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Taaleem Management Services S.A.E. announces the successful pricing for the offering of ordinary shares on the Egyptian Exchange

29 March 2021 | Cairo, Egypt

Taaleem Management Services S.A.E. (the "Company", and, together with its consolidated subsidiaries, "Taaleem" or the "Group"), Egypt's first institutionalized multi-brand higher education platform, announces today, the successful conclusion of the book building process and the pricing of the offering (the "Offer Price") on the Egyptian Exchange ("EGX") (the "Offering").

The institutional offering was 2.34x oversubscribed. At the Offer Price, The final price for the Offering has been set at EGP 5.75 per share implying an offering valuation of EGP 4.2 billion.

The Offering is expected to consist of a secondary sale of shares by Sphinx Obelisk B.V. (the "Selling Shareholder") of up to 357,822,200 ordinary shares on the EGX, representing up to 49.0% of the Company's share capital post completion of the Offering and will include:

- (i) A private placement to qualified investors in several countries including Egypt (the "Private Placement"); and
- (ii) A retail offering to retail investors in Egypt (the "Egyptian Retail Offering")

The shares offered in both the Private Placement and the Egyptian Retail Offering (together, the "Combined Offering") will be offered at the Offer Price.

Trading in the shares on the EGX is expected to commence on Wednesday, 7 April 2021 under the symbol TALM.CA The commencement of trading is subject to receipt of any remaining customary regulatory approvals from the Egyptian Financial Regulatory Authority ("FRA") and the EGX.

The Group has shown strong financial performance over the years, recording operating revenue CAGR of 28% between FY 2017/18 and FY 2019/20, and an adjusted EBITDA CAGR of 37% over the same period. Average tuition revenue per student has witnessed a growth of 54% from EGP 49.9k in FY 2017/18 to EGP 76.9k in FY 2019/20, boosted by the ongoing introduction of new faculties that carry higher tuition per student. In FY 2019/20, the Company recorded operating revenues of EGP 450 million, up from the EGP 354 million recorded in FY 2018/19 and the EGP 274 million in FY 2017/18. In FY

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2019/20, the Group's adjusted EBITDA¹ was EGP 240 million compared to EGP 184 million recorded in FY 2018/19 and EGP 128 million in FY 2017/18. Profit for the year for FY 2019/20 stood at EGP 144 million up from the EGP 110 million recorded in FY 2018/19 and EGP 62 million in FY 2017/18.

The Company has engaged CI Capital Investment Banking S.A.E ("CI Capital") to act as Sole Global Coordinator and Joint Bookrunner, and Renaissance Capital Egypt for Promoting and Underwriting of Securities S.A.E ("Renaissance Capital") and First Abu Dhabi Bank PJSC ("FAB") to act as Joint Bookrunners for the Combined Offering. For the avoidance of doubt, Renaissance Capital and FAB have been appointed as Joint Bookrunners in connection with the Private Placement only. Norton Rose Fulbright is international counsel to the Company. Matouk Bassiouny & Hennawy is local counsel to the Company. White & Case is local and international counsel to the Joint Bookrunners.

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¹ Adjusted for legal, advisory, and other expenses incurred in connection with the shareholders' acquisition of the Company in the calendar year 2015, and subsequently paid by the Company on behalf of the shareholders, discontinued operations and one-off gains/expenses, which are not recurring in the ordinary course of the Company's operations, and do not entail further accrual of the same nature or for the same purpose in the future, capital gain or loss resulting from the sale of fixed assets, and any expenses or fees relating to the listing of the Taaleem shares

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About Taaleem

Taaleem is a leading higher education provider in Egypt, which operates Nahda University in Beni Suef (“NUB”) with two campuses in Beni Suef Governorate, 100 km south of Greater Cairo. The university is the largest private university in Upper Egypt with a total capacity of just over 11,000 students and more than 6,270 enrolled students for the 2020/2021 academic year, serving Egypt’s most populous and one of its most underserved regions. Taaleem’s flagship university, NUB, hosts a wide spectrum of high-quality education, including pharmacy, dentistry, engineering, computer science, media, marketing and business administration, medicine, and physiotherapy. NUB’s faculty of medicine is Egypt’s largest private medical faculty, and one of only five nationwide, with an exclusive partnership with the Medical University of Vienna International (“MUVI”), an internationally ranked university and one of the oldest medical universities in Europe. NUB plans to launch three new faculties over the next three years, subject to obtaining regulatory approvals, which are expected to boost student capacity by 27%.

In addition to NUB, the Company is in the process of launching Badya University in West Cairo, subject to regulatory approvals, with a potential total capacity of 9,160 students.

Competitive Strengths

The First and Largest Private University in Upper Egypt, Offering High Quality Education, Generating Strong Demand Across Faculties

- NUB is strategically located in Upper Egypt, the most populous and one of the most underserved regions in Egypt with a low university per capita ratio
- NUB is the first and largest private university in Upper Egypt
- NUB has been able to garner strong demand as evidenced by its 80%+ intake utilization on the back of the improved quality of education

Focusing on Faculties Generating Industry Leading Margins, Underpinned by Launching Egypt’s Largest Private Faculty of Medicine and One of Only Five Private Universities in Egypt

- Affordable price point in comparison to peers and flexibility to increase tuition fees
- Taaleem has historically been able to generate above industry average margins as NUB has been consistently increasing its exposure to high margin faculties. For the 2020/2021 academic year, 67% of NUB’s student body is enrolled in high-margin faculties
- Launched Egypt’s largest medical faculty in terms of capacity among private universities with an annual capacity of 400 students as the first private faculty of medicine in Upper Egypt and one of only five private medicine faculties in Egypt with an exclusive partnership with MUVI

Spearheaded by a Committed and Highly Competent Management Team with a Strong Track Record in Growth Acceleration and Institutionalization

- Led by an experienced team of educators and executives with broad experience in academics and business

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- Committed to providing high-quality undergraduate, graduate and specialized degree programs and enhancing the student experience to strengthen outcomes
- Introduced the first institutionalized higher education management platform in Upper Egypt by enhancing infrastructure, improving the university offerings and hiring top tier academic staff over the last five years

Unique Platform with Strong Financial Performance Supported by an Unlevered Balance Sheet, That is Expected to Accelerate on the Back of its Organic Expansion. A Pure Play on Egypt's underserved Higher Education Industry with a Superior Profitability Profile.

- FY 2019/20 revenues of EGP 450mn and adjusted EBITDA of EGP 240mn, with a superior adjusted EBITDA margin of 53% as a result of being a pure play higher education player
- Solid track record with 3-year revenue and adjusted EBITDA CAGR of 28% and 37%, respectively
- Unlevered balance sheet with a Net Cash position

Clear, Well-Articulated and Diversified Expansion Plan, Underpinned by the Introduction of New Faculties and the new Badya University

- Expecting the introduction of three new faculties at NUB over the next three years offering agricultural engineering, arts, and architecture, which are expected to increase student capacity by 27%
- Taaleem entered into a joint venture with Palm Hills Development S.A.E. to set up a higher education campus with a capacity of 9,160 students in West Cairo controlled and managed by Taaleem
- Exploring opportunity to manage community colleges in Egypt in a number of governorates

Operating in the Underpenetrated and Resilient Private Higher Education Market with Significant Barriers to Entry

- Highly attractive supply and demand dynamics with the number of universities per one million capita of only 0.5 in Egypt while the demand continues to grow given supportive demographics
- Stable legal and regulatory framework imposes significant barriers to entry supported by a progressive regulator
- High capital requirements to fund campus real estate infrastructure form an additional barrier to entry in the sector

Strong Commitment to Achieve Significant Social Impact While Implementing Best Governance Practices

- Taaleem has been actively pursuing the highest environmental, social and safety standards for its students, employees and all other stakeholders
- Taaleem is an active player in the community promoting equality and social welfare with its campuses located in a governorate that was once listed as underdeveloped
- Adopting global best practices to ensure proper governance

– Ends –

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