the University of Strathclyde MBA and the Deakin University Master of Education. CERT also operates The CERT Thales Institute and CERT Teacher's College.

### Business Segments/Product Portfolio

- **Education & Training:** CERT through institutes such as CERT - Thales Institute, Abu Dhabi Petroleum University, Emirates Simulation Academy, the CERT Center for Supercomputing etc. provides customized educational programs to various organizations. Its partners and associates operating these institutes include Thales, MIT Entrepreneurship Centre, Chair Academy, Intel, Texas A&M, and the Abu Dhabi Education Zone. Through these institutes, CERT provides programs in languages, food inspection technology, surveying and mapping, remote sensing, global positioning system, aerial photography, highway maintenance, building inspection, environmental and public health etc. It also provides short and long-term degree and non-degree programs in management, business, information technology and healthcare.
- **Technology & Innovation:** CERT, in collaboration with leading technology partners such as IBM, Intel etc. develops technology which is mutually beneficial for the UAE and CERT. Some of the centers that it operates include:
  - **CERT Soft:** Software development unit of CERT which specializes in offering hybrid technology solutions to manage and analyze their operations.
  - **CERT Centre for Supercomputing:** This division features first IBM Blue Gene/ L Supercomputer - the fastest supercomputer in the MENASA region producing 5.7 Teraflops of supercomputing power.
  - **CERT InfoTrack:** Formed by the alliance between CERT Telematics UAE and Infotrack Solutions of Singapore, it is a technology provider offering Telematics solutions. Through partnerships with IBM and other providers, CERT Infotrack offers turnkey Telematics across various sectors.

### Key Strengths

- Largest technology research provider and investor in the MENA region.
- Government backing as well as alliances with leading technology companies.

### Recent Developments/Future plans

- In May 2012, Pearl Initiative (an organization developed in partnership with the United Nations Office for Partnerships) entered into a Memorandum of Understanding with CERT to develop human resources in the UAE.
- In January 2011, The Institute of Chartered Accountants of India signed an agreement with CERT to launch a course to train mid-rank accountants in the UAE.



### Company Description

Dhofar University, established in September 2004 is a university in Oman providing undergraduate and postgraduate programs. The University commenced its operations from the premises of the National College of Science & Technology, which was originally following Jordan's Yarmouk University's curriculum (phased out in 2007). The university has three colleges offering 25 academic programs in various fields representing 17 diploma programs, 20 bachelor's programs, and a master's program. As of 2008, the university had 2,151 students.

### Business Segments/Product Portfolio

- **College of Arts and Applied Sciences (CAAS):** Offers 21 academic programs including a bachelor's degree, diploma in arts and sciences, and a master's degree in education. The college runs under five departments namely: Computer Science, Education, Language & Translation, Mathematics & Science, and Social Sciences.
- **College of Commerce and Business Administration:** Offers diploma and bachelor's degree in accounting, finance, and management. It operates two departments: Accounting & Finance, and Management, Marketing and Management Information Systems.
- **College of Engineering:** Offers diploma and bachelor's program in engineering across various fields such as chemical, civil, mechanical, electrical, graphic design etc. It also offers minors in mechatronics, IT, and petroleum engineering. The college functions under four departments namely: Chemical Engineering, Electrical & Computer Engineering, Graphic Design & Interior Architecture, and Mechanical Engineering.

### Key Strengths

- First privatized university in Oman modeled on the American system of education.

Current price (OMR) **1.13**

Price as on May 31, 2012

### Stock Details

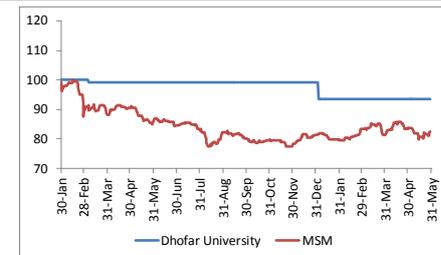
Bloomberg ticker	DHUS OM
52 week high/ low	1.13/1.124
Market Cap (US\$ mn)	41.13
Enterprise value (US\$ mn)	74.19
Shares outstanding (mn)	14.0

Source: Bloomberg

### Average Daily Turnover (000's)

	OMR	US\$
3 M	112	876
12 M	292	2,274

### Share Price Chart



### Valuation Multiples

	2011	Current	2012E
P/E (x)	9.12x	16.35x	NA
P/B (x)	1.52x	1.41x	NA
EV/S (x)	6.62x	NA	NA
Dividend Yield (%)	-	NA	NA

Source: Bloomberg

### Shareholding Structure

Al-Mashani Mustaheel Bin	20.35%
Dhofar Intl.	18.07%
Bin Abdullah Yusuf Bin	16.32%
Al Rawaz Abdul Azis	10.79%
Others	34.47%
<b>Total</b>	<b>100.00%</b>

Source: Bloomberg



Financial Performance				
US\$ Million	2010	2011	Change (%)	
Revenue	10.7	11.7	10.1	<ul style="list-style-type: none"><li>• Revenue of company increased by 10.1% due to increase in tuition fee by 10.9%.</li><li>• Gross profit margin increased from 10.5% in 2010 to 14.4% in 2011 mainly due to relatively lower growth in COGS.</li><li>• Losses have come down due to lower operating expense and rise in interest income.</li></ul>
COGS	9.6	10.1	5.2	
Operating Income	-3.5	-2.4	NM	
Operating Margin (%)	-33.1	-20.1		
Net Income	-2.9	-1.4	NM	
Net Income Margin (%)	-27.1	-11.6		
ROE (%)	-13.5	-4.6		
ROA (%)	-4.1	-1.2		

Source: Bloomberg, Zawya



### Company Description

The Doha College, established in 1980, is one of the oldest schools in Qatar providing education from KG to grade 12. The institution is sponsored by the British Embassy on a non-profit basis. It has 1,100 students across 50 different nationalities. However, around 45% of the students are British. It is affiliated with the Council of International Schools (CIS), British Schools in the Middle East and the Council of British International Schools.

### Business Segments/Product Portfolio

The school operates under two segments:

- **Primary:** Offers British curriculum education to children from pre-primary to year 6. It has approximately 320 students and in addition offers physical Education, Arabic, ICT, and music.
- **Secondary & 6<sup>th</sup> Form:** The school provides education from grade 7 through grade 11 allowing for a smoother transformation to 6<sup>th</sup> form. 6<sup>th</sup> Form students follow AS / A level courses and can select their options depending upon their (I) GCSE grades.

### Key Strengths

- Tough educational standards and strong backing from the British Embassy.



### Company Description

The Emirates International School (EIS), established in 1991, provides elementary and secondary education to students. EIS operates through a network of two branches: EIS – Jumeirah, established in 1991, and the new entrant, EIS-Meadows, which opened in September 2005. Both the schools offer International Baccalaureate (IB) programs and Edexcel International/GCSE. EIS also provides childcare facilities.

### Business Segments/Product Portfolio

Emirates International School provides education from the following schools

- **EIS-Jumeirah:** Established in 1991, the school was the first in Dubai to offer IB curriculum education to students from kindergarten to grade 13 through primary and secondary schools. The school is a member of the British Schools in the Middle East, the Middle East International Baccalaureate Association, and the Near East and South Asia Council of Overseas Schools. Its accreditations include with the Middle States Association of Colleges and Schools through the Committee on Institution-Wide Accreditation.
- **EIS-Meadows:** Established in 2005 and located off Sheikh Zayed Road, the school provides international curriculum to 1,550 students from kindergarten to grade 13 through primary and secondary schools. It is a member of the Council of International Schools, and has been granted approvals from the International Baccalaureate Organization in Geneva, and also from the UAE Ministry of Education. It is awaiting accreditation from the International Primary Curriculum in UK.

### Key Strengths

- Long operating history.
- Affiliations and accreditations from international organizations.



### Company Description

Fortes Education, established in 1993, develops and manages K-12 schools and preschools. Fortes Education is a part of the Fortis Group, which is a diversified business group established in 1975 having presence in real estate, construction, and other sectors. Fortes Education currently operates three schools: Regent International School, Jumeirah International Nursery School (Al Wasl Branch), and Jumeirah International Nursery School (Al Safa Branch).

### Business Segments/Product Portfolio

The following are the three schools owned by Fortes Education:

- **Regent International School:** The school offers UK National Curriculum from Year 1 to 12, IGCSE & A/AS levels at the secondary level to girls and boys. The school is a member of BSME and is accredited and authorized by University of Cambridge (International Examinations) and Knowledge & Human Development Authority, Govt. of Dubai.
- **Jumeirah International Nursery School (Al Wasl Branch):** The school offers education to children between one and a half years and four years by following the Early Years Foundation Stage of the National Curriculum (UK).
- **Jumeirah International Nursery School (Al Safa Branch):** The school offers Early Years Foundation Stage of the National Curriculum (UK) to children between one and a half years and four years.

### Key Strengths

- Offers end-to-end education of the British Curriculum.



### Company Description

Global Education Management Systems (GEMS), established in 1968, owns and operates a number of schools across the globe catering to more than 100,000 students from 151 countries. In addition, GEMS offers consulting services to both public and private schools. It has offices in London, New York, Singapore, Delhi, Riyadh, and Dubai. GEMS is owned by the Varkey Group (75.0%) and Infrastructure and Growth Capital Fund (25.0%) and operates 37 schools providing schooling in American Curriculum, National Curriculum for England, International Baccalaureate, Indian curriculum – Council for the Indian School Certificate Examinations (CISCE) and CBSE and dual curricula programs.

### Business Segments/Product Portfolio

#### ▪ American Curriculum

- Al Khaleej National School (Dubai)
- Dubai American Academy (Dubai)
- GEMS American Academy (Abu Dhabi) & two other schools

#### ▪ National Curriculum for England

- Cambridge International School (Dubai)
- GEMS Cambridge International School (Abu Dhabi)
- GEMS Wellington Academy - Silicon Oasis & ten other schools

#### ▪ International Baccalaureate

- GEMS World Academy (Dubai)
- Dubai American Academy (Dubai)
- GEMS Wellington International School (Dubai)

#### ▪ INDIAN Curriculum – CISCE

- Dubai Modern High School (Dubai)

#### ▪ INDIAN Curriculum - CBSE

- GEMS Millennium School (Sharjah)
- Our Own English High School (Abu Dhabi)
- Our Own English High School (Al Ain) and eight other schools

#### ▪ Dual Curricula

- Dubai American Academy (Dubai)
- GEMS Wellington International School (Dubai)
- Our Own English High School (Al Ain) and one school

### Key Strengths

- Large global group having rich experience & local know-how; offers diversified schooling curricula.



### Company Description

Innoventures Education, established in 2004, owns and operates a nursery and schools in Dubai. It offers IB and Cambridge Curriculum from nursery to grade 12. In 2010, Innoventures Education in partnership with Emaar Properties took over the management of Raffles International Schools and Nurseries. Additionally, Collegiate American School was added to its portfolio recently. The company now owns four schools and nine nurseries, and caters to almost 5,000 students.

### Business Segments/Product Portfolio

Following are some of the Innoventures Education School's and Nurseries in Dubai

- **Dubai International Academy:** Dubai International Academy offers the entire range of IB programs i.e. Primary Years Program (PYP), Middle Years Program (MYP) and Diploma Program (DP). It provides these programs to over 1,850 students right from KG 1 to IB diploma.
- **Raffles International School (Nursery):** Raffles Nurseries operates nine nurseries in Dubai and offers a choice of two curriculums: The Early Years Program and Montessori Program to over 900 pupils.
- **Raffles International School (South Campus, Umm Suqeim):** The school's junior and middle school offers the Montessori Program in KG and the Cambridge Primary Program from Grades 1 through 5 to over 600 students. The school aims to provide Cambridge Secondary Program 1 in Grades 6 and 7.
- **Raffles International School (West Campus, Umm Suqeim):** The school offers end-to-end education from KG to Grade 12 by offering a combination of IB and Cambridge curriculums: From KG 1 to Grade 5 - The IB PYP, Grades 6 to 8: the Cambridge Secondary Program 1, Grades 9 to 10: IGCSE in, and in Grades 11 and 12, the IB Diploma Program.
- **Collegiate American School (Umm Suqeim 2):** Newest addition to the company, the school offers American curriculum program for students in Pre KG to Grade 5.

### Key Strengths

- Offering a complete range of education from KG to grade 12 through IB, American Curriculum, and Cambridge.

### Recent Developments/Future plans

- In April 2011, Innoventures Education announced the launch of the Collegiate American School in Dubai.



### Company Description

King Abdulaziz University, established in 1967, is a national university providing higher education in west Saudi Arabia. The university is entirely run by the government of Saudi Arabia. The university offers undergraduation and postgraduation courses in fields such as engineering, medicine, pharmacy, economics and administration, science, marine sciences, environmental design etc. The university has 82,152 students enrolled for various courses. The university has its branches across three locations namely Al Kamel - Khleis and Asfan, Tabuk - Jeddah Campus for men and women, and the Madina Campus. The university also runs a general hospital.

### Business Segments/Product Portfolio

The university operates following departments/faculties:

- **Faculty of Engineering:** The faculty conducts programs accredited by Accreditation Board for Engineering and Technology since 2003, and run the following departments namely: Power & Electrical Engineering, Biomedical & Electrical Engineering, and Chemical & Materials Engineering among others.
- **Faculty of Medicine:** Established in 1975, it operates the following departments: Basic Sciences (Department. of Anatomy, Physiology, Microbiology, Medical Parasitology, Pharmacology) and Clinical Sciences (Department of Otorhinolaryngology, Internal Medicine, Ophthalmology, Hematology, Urology) among others.
- **Faculty of Economics and Administration:** Established in 1964, later merged with the University, the faculty operates the following departments: Business Administration, Economics, Public Administration, Accounting, and Political Science.
- **Faculty of Dentistry:** Established in 1985, the faculty has the following departments: Oral Basic & Clinical Sciences Department, Oral & Maxillofacial Rehabilitation Dept., Preventive Dental Sciences Department, and Conservative Dental Sciences.
- **Faculty of Pharmacy:** Established in 2003, it provides both bachelor's and master's degrees and operates the Pharmaceutics & Industrial Pharmacy, Clinical Pharmacy, Pharmaceutical Chemistry departments among others.
- **Faculty of Science:** Established in 1973, the faculty offers bachelor's and master's programs through the following departments: Mathematics, Physics, Chemistry, and Geology among others.
- **Faculty of Arts and Humanities:** Established in 1970, the Faculty of Arts is the second biggest faculty and operates the following departments: Arabic Language & Literature, European Languages & Literature, Geography, Library & Information Science, and Mass Communications among others.

Other faculties include Islamic Economics Institute, English Language Institute, Jeddah Community College, Tourism institute, Computing and Information Technology etc. among others.

### Key Strengths

- Oldest and largest nationalized university in Saudi Arabia.
- Diversified course offerings.

### Recent Developments/Future plans

- In March 2012, King Abdulaziz University signed a cooperation agreement with South Korea's Institute of Energy Research in Jeddah aimed at establishing an energy research center.



## King Fahd Univ. of Petroleum & Minerals (Government Owned) Saudi Arabia

### Company Description

King Fahd University of Petroleum and Minerals, established in 1963, is a government-run institution providing higher education and research in engineering, sciences, industrial management, environmental design etc. The University offers undergraduate and postgraduate programs in engineering, sciences, and industrial management among other programs. With regard to post graduation, the University offers 32 master's programs and 11 doctorate programs in 27 different disciplines. The University initially started off as a college providing higher-level education in petroleum and minerals, and was later granted university status in 1975. The University operates seven colleges. During the academic year 2008-09, it had 8,000 student enrollments and is renowned in Saudi Arabia for excellence in education.

### Business Segments/Product Portfolio

The University offers undergraduate and postgraduate programs from the following institutions/colleges:

- **College of Sciences:** The college offers programs from the following fields: physics, earth sciences, mathematics & statistics, and chemistry.
- **College of Engineering Sciences And Applied Engineering:** The College offers programs from the following fields: chemical engineering, civil engineering, electrical engineering, mechanical engineering, petroleum engineering, and aerospace engineering.
- **College of Applied & Supporting Studies:** The College offers programs from diverse fields such as Islamic and Arabic Studies, year program, English language, physical education, and general studies.
- **College of Computer Science & Engineering:** The College offers computer engineering, information & computer science, and systems engineering programs
- **College of Industrial Management:** Courses on accounting & management Information system, finance & economics, and management & marketing are offered by the college.
- **College of Environmental Design:** The College offers programs such as architectural Engineering, architecture, city & regional planning, and construction engineering & management.
- **Community Colleges:** The University runs two Community colleges namely: Dammam Community College which offers degrees in accounting, computer applications, marketing, and supply chain management; and Hafr-Al Batin which provides associate degrees in business administration, office administration, computer science & engineering technology etc.

### Key Strengths

- Strong Governmental backing and delivering high-quality education.
- Diversified course offerings.



## Majan University College

Oman

### Company Description

Majan University College, established in 1995 offers undergraduate and postgraduate degrees in various fields such as business management, finance, accounting, marketing etc. The Oman Chamber of Commerce and Industry played a pivotal role in the establishment of the college. The university operates under the direct supervision of the Ministry of Higher Education, Oman. It is an accredited college of University of Bedfordshire, UK. Academically, the college has affiliations with the University of Leeds, UK and works in collaboration with the University of Glasgow, UK. The college has a student population of more than 1,800.

### Business Segments/Product Portfolio

- **Majan College:** Offers undergraduate programs in business administration, human resource, marketing, finance, computer and internet applications, networking, English language etc. Its professional course offerings include Association of Chartered Certified Accountants, UK and ACCA – Certificate in IFRS. Postgraduate courses include MBA, Master's in Computer Science, Master's in Organizational Leadership, and English literature.

### Key Strengths

- Diversified course offering include professional courses. Also has strong backing from the Government of Oman.
- Affiliations with renowned universities augur well in attracting students.

Current price (OMR) 0.28

Price as on May 31, 2012

### Stock Details

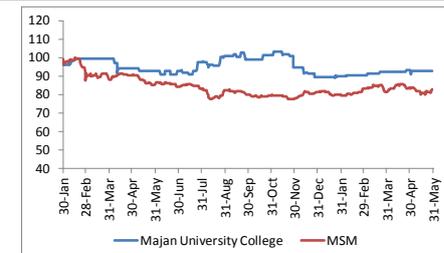
Bloomberg ticker	BACS OM
52 week high/ low	0.31/0.255
Market Cap (US\$ mn)	21.4
Enterprise value (US\$ mn)	10.4
Shares outstanding (mn)	30.0

Source: Bloomberg

### Average Daily Turnover (000's)

	OMR	US\$
3 M	2,566	4,170
12 M	6,668	10,833

### Share Price Chart



### Valuation Multiples

	2011	Current	2012E
P/E (x)	10.26x	8.89x	NA
P/B (x)	1.55x	1.49x	NA
EV/S (x)	1.64x	1.19x	NA
Dividend Yield (%)	11.27	NA	NA

Source: Bloomberg

### Shareholding Structure

Human Inv Training	64.18%
Al Muthanna Invt.	12.32%
Oman Chamber of Commercial	10.00%
Others	13.5%
<b>Total</b>	<b>100.00%</b>

Source: Bloomberg



Financial Performance			
US\$ Million	2010	2011	Change (%)
Revenue	7.3	8.2	12.1
COGS	3.1	3.6	15.8
Operating Income	1.4	1.6	8.7
Operating Margin (%)	19.8	19.2	
Net Income	2.1	2.3	11.1
Net Income Margin (%)	28.2	27.9	
ROE (%)	13.4	15.0	
ROA (%)	11.6	13.0	

- Revenue of company increased by 12.1% due to growth in tuition fee.
- Gross profit margin declined marginally from 57.8% in 2010 to 56.4% in 2011.
- Net income improved by 11.1% due to improvement in operating income on account of lower depreciation expense and reversal on allowance for credit loss.

Source: Bloomberg, Zawya



## Oman Education and Training Investment Company

Oman

### Company Description

The Oman Education and Training Investment Company, established in 1998, owns and operates Sohar University. The university provides undergraduation and post graduation programs in business, computing IT, engineering, and humanities & social sciences. Most of the programs are affiliated to the University of Queensland, Australia. The university operates four departments namely: Business, Computing & Information Technology, Engineering, and Humanities & Social Sciences.

### Business Segments/Product Portfolio

- **Faculty of Business:** Provides undergraduate programs in accounting, management, marketing, management information systems, and business & commercial Law. It also provides an MBA program.
- **Faculty of Computing and Information Technology:** Provides undergraduate programs in computing & media, computing & web engineering, network & database Administration, and business information technology. The students can also enroll for certification programs from Cisco, Adobe, and Oracle.
- **Faculty of Engineering:** The faculty offers three programs i.e. Bachelor's, Advanced Diploma, and Diploma in engineering across electrical, computer, mechanical, civil, chemical etc.
- **Faculties of Humanities & Social Sciences:** Offers diploma, advanced diploma, bachelor's, and master's programs in humanities and life sciences. Some of the courses such as Islamic Studies, sciences, mathematics, social studies, English language etc. are affiliated with Mo'ta University – Jordan.

### Key Strengths

- Diversified course offerings.
- Strong affiliations with University of Queensland and Mo'ta University, Jordan.

Current price (OMR) 0.352

Price as on May 31, 2012

### Stock Details

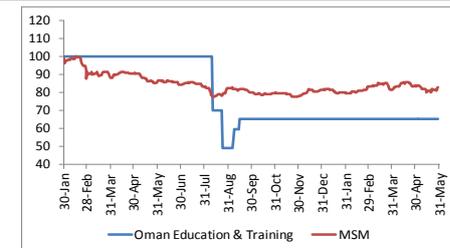
Bloomberg ticker	OETI OM
52 week high/ low	0.544/0.265
Market Cap (US\$ mn)	64.0
Enterprise value (US\$ mn)	67.4
Shares outstanding (mn)	70.0

Source: Bloomberg

### Average Daily Turnover (000's)

	OMR	US\$
3 M	NA	NA
12 M	6,532	9,175

### Share Price Chart



### Valuation Multiples

	2011	Current	2012E
P/E (x)	86.55x	239.94x	NA
P/B (x)	2.06x	2.07x	NA
EV/S (x)	2.92x	2.84x	NA
Dividend Yield (%)	-	-	NA

Source: Bloomberg

### Shareholding Structure

Al Hoqani Suleiman Bin	17.64%
Global Financial Investment	3.77%
First National LLC	1.50%
Others	77.09%
<b>Total</b>	<b>100.00%</b>

Source: Bloomberg



Financial Performance				
US\$ Million	2010	2011	Change (%)	
Revenue	24.9	22.8	-8.3	<ul style="list-style-type: none"><li>• Revenue of the company declined by 8.3% in 2011.</li><li>• Gross Margins declined from 38.6% to 36.0% due to the relative increase in COGS compared to revenues.</li><li>• Net Profit margin too declined due to losses in non-operating line-items.</li></ul>
COGS	15.2	14.6	NA	
Operating Income	2.9	0.3	-90.9	
Operating Margin (%)	7.8	6.4		
Net Income	2.8	0.7	-73.3%	
Net Income Margin (%)	11.1	3.2		
ROE (%)	7.9	2.3		
ROA (%)	5.0	1.1		

Source: Bloomberg, Zawya



### Company Description

Public Authority for Applied Education and Training (PAAET), established in 1982, is an umbrella organization for vocational and training colleges and centers. PAAET functions under the direct supervision of the Ministry of Higher Education, Kuwait. The institute offers applied education through three colleges and five training institutes.

### Business Segments/Product Portfolio

Following are the three colleges run by PAAET:

- College of Basic Education
- College of Business Education
- College of Health Sciences

Following are the five training institutes run by PAAET:

- Constructional Training Institute
- Electricity and Water Institute
- Industrial Training Institute (Sabah El-Salem)
- Nursing Institute
- Vocational Training Institute

### Key Strengths

- Government backing and in sync with Kuwait's overall goal to develop the oil sector.
- Diversified course offerings.

### Recent Developments/Future plans

- In October 2010, PAAET was in the process of driving three projects – The College of Health Sciences for Girls at an estimated cost of USD 56.1 million, The Nursing Institute in Shuwaikh at a cost of USD 24.8 million, and the third and the largest being the General Education and Student Services Building at Shuwaikh Campus at a cost of USD 255.1 million. The projects are scheduled to be completed over a period of three and a half years.



### Company Description

The Qatar Foundation, established in 1995, is a semi-private institution supported partly by the Qatari government. It provides education, science and research, and community development services. The foundation provides education to students from Kindergarten to post graduation through its network of institutions. The schools offer International curriculum and local Arabic curriculum whereas it provides higher education including undergraduate and postgraduate programs through affiliations with international universities.

### Business Segments/Product Portfolio

- **Schools:** The foundation provides education from Kindergarten to grade 12 from the following institutions:
  - **Qatar Academy:** Established in 1996, the Qatar Academy is a co-educational school that provides IB programs from pre-primary to secondary level. It is also the only authorized IB World School implementing the PYP, MYP and IB Diploma programs in Qatar.
  - **Qatar Academy Al Khor:** Established in 2008, the school provides education from KG to Grade 5 in English through the International English curriculum and locally accepted Arabic, Islamic, and Social Studies.
  - **Qatar Leadership Academy:** Established in 2005, the school is a boarding school for boys from grades 6 to 12. The school is run in partnership between the Qatar Foundation and the Qatari Armed Forces.

#### Additionally, it runs two programs

- The Academic Bridge Program is a post-secondary school program that helps students transition from high school to university.
  - Awsaj Institute of Education is an educational program providing assistance and interventions to students experiencing academic difficulties.
- **Higher Education:** The Qatar Foundation provides international degrees through the following tie-ups:
    - **Virginia Commonwealth University:** Programs in Arts & Science; **Weill Cornell Medical College:** undergraduate and postgraduate programs in Medicine; **Texas A&M University:** Programs in Chemical, Electrical, Petroleum and Mechanical Engineering; **Carnegie Mellon University:** Programs in Computer Science, Business and Information Systems; **Northwestern University:** Programs in journalism and communication; **HEC Paris:** Executive Education Programs for mid-career and senior executives; **UCL Qatar:** Offering postgraduate qualifications in museum studies, conservation and archaeology in partnership with Qatar Museums Authority.

### Key Strengths

- End-to-end education services provider with strong backing from the Qatari government.
- Tie-ups with well-renowned international universities augur well for the expected increase in expatriate population.



### Company Description

Taaleem, (formerly Beacon Education), established in 2004, is a school management company which owns and operates many schools that provides education from early childhood to secondary education in Dubai. Taaleem, through its school, offers international curriculum which include British, American, IB, International Primary Curriculum, and its custom multi-lingual early childhood program. Taaleem owns 13 institutes including nurseries and schools. As of 2010, Taaleem catered to around 4,500 students. Madares, an investment company with an interest in the education sector, owns Taaleem.

### Business Segments/Product Portfolio

Taaleem owns and operates the following institutions:

- **Al-Mizhar, American Academy for Girls:** Established in 2005, the school offers American Curriculum, Kent County Collaborative Core Curriculum based on Michigan State and US National Standards. The school offers education to girls from Pre-KG 1 to Grade 12 while boys are only allowed education from Pre-KG to KG2. The school is accredited by the Council of International Schools and New England Association of Schools and Colleges.
- **The Children's Garden:** Established in 2005, TCG offers customized programs for The International Curriculum for Languages & Creative Arts in English/German or English/French. Courses in Arabic are also offered. The school is a co-education institution providing education from pre-nursery to KG 2 (ages: 2 – 5 yrs). The school has two branches: Garden located in the Green Community, Dubai Investments Park and Jumeira 2, close to Dubai Ladies Club.
- **Dubai British School:** Established in 2005, the school offers co-education in The National Curriculum (England and Wales) from the foundation class to Year 13. The school is accredited by the Council of International Schools.
- **Greenfield Educational School:** Established in September 2007, the school offers PYP, MYP, and DP and the IB's Career-related Certificate to boys and girls from classes KG 1 to Grade 12.
- **Jumeira Baccalaureate School:** Established in September 2010, the school offers International Primary Curriculum, IB's MYP, and will offer the IB's DP from September 2012. The school offers education to boys and girls from pre-KG to Grade 10 and will start offering the IB diploma for Grade 11 and Grade 12 from September 2012.
- **Uptown School:** Established in September 2005, the school offers PYP of the IB curriculum from classes KG 1 to Grade 5.
- **Raha International School:** Established in September 2006, the school offers PYP, MYP and DP from the IB curriculum from classes KG 1 to Grade 12 to boys and girls.

### Key Strengths

- Complete range of offerings of studies and curriculum.
- Affiliations with international bodies.

### Recent Developments/Future plans

- In April 2012, Taaleem plans to open two schools: One, under the banner of The Children's Garden at Al Barsha 2, while the second school will be started under the banner of Uptown School (sister school of Uptown Primary School). The new campus will open in different phases, beginning with Pre-KG to KG 2 in September 2012, followed by Grade 1 to Grade 8 in September 2013 and higher grades from 2014 onwards.



### Company Description

The University of Bahrain was established in 1986 following the merger of the University College of Arts, Science and Education and Gulf Polytechnic. The university is entirely managed & funded by the Government of Bahrain and is the only nationalized university offering undergraduate and postgraduate programs. The university covers an area of 156,607 m<sup>2</sup> and operates under two campuses Sakhir (103,657 m<sup>2</sup>) and Isa Town (52,949 m<sup>2</sup>). The university has nine colleges and three deanships. As of 2010, the university had a student population of 12,709 including 2,382 graduates.

### Business Segments/Product Portfolio/Colleges

- **College of Arts:** Offers undergraduate programs in English & Arabic languages and literature, mass communications, tourism, social sciences, and Islamic studies. It also provides a Master's degree in English & Arabic literatures and Psychology. It operates six departments namely: English Language & Literature, Communication, Tourism and Fine Arts, Social Sciences, Arabic and Islamic Studies, and Psychology.
- **College of Business Administration:** Offers undergraduate programs in accounting, banking & finance, business management and marketing. It also offers an MBA program. It operates four departments namely: Accounting, Economics and Finance, Management and Marketing, and Graduate Studies.
- **College of Engineering:** Offers eight Bachelor's programs in architecture, interior design, chemical engineering, civil engineering, mechanical engineering, electrical engineering, electronics engineering, and process instrumentation and control engineering. In addition to the undergraduate programs, the college also offers Master's and doctoral programs in chemical, civil, electrical, and mechanical engineering.
- **College of Information Technology:** Offers undergraduate programs in computer science, computer engineering, and information systems and operates three departments.
- **College of Law:** offers undergraduate and postgraduate programs in law and operates under the public law & private Law departments.

**College of Science:** Offers a bachelor's degree in mathematics, statistics and operation research, biology, physics, chemistry as well as medical physics. It also offers postgraduate degree in mathematics and environment and sustainable development. It operates four departments namely: mathematics, chemistry, biology, and physics.

Other colleges include **College of Applied Studies**, **Bahrain Teachers College**, and **Academy of Physical Education and Physiotherapy**.

### Recent Developments/Future plans

- In February 2012, the University of Bahrain was in discussions with Harvard Medical School for a possible tie-up.
- In October 2011, the University of Bahrain signed a MoU with the Royal College of Surgeons in Ireland for co-operation in teaching, research and development etc.
- In February 2011, the University of Bahrain signed a MoU with York St John University to extend the Postgraduate Certificate in Academic Practice (PCAP) program for two years until 2012.



## American University of Kuwait (Privately Owned)

Kuwait

### Company Description

The American University of Kuwait, established in 2003 under the Amiri Decree 139, offers undergraduate and postgraduate programs in liberal arts and sciences. It is modeled on the American education system, The University has partnered with the Dartmouth College, UK since 2003 to provide academic consultation and advisory.

### Business Segments/Product Portfolio

- **College of Arts and Sciences:** Offers undergraduate programs in arts, business administration, engineering, and sciences. It intends to offer postgraduation programs in future. Its program is accredited with the American Academy for Liberal Education, Association of Collegiate Business Schools and Programs, and the Commission on English Language Program Accreditation.

### Key Strengths

- Affiliation with the Dartmouth College, UK and an accreditation of its programs gives credence to the university.
- Expansion to the postgraduate programs in future will enable generation of more revenues.

## Kings' Dubai (Privately Owned)

UAE

### Company Description

Kings' Dubai, established in 2004, operates a primary school for children aged between three years and 11 years by offering the UK's National Curriculum. It is located in Umm Suqeim 3 in Dubai and follows the National Curriculum's Early Years Foundation Stage (EYFS) Curriculum from Age 3 and thereafter Key Stage One (Years 1 and 2) and Key Stage Two (Years 3–6). The school recently started offering the Year 7 course.

## Skyline College (Privately Owned)

UAE

### Company Description

Skyline College, established in 1990, offers programs in Bachelor of Business Administration, majors in travel & tourism management, information systems, marketing, international business and finance. It also offers a MBA program, with specializations in marketing, finance, and human resource management. The university has tie-ups with various institutes across the UK, US, Australia, New Zealand, Pakistan, Ireland, and India among others to facilitate exchange of knowledge. It also has professional tie-ups with IATA-UFTAA, Association to Advance Collegiate Schools of Business, Confederation of Tourism and Hospitality, Association of Chartered Certified Accountant and the World Tourism Organization. Its programs are accredited by the Ministry of Higher Education & Scientific Research, UAE.

### Key Strengths

- Affiliations and tie-ups with international bodies/universities.



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## Sultan Bin Abdulaziz Science & Technology Center (Government Owned)

Saudi Arabia

### Company Description

Sultan bin Abdul-Aziz Science and Technology Center (Scitech) is an institution that simplifies and explains science to teenagers via interactive methods. Scitech is affiliated with the King Fahd University of Petroleum and Minerals. Scitech is located in Al-Khobar covering an area of 21,700 square meters and comprises seven main exhibit halls, which deals with varying science and technologies. These halls include more than 350 scientific exhibits. There is also a scientific dome which showcases a state-of-the-art IMAX theater and an astronomical observatory. The center also has a conference hall, an educational unit, an exhibition hall and administrative and services facilities.

### Key Strengths

- Affiliation with King Fahd University of Petroleum and Minerals.
- Greater acceptance and implementation of interactive teaching methods.

## Universal American School (Privately Owned)

Kuwait

### Company Description

Universal American School, established in 1976, is a co-educational private school providing education to students from nursery to grade 12. The school is accredited by the Council of International Schools and the New England Association of Schools and Colleges and offers a full American program with 12 AP courses and provides International Diploma. Apart from education services, the school also provides placement and counseling services in preparations for tests such as TOEFL, PSAT, SAT, PLAN etc. The school has approximately 1,600 students and is owned by Al- Awama General Trading and Contracting Company and Mrs Noura Abdul Aziz Al Ghanem.

### Key Strengths

- Strong operating history and provides end-to-end school education.
- Provides local and international degree certification.



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## For any query regarding this report, please contact:

Sameena Ahmad

Managing Director

sameena.ahmad@alpencapital.com

+971 (0) 4 363 4345

Sanjay Vig

Managing Director

s.vig@alpencapital.com

+971 (0) 4 363 4307

Latika Dhingra

Vice President

latika.dhingra@alpencapital.com

+971 (0) 4 363 4380

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**Dubai Investments Park**  
**Dubai Investments Park  
Development Company LLC**  
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(Musharaka)  
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