

Taaleem Holdings

Initiation Report – Education

UAE | 17 September 2026

A leading education platform

Taaleem (or “the Company”) is a home-grown champion in the UAE education sector, operating 37 K-12 schools and 36 nurseries and serving c.47k students across the full education lifecycle, spanning both private and government education. The Company’s core strength lies in its premium K-12 franchise, which comprises 14 highly rated schools with strong brand equity and established market recognition.

Favorable macro tailwinds

Taaleem is well positioned to benefit from the UAE’s demographic mix and sustained population growth, which is increasingly driven by affluent expatriate families and should continue to underpin demand for premium education.

Strong foundation supports future growth

Taaleem’s business model is supported by high student retention rates, providing resilience through periods of disruption. With utilization already high across its mature schools, the Company is well positioned to execute its expansion plan and capture opportunities in emerging UAE residential communities.

Financials & valuation

We forecast revenue to grow at a CAGR of c.9% over FY2025-2032E, driven by capacity expansion and enrolment growth in the premium K-12 segment. We expect margins to follow a J-curve recovery as new schools mature and utilization improves.

We value Taaleem on a sum-of-the-parts basis, applying a five-year DCF to the core K-12 business and an exit-multiple approach to the KFG business. This yields a target price of AED 4.08/share, implying c.26% upside from the current share price of AED 3.23 (as of 17 September 2026).

Target Price (December 2027)

AED 4.08

Current Price (17 September 2026)

AED 3.23

Return Potential

26%

Company Data (17 September 2026)

Shares outstanding (mn)	1,000
Current Market Cap (AED mn)	3,230
52-week H/L (AED)	4.69/2.71
Free Float	47.1%
3m avg daily volume (mn)	0.9
3m avg daily value (AED mn)	2.8
Volatility (90 d)	31.6%
12m Consensus Target Price (AED)	4.65

Price Performance (AED)



Total Return (17 September 2026)

	1m	3m	YTD
Taaleem	(1.8%)	3.5%	(22.5%)
DFM	2.3%	(1.9%)	4.2%
ADX	0.9%	2.0%	4.2%
MSCIEM	(1.1%)	(4.7%)	22.1%

Source: Bloomberg

Aditya Pugalia | adityap@emiratesnbd.com

Mayank Shah, CFA | mayanksha@emiratesnbd.com



Disclaimer

This Initiation Report on Taaleem Holdings PJSC ("Report") is issued by Emirates NBD Securities L.L.C ("ENBDS"), a brokerage firm licensed and regulated by the Securities and Commodities Authority ("SCA"), United Arab Emirates ("UAE"), and having its registered office at Emirates NBD Building, 2nd Floor, Al Wasl Road, Jumeirah, Dubai, UAE.

This Report and any information provided herein is intended to serve solely as an illustration for information purpose and is not intended to be relied on for trading purpose, to make an investment or divestment decision or to initiate or conclude any transaction. This document has no contractual value and is not and should not be construed as investment advice or as an offer or the solicitation of an offer or a recommendation to buy or sell any security and it should not be relied upon as such. The information contained in this Report, including any forecasts, opinions and expectations are entirely those of ENBDS and are given as a part of its normal research activities and should not be construed as guaranteeing the results of or the performance of any security. Certain information may also be obtained from third party sources that ENBDS believes to be reliable but may not be independently verified. While every effort has been made to ensure the accuracy of the information appearing in this Report, including any valuations, opinions or estimates, ENBD makes no guarantee, representation or warranty and accepts no responsibility or liability for its validity, timeliness, completeness, accuracy or reliability including any third-party information. Opinions expressed are current as of the original publication date appearing on the Report only and the information, including the opinions contained herein, are subject to change without notice. ENBDS is under no obligation to update this report. ENBDS accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in this Report.

This Report is not intended for anyone other than the recipient. This Report is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to any applicable law or regulation. ENBDS owns the intellectual property rights and any other material contained in this report. The contents of this Report may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose without the consent of ENBDS. The information/opinion contained in this Report does not have regard to specific investment objectives, financial situation or the particular needs of any specific person who may receive this document.

The Report and its contents should not be relied upon by the ordinary investors and is intended for professional investors or counterparties only. The investment in securities referred to in this Report may involve significant risk. Such risk may involve, without limitation, market risk, high volatility, credit and default risk, illiquidity, currency risk and interest rate risk. There is no assurance that the Securities referred to in this Report is suitable to achieve the investment objective of the recipient. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Before entering into any transaction, any potential investor should ensure that they understand all the risks associated with the transaction, including any legal, tax, accounting and other business considerations. A determination should also be made as to whether a transaction is appropriate given the person's investment objectives, financial and operational resources, experiences and other relevant circumstances. ENBDS will not be liable whatsoever for any direct, indirect or consequential loss arising from any use of the information contained in this document or any omission from this document. Before transacting in any security, investors should refer to the relevant offer documentation as may be made available by the issuer. If a recipient is in doubt about the contents of this Reports and/or the accuracy, completeness, reliability or suitability of the information contained in this Report, they should consult with their own legal, regulatory, tax, business, investment, financial and accounting advisors as deemed necessary, before proceeding to make any investment/divestment decision.

ENBDS and/or one or more of its affiliates may be, subject to applicable laws, a member of the underwriting group in respect of a proposed offering of securities covered in this Report. ENBDS (or its officers, directors or employees) may, to the extent permitted by law, have a position in the securities of (or options, warrants or rights with respect to, or interest in the shares or other securities of) the relevant issuer and ENBDS and/or one or more of its affiliates may make a market or act as a principal in any transactions in such securities.

In accepting this Report, the recipient understands and agrees to be bound by each of the foregoing limitations/declarations.



Contents

Investment Thesis.....	4
Financial Overview & Forecast	9
Valuation	19
Business Overview	21
Risk Factors	27



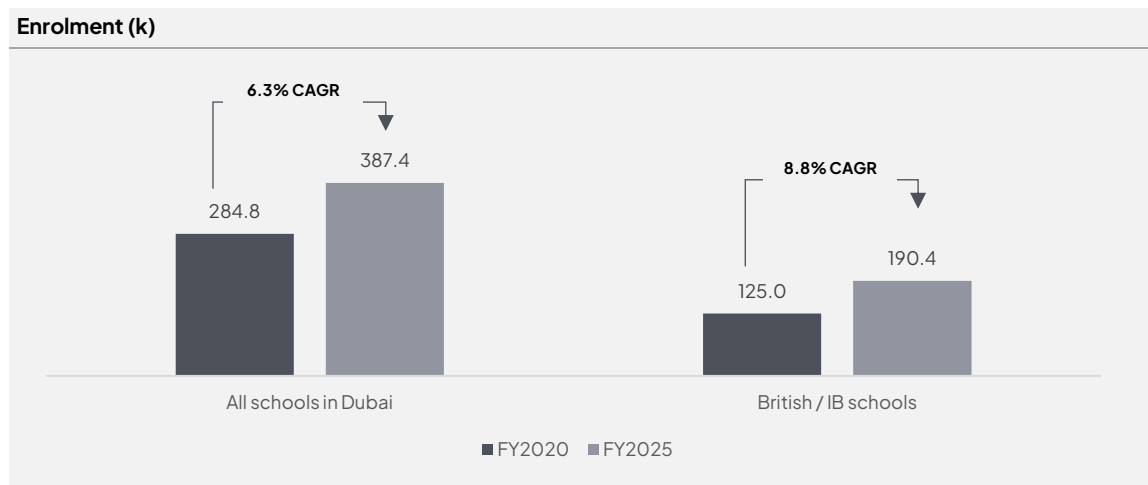
Investment Thesis

1. A leading operator in the premium K-12 segment

Taaleem is one of the leading operators of premium K-12 schools in the UAE, with a portfolio concentrated in British and IB curricula, the fastest-growing segments of the K-12 market. As of June 2026, the Company operated 14 premium schools, with three additional schools planned over the next three years, including two in the super-premium segment, positioning the Company well to capture growing demand from affluent expatriate families.

Curriculum	# of schools	# of Outstanding / Very Good rated schools	Fee range (AED)
British	10 (incl. 3 upcoming schools)	5 (5 schools yet to be rated)	51k-93k
IB	5	4	56k-68k
American	1	-	53k
French	1	1	56k

Source: Company Presentation, Emirates NBD Research



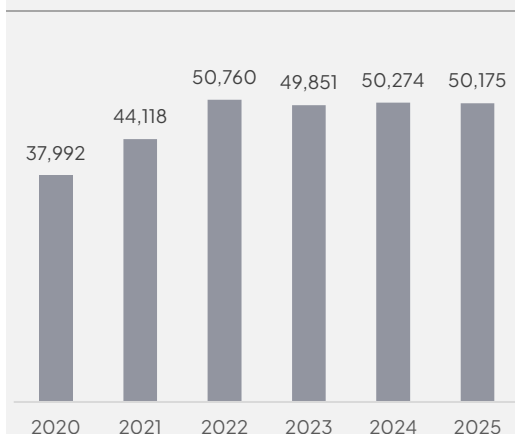
Source: KHDA statistics

1.1 Well placed to benefit from UAE's structural growth

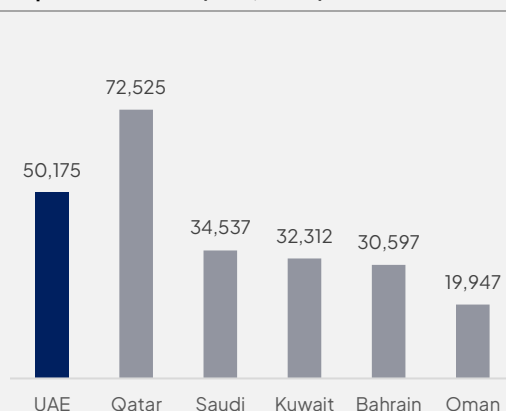
The UAE education sector, and Taaleem in particular, has a direct correlation with the country's structural population growth, which is increasingly being driven by affluent expatriate families, supporting demand for premium K-12 education.



A step-change in UAE's GDP per capita (USD)



Positioned the UAE among the region's higher GDP per capita economies (USD, 2025)



Source: World Bank open data

1.2 And regulatory framework

As highlighted above, Taaleem's portfolio is skewed towards schools rated Outstanding/Very Good, underpinning its ability to command premium tuition fees. Although fee-adjustment mechanisms vary between Dubai and Abu Dhabi, both frameworks are linked to the Education Cost Index (ECI) and provide greater pricing flexibility to higher-rated schools. We therefore believe Taaleem's high-quality school portfolio is well positioned to capture future regulated tuition fee increases, supporting revenue growth over the medium term.

KHDA approved fee increase	FY2024	FY2025	FY2026
ECI Index	3.00%	2.60%	2.35%
Multiples of ECI allowed			
Maintain rating	1.00x	1.00x	1.00x
Improvement from Weak to Acceptable / Acceptable to Good	2.00x	2.00x	1.00x
Improvement from Good to Very Good	1.75x	1.75x	1.00x
Improvement from Very Good to Outstanding	1.50x	1.50x	1.00x

Source: KHDA website

ADEK approved fee increase	FY2024	FY2025	FY2026
Outstanding	3.94%	No sweeping policy, but schools were allowed fee increases based on ECI and certain other factors on a case-by-case basis	
Very Good	3.38%		
Good	2.81%		
Acceptable	2.25%		
Weak / Very Weak	2.20%		

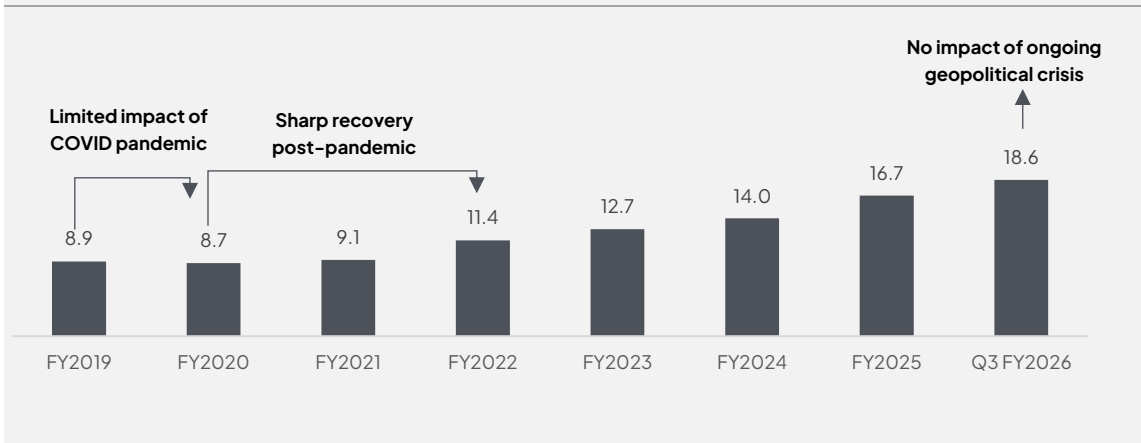
Source: ADEK website



1.3 With a defensive business model

Taaleem's business model is underpinned by high student retention rates, providing resilience through periods of disruption. This is evidenced by the Company's ability to maintain strong retention levels during both the COVID-19 pandemic and recent geopolitical uncertainty. Taaleem has also consistently demonstrated a strong rebound in enrolments following periods of disruption, highlighting the resilience of underlying demand and the strength of the K-12 franchise.

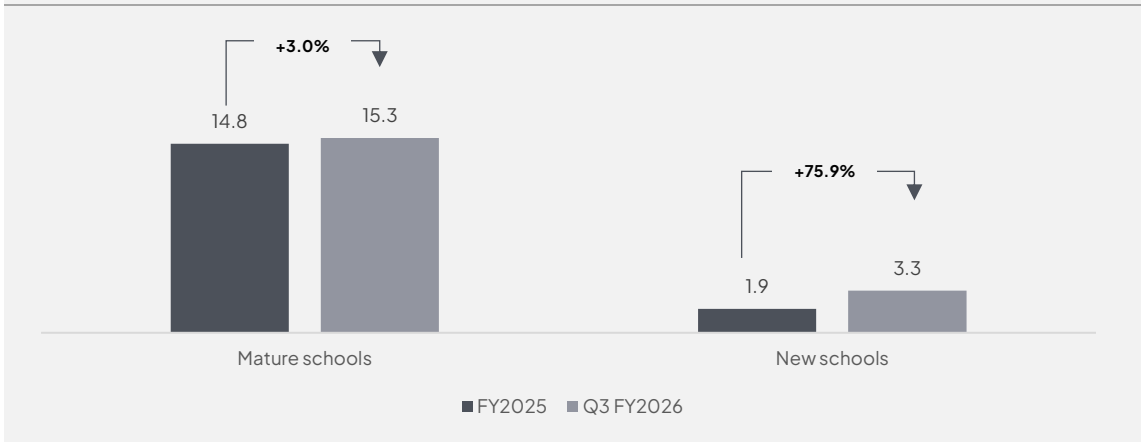
Premium school enrolment (k)



Source: Company Presentation, Emirates NBD Research

Enrolments increased across most premium schools during the recent geopolitical crisis, with growth seen in both mature and recently launched schools. Management also noted strong demand for Harrow Dubai, with c.400 of the 500 available seats already filled for the 2026-27 academic year.

Premium school enrolments (k)



Source: Company Presentation

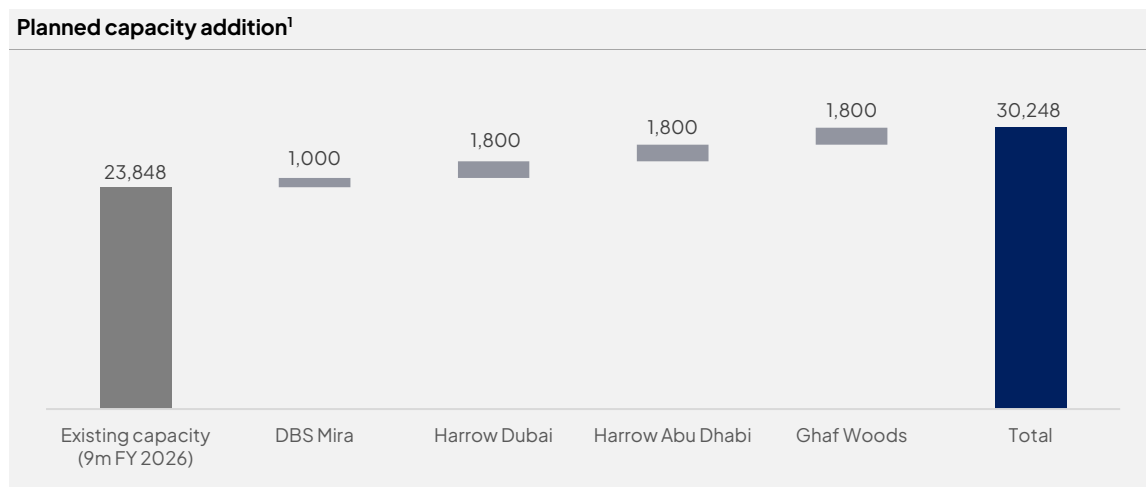


2. Multiple growth levers

Taaleem has built a highly scalable education platform capable of supporting multiple growth initiatives simultaneously, including new school launches, capacity expansion within existing schools, acquisitions, and government partnerships. The Company's established operating platform and proven execution track record enable it to integrate and scale these initiatives efficiently. We believe this positions the Company to deliver industry-leading growth, continued market share gains, and a long runway for expansion over the medium term.

2.1 Capacity expansion

Taaleem operates 14 premium schools as of Q3 FY2026 and plans to open three additional schools over the next three academic years, alongside capacity expansion at DBS Mira to accommodate stronger-than-expected demand. Harrow Dubai has already commenced admissions for the 2026-27 academic year, offering c.500 seats. The remaining schools, Harrow Abu Dhabi and DBS Ghaf Woods, are expected to open in FY2028E and FY2029E, respectively. We assume all new schools launch with grades FS1 to Year 6 and add one grade annually, thereafter, providing clear visibility on enrolment growth and future capacity additions.



Source: Emirates NBD Research

2.2 Enrolment growth

We expect Taaleem's enrolment growth to remain robust over our forecast period, supported by two key drivers: the ramp-up of recently launched schools and capacity expansion at mature campuses that were operating at or near capacity. Since launch, DBS Jumeirah and DBS Mira have collectively added c.1.6k students, highlighting strong demand for Taaleem's premium school offering. In addition, capacity enhancements at established schools, including Emirates Hills, DBS Jumeirah Park and Greenfield International School, provide further scope for student intake growth.

We expect the majority of future enrolment additions to be driven by the maturation of recently launched schools. Despite steady student additions, premium school utilization is likely to remain below historical peak levels over the medium term due to the Company's ongoing expansion pipeline. We also expect enrolment growth within the Dubai Schools portfolio to accelerate, supported by the c.3x increase in capacity implemented in FY2025.

¹ Based on total approved seat addition while actual launches are expected to be lower as only one additional grade is launched each year



2.3 Tuition fee

Tuition fee increases provide an additional avenue for revenue growth, although pricing remains subject to regulatory approval by KHDA and ADEK. Fee adjustments are linked to the Education Cost Index (ECI), with schools achieving higher ratings or demonstrating improvements in ratings typically afforded greater flexibility to increase fees. While KHDA has announced no fee increases for the 2026-27 academic year, we expect tuition fee growth to resume from the 2027-28 academic year onwards, providing an incremental uplift to revenue growth.



Financial Overview & Forecast

The Company's revenue, EBITDA, and cash flow forecasts reflect only its K-12 operations (including premium and government schools). As KFG is accounted for as an equity-accounted joint venture rather than a consolidated subsidiary, its contribution is excluded from operating performance and recognised below EBITDA.

Taaleem's revenue growth is driven by enrolment expansion and growth in revenue per student. We model the premium and government school segments separately to reflect their differing operating models, fee structures, and growth dynamics.

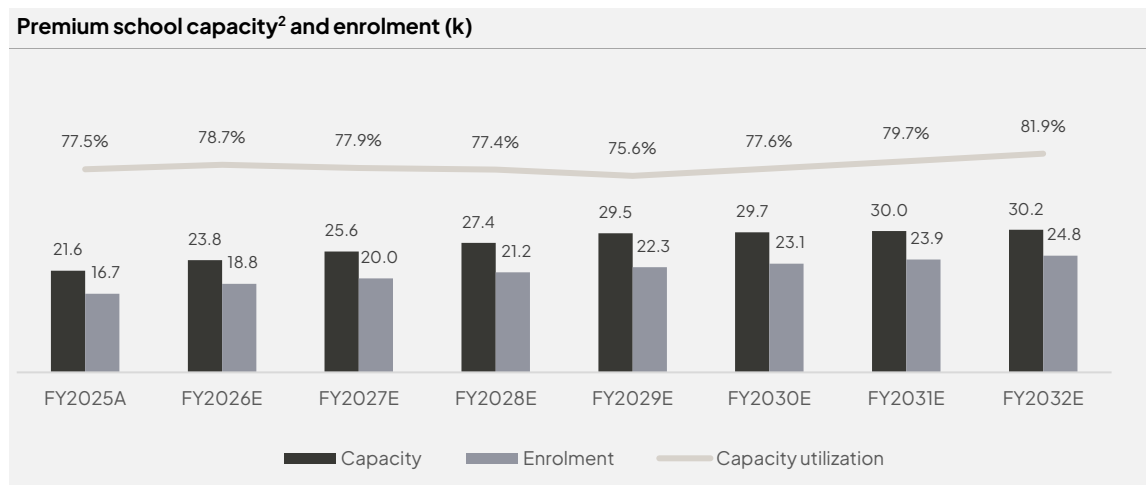
2.4 Premium/super-premium schools

2.4.1 Capacity and enrolment

Taaleem's premium portfolio comprised 14 operational schools as of June 2026, with a capacity of c.24k seats and enrolment of c.19k students, implying utilization of c.78%. We expect capacity expansion to remain the primary driver of enrolment growth, supported by the continued ramp-up of DBS Jumeirah and DBS Mira, alongside the launch of Harrow Dubai, Harrow Abu Dhabi, and DBS Ghaf Woods, which are expected to commence operations in FY2027E, FY2028E and FY2029E, respectively. As a result, we forecast Taaleem's premium portfolio to expand to 17 operational schools with total premium school seat capacity at c.30k by FY2032E.

2.4.2 Revenue per student

Revenue per student is primarily driven by tuition fees, supplemented by ancillary income and changes in grade mix. We assume tuition fees to remain unchanged in FY2027E across the portfolio, followed by annual increases of 2.0% from FY2028E onwards. Any growth in revenue per student over and above the tuition fee increase is expected to be driven by the maturation of newer schools and higher ancillary income. We expect revenue per student to grow at a CAGR of 2.4% between FY2025–2032E.

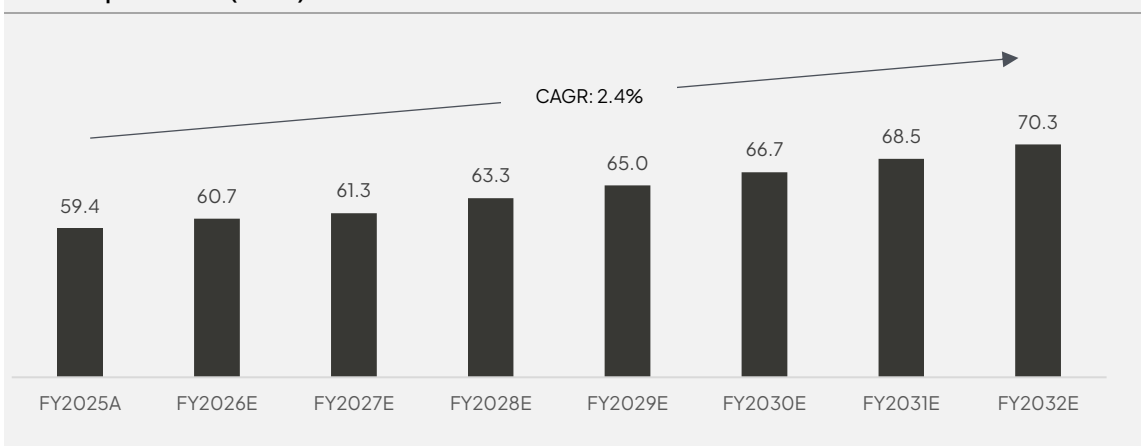


Source: Company Presentation, Emirates NBD Research

² Based on total approved seat addition while actual launches are expected to be lower as only one additional grade is launched each year



Revenue per student (AED k)



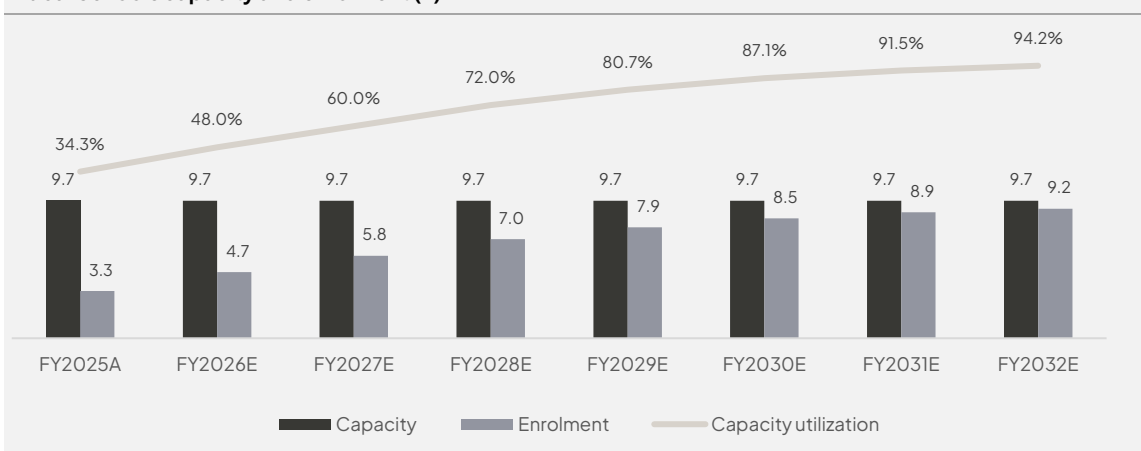
Source: Company Presentation, Emirates NBD Research

2.5 Government schools

Taaleem's government school portfolio comprises 3 Dubai Schools and 20 Abu Dhabi Charter Schools. While the Dubai Schools are fully consolidated within Taaleem's operations, similar to the premium school segment, the Abu Dhabi Charter Schools operate under management contracts, with the net management fee recognised as revenue and profit. *(Please refer to the agreed framework in the Business Overview section)*

The Dubai schools portfolio underwent significant capacity expansion in FY2025 following the upgrade and expansion of all three campuses, increasing total capacity to c.9.7k seats. Importantly, most of the associated capex was funded by Knowledge Fund Establishment (KFE), allowing Taaleem to benefit from the additional capacity without incremental capital deployment. We expect the expanded capacity to be gradually absorbed, with utilization reaching mature levels over the next five years.

Dubai Schools capacity and enrolment (k)

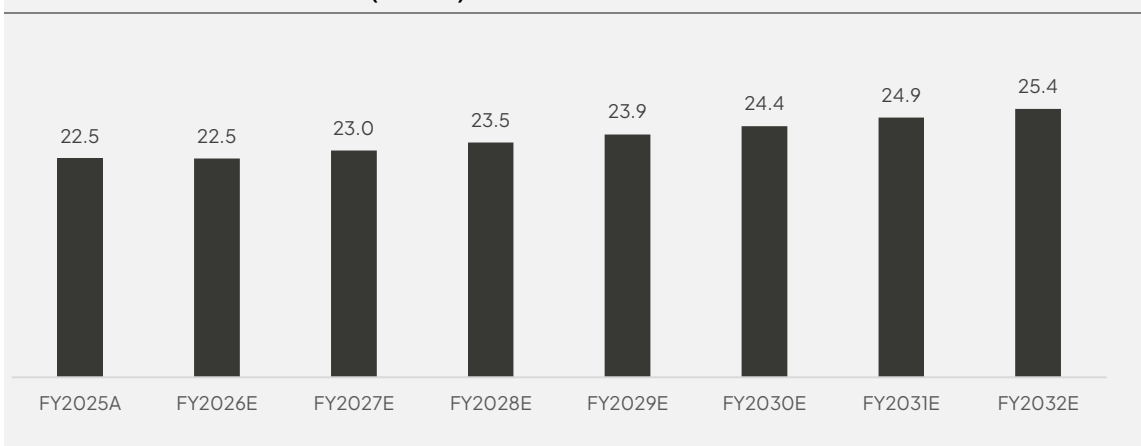


Source: Company Presentation, Emirates NBD Research

The Abu Dhabi Charter School model is based on a fixed management fee per school, contingent on the achievement of predefined KPIs. Revisions to the KPI framework in FY2026 resulted in a step-up in management fees, creating a higher revenue base for future periods. Consequently, we forecast Charter School revenue to grow at a CAGR of c.2% between FY2025-2032E.



Abu Dhabi Charter School revenue (AED mn)

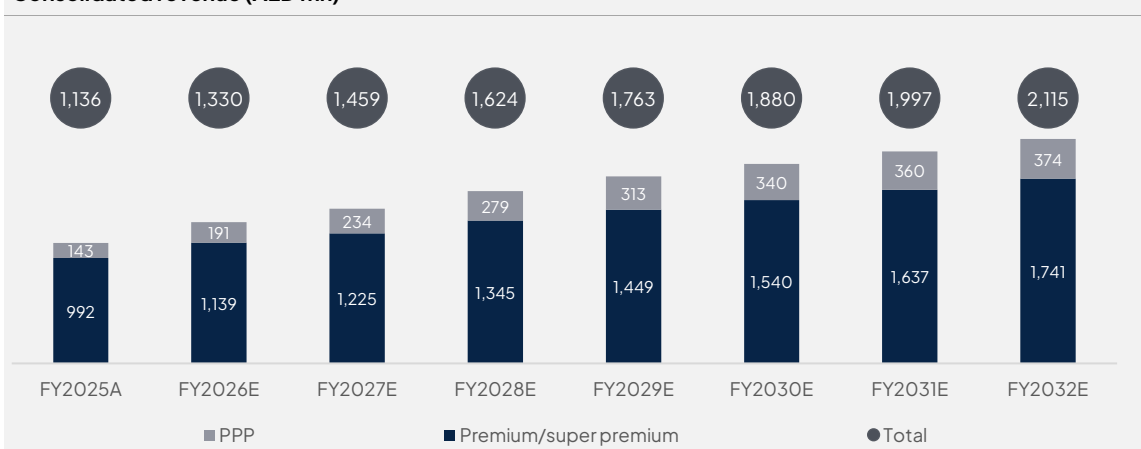


Source: Company Presentation, Emirates NBD Research

2.6 Consolidated revenue

Based on our forecasts for the premium and government school segments, we project revenue to grow at a CAGR of c.9% over FY2025–2032E. Growth is expected to be driven primarily by the premium segment, driven by capacity expansion, new school launches and the ramp-up of recently launched schools. We expect the contribution from the government schools to increase over our forecast period, reflecting the significant capacity expansion within the Dubai Schools portfolio and the revised Abu Dhabi Charter School management contract.

Consolidated revenue (AED mn)



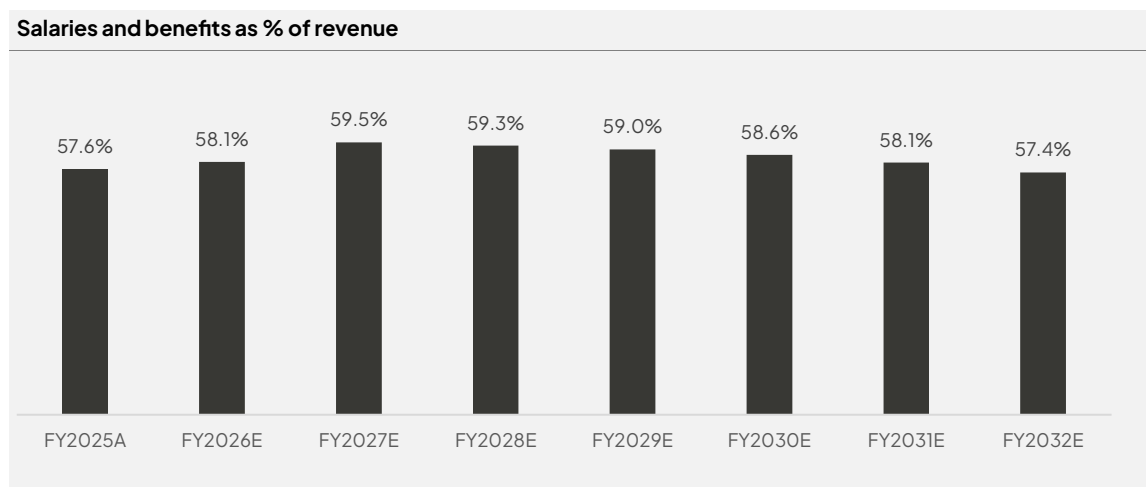
Source: Company Presentation, Emirates NBD Research



3. Operating Costs

3.1 Salaries and benefits

Salaries and benefits are Taaleem's largest cost component, accounting for c.75% of operating expenses, with teacher compensation representing the majority of the spend. Given the Company's ongoing expansion and lower utilization levels at recently opened schools, we expect student-to-teacher ratios to remain below historical levels in the near term. We also anticipate a structural increase in teacher salaries as attracting and retaining teachers remains competitive. As a result, staff costs are expected to remain elevated as a percentage of revenue over the medium-term before reverting to historical levels towards the end of our forecast period.



Source: Company Presentation, Emirates NBD Research

3.2 General & administrative expenses

General expenses primarily comprise costs related to the operation and maintenance of school infrastructure. We expect these costs to remain elevated during the current expansion phase and amid a higher-cost operating environment.

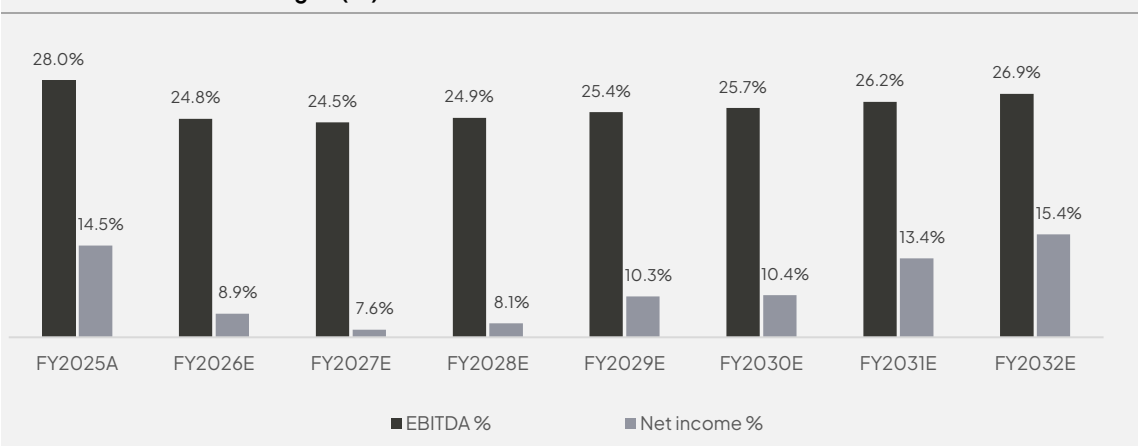
4. Margins

The combined impact of lower utilization owing to capacity expansion, the absence of fee increases in FY2027E, and elevated operating costs is expected to weigh on EBITDA margin in the near term. In addition, the increasing contribution from government schools, which operate with structurally lower margins, is likely to place further pressure on blended margins. We expect the Harrow schools to achieve margin profiles broadly in line with the existing premium portfolio once they reach mature utilization. We expect EBITDA margin to follow a J-curve recovery over our forecast period as newer schools mature. However, margins are likely to remain below historical levels, reflecting the increasing contribution from the government schools segment.

Net income margins are expected to remain under pressure in the near term, reflecting elevated finance costs associated with debt-funded expansion capex. Over the medium term, we expect margins to gradually recover as leverage declines and financing costs normalize.



EBITDA and Net income margins (%)



¹EBITDA computed as Profit before tax + net finance costs + depreciation & amortization – income from JV

Source: Company Presentation, Emirates NBD Research

5. Capex

The Company is currently in the midst of a significant expansionary capex cycle. While the construction of Harrow Dubai has been completed, the capex related to Harrow Abu Dhabi and DBS Ghaf Woods remains ongoing. We expect capex intensity to moderate following the launch of DBS Ghaf Woods, currently scheduled for FY2029E, marking the completion of the current expansion pipeline. Beyond this period, we assume a maintenance capex of c.AED 60mn annually in our forecasts.

Capex (AED mn)



Source: Company Presentation, Emirates NBD Research

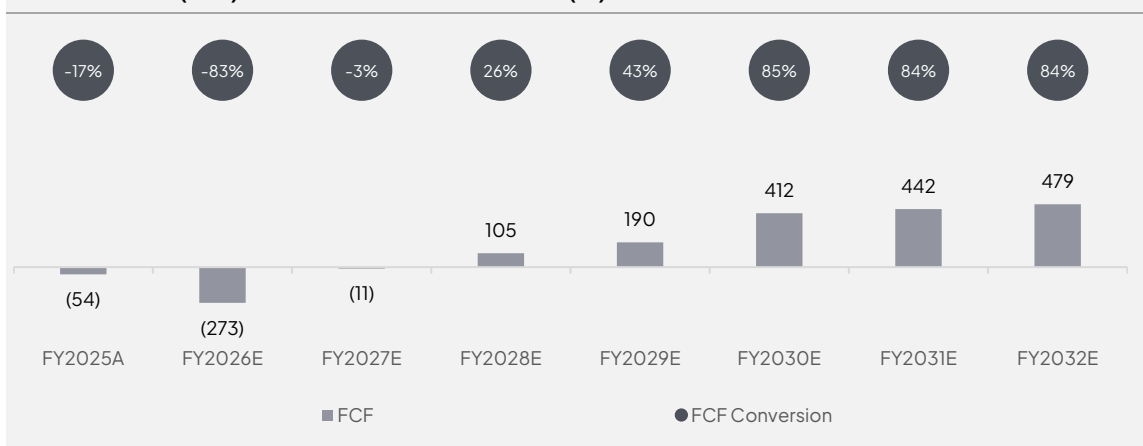
6. Free Cash Flow³

Free cash flow is expected to remain under pressure in the near term, reflecting lower margin and ongoing expansionary capex. We expect free cash flow generation to inflect positively in FY2029E, supported by higher utilization levels and the completion of the current investment cycle. Beyond this point, we assume limited expansionary capex and forecast free cash flow conversion of c.85%. The business also benefits from a structurally favourable working capital model, with tuition fees collected upfront, resulting in a consistent cash float.

³ Free cash flow computed EBITDA minus tax minus capex minus change in working capital minus lease payments



Free Cash Flow¹ (AED) and Free Cash Flow Conversion (%)



Source: Company Presentation, Emirates NBD Research

7. Capital structure

The Company's capital structure has changed significantly in recent years following debt-funded investments, including the KFG acquisition and the construction of new schools. A substantial portion of this debt matures over the next four years, which we expect to be refinanced.

Taaleem's FY2026E net debt/EBITDA as per our estimate is expected to be 4.3x, above the 4.0x covenant threshold based on our calculation, potentially requiring covenant flexibility. Nevertheless, we believe the Company can sustain a moderate increase in leverage, supported by strong cash flow visibility and an expected deleveraging trajectory over the next three to four years.

In our discussions with the management, they indicated that they are evaluating various funding options, including a potential equity raise, although no decision has been finalized. Assuming 20% of the remaining c.AED 750mn capex is equity-funded, we illustrate the EPS impact of a hypothetical AED 150mn equity raise at AED 3.30/share versus a fully debt-funded scenario.

Illustrative EPS dilution workings (AED)	FY2025A	FY2026E	FY2027E	FY2028E
EPS (fully debt funded)	0.165	0.119	0.111	0.132
EPS (AED 150mn equity financing)	0.165	0.114	0.107	0.127
Dilution %	0%	0%	4%	4%

Source: Emirates NBD Research

8. Dividends

Despite the change in leverage and cash flow profile, we expect the Company to maintain its dividend payout. Accordingly, we assume a dividend payout ratio of 90% throughout our forecast period, which may require covenant flexibility.

9. KFG

We assume KFG's revenue to be driven by continued scaling of the platform through the launch of new nurseries and the ramp-up of existing centres. Following a low base in FY2026 due to conflict-related disruption, we forecast revenue to grow at a CAGR of c.11% over FY2026-2032E. We assume a terminal-year IFRS EBITDA margin of c.24%, reflecting modest rationalisation of G&A expenses. We also assume



lower finance costs as KFG's debt is expected to be absorbed by Taaleem, resulting in a terminal-year net income margin of c.12%.

KFG abridged P&L (AED mn)	FY2026E	FY2032E	FY2026-2032E CAGR
Revenue	225	417	11%
EBITDA	39	100	17%
Net income	(6)	52	-
<i>EBITDA Margin</i>	17%	24%	
<i>Net Income Margin</i>	(2%)	12%	

Source: Emirates NBD Research



10. Detailed Consolidated Financials

Profit & Loss (AED mn)	FY2025A	FY2026E	FY2027E	FY2028E	9M FY2026A	9M FY2025A
Revenue	1,136	1,330	1,459	1,624	1,166	984
Revenue growth %	20.1%	17.2%	9.7%	11.3%	18.5%	
Finance and other income	49	30	34	44	29	46
Operating costs	(692)	(829)	(913)	(1,008)	(603)	(512)
General and administrative expenses	(158)	(186)	(204)	(227)	(132)	(119)
Depreciation on PP&E	(84)	(87)	(105)	(117)	(73)	(62)
Amortization of intangibles	(25)	(28)	(32)	(34)	(18)	(19)
Finance costs	(45)	(99)	(117)	(138)	(59)	(33)
Operating Expenses	(1,004)	(1,230)	(1,371)	(1,523)	(885)	(745)
Profit Before Tax	181	130	122	145	310	285
Provision for Taxes	(16)	(12)	(11)	(13)	(27)	(25)
Profit After Tax	165	119	111	132	283	260
EBITDA	318	330	358	405	439	379
Abridged Balance Sheet (AED mn)	FY2025A	FY2026E	FY2027E	FY2028E	9M FY 2026A	
Property and equipment	2,040	2,589	2,828	3,012	2,306	
Goodwill	240	240	240	240	240	
Rights-of-use assets	253	312	368	366	241	
Investment in a joint venture	916	910	923	941	925	
Other non-current assets	141	119	83	76	111	
Non-current Assets	3,590	4,170	4,442	4,634	3,822	
Fee and other receivables	94	110	120	134	96	
Wakala deposits	135	0	0	0	54	
Cash and equivalents	397	122	214	107	266	
Current Assets	626	232	334	241	416	
Total Assets	4,215	4,401	4,776	4,875	4,238	
Long-term borrowings	1,143	1,248	1,491	1,482	1,294	
Other non-current Liabilities	434	492	561	579	475	
Non-current Liabilities	1,576	1,739	2,052	2,061	1,769	
Trade payables	234	250	245	254	256	
Fee received in advance	400	477	520	579	42	
Other current liabilities	226	186	217	217	262	
Current Liabilities	859	913	982	1,049	560	



Share capital	1,000	1,000	1,000	1,000	1,000	
Statutory reserves	542	542	542	542	370	
Treasury shares	(7)	(7)	(7)	(7)	(4)	
Retained earnings	244	213	207	229	542	
Total Equity	1,780	1,749	1,743	1,765	1,909	
Total Liabilities & Equity	4,215	4,401	4,776	4,875	4,238	
Abridged Cash Flow (AED mn)	FY2025A	FY2026E	FY2027E	FY2028E	9M FY 2026A	9M FY 2025A
Profit before taxes	181	130	122	145	310	285
Non-cash adjustments	147	211	252	276	151	99
Employee benefit obligations	(9)	(8)	(9)	(10)	(3)	(2)
Income tax paid	(17)	(12)	(11)	(13)	(17)	(17)
Changes in Working Capital	113	78	27	54	(308)	(232)
Cash Flow from Operating Activities	415	399	382	453	133	132
Capex (net)	(444)	(636)	(345)	(300)	(295)	(245)
Other investing activities	(1,009)	170	35	11	106	(219)
Cash Flow from Investing Activities	(1,454)	(466)	(311)	(290)	(189)	(464)
Dividends Paid	(120)	(150)	(117)	(110)	(150)	(120)
Proceeds from borrowings	1,332	150	400	500	391	536
Repayment of borrowings	(148)	(91)	(130)	(510)	(211)	(127)
Other financing activities	(36)	(117)	(131)	(151)	(78)	(20)
Cash Flow from Financing Activities	1,029	(208)	21	(271)	(48)	270
Net Change in Cash	(10)	(275)	93	(107)	(105)	(62)
Add: Opening Cash Balance	340	397	122	214	331	340
Closing Cash Balance	331	122	214	107	225	278

Source: Company Financials, Emirates NBD Research



Key Ratios	FY2025A	FY2026E	FY2027E	FY2028E
Revenue Growth	20.1%	17.2%	9.7%	11.3%
EBITDA Margin	28.0%	24.8%	24.5%	24.9%
Net Income Margin	14.5%	8.9%	7.6%	8.1%
Working capital as % of revenue	-47.5%	-46.4%	-44.2%	-43.0%
Capex as % of revenue	52.5%	47.8%	23.7%	18.5%
Return on Capital Employed	7.8%	6.8%	6.6%	7.5%
Return on Equity	9.2%	6.8%	6.4%	7.5%
FCF Conversion	-17%	-83%	-3%	26%
Net Debt / EBITDA (pre-IFRS)	2.7x	4.3x	4.5x	4.2x
EPS (AED)	0.165	0.119	0.111	0.132

Source: Emirates NBD Research



Valuation

1. Valuation Summary

We value Taaleem using a sum-of-the-parts (SOTP) approach, comprising a DCF valuation for the core Taaleem business and an exit multiple for KFG.

For our DCF model, we arrive at our cost of equity of 10.2% using a risk-free rate of 5.0%, beta of 0.80 and an equity risk premium of 6.5%. We assume the after-tax cost of debt at 5.5% and a target debt to equity of 0.3x resulting in a WACC of 9.1%. We assume a terminal growth rate of 1.5%.

For the KFG business, we apply a 15.0x P/E on FY2032E net income of AED 52mn and discount it using a WACC of 13%.

Based on our DCF and exit multiple valuations, we arrive at a target price of AED 4.08 (December 2027), implying an upside of c.26% from the date of this report. Our target price implies a FY2028EP/E multiple of 30.9x and a FY2028E dividend yield of 2.9%.

2. Discounted Cash Flow (DCF)

AED mn (unless mentioned otherwise)	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	TV
EBITDA	405	447	483	524	568	568
Tax	(13)	(18)	(19)	(27)	(32)	(32)
NOPAT	392	429	464	497	536	536
Capex	(300)	(255)	(59)	(60)	(60)	(60)
Change in Working Capital	54	57	49	48	47	20
Lease payments	(41)	(42)	(42)	(43)	(44)	(44)
FCFF / Terminal Value	105	190	412	442	479	6,032
Discounting period	1.0	2.0	3.0	4.0	5.0	5.0
Discounted cash flow	96	160	317	312	310	3,901
Enterprise value	5,096					
Net debt (December 2027)	(1,442)					
KFG equity value	422					
Equity value	4,077					
Number of shares (mn)	1,000					
Target price (December 2027)	4.08					

Source: Emirates NBD Research



2.1 Sensitivity Analysis

		WACC (Taaleem only)				
Terminal Growth Rate		8.75%	9.00%	9.11%	9.25%	9.50%
	1.00%	4.06	3.89	3.82	3.73	3.57
	1.25%	4.20	4.02	3.94	3.85	3.68
	1.50%	4.35	4.16	4.08	3.97	3.80
	1.75%	4.51	4.30	4.22	4.11	3.93
	2.00%	4.68	4.46	4.37	4.26	4.07

Source: Emirates NBD Research



Business Overview

Founded in 2003, Taaleem is one of the largest education providers in the UAE, with operations spanning premium K-12 schools, government partnership schools and early-years education. Its portfolio serves a wide demographic across a range of internationally recognised curricula, including UK National (British Curriculum), International Baccalaureate ("IB"), American and French curricula. The platform currently operates 37 K-12 schools and 36 nurseries with multiple brands under its umbrella.

Key milestones	
2003	Taaleem Founded
2004-05	Commercial operations commenced under the Beacon Education brand with the launch of 3 schools including the Dubai British School in Emirates Hills
2005-06	National Bonds Corporation invested in Beacon Education and established Madaares to develop and operate high-quality K-12 schools
2006-09	Launched four additional schools
2019-20	Awarded the operation of the first four Abu Dhabi Charter Schools, marking the Company's entry into government partnerships.
2022-23	Listed on the Dubai Financial Market
2023-24	Acquired Lycee Libanais Francophone Prive Meydan, marking entry into the French curriculum segment
2024-25	Expanded DBS Emirate Hills through the acquisition of DBS Islands
June 2005	Acquired a 95% economic interest in KFG, establishing an early-years education platform
September 2026	Launched Harrow Dubai

Source: Company Annual Report, Emirates NBD Research

1. Business segments

1.1 Premium/super-premium schools

The Premium Schools segment is Taaleem's core business and key revenue driver. The segment comprises schools that are owned and operated by Taaleem, offering internationally recognized curricula including the UK National Curriculum (British Curriculum), International Baccalaureate (IB), American and French curricula. As of June 2026, the Company has 14 schools operational with three schools in the pipeline for launches in each of the next three academic years.



Premium school enrolments (k)



Source: Company Presentation

1.2 Government Schools

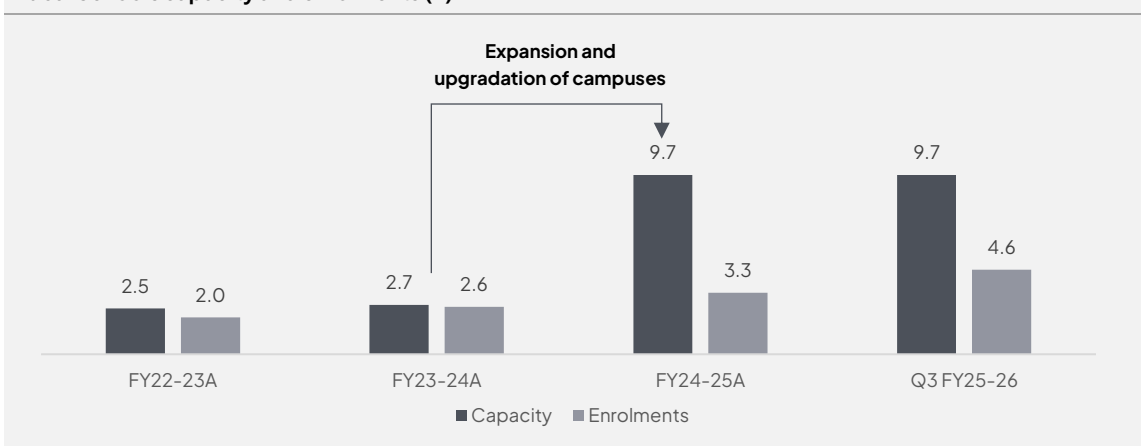
Taaleem is the largest private operator of government partnership schools in the UAE and is the only operator participating across both major PPP education initiatives: 20 Abu Dhabi Charter Schools in partnership with ADEK and 3 Dubai Schools in partnership with TEC and KFE.

Parameter	Dubai PPP	Abu Dhabi Charter
City	Dubai	Abu Dhabi
Government entity	KFE	ADEK
Business model	P&L consolidated	Management fee model based on achievement of KPIs
Expansionary capex	Government, with some "soft capex" such as classroom furniture undertaken by Taaleem	Government
Maintenance capex	Taaleem	Government

Source: Company Presentation, Emirates NBD Research

The government portfolio has expanded significantly since FY2022 through the award of additional Charter School and Dubai Schools mandates, as well as the expansion and upgrade of the three Dubai Schools campuses in FY2025. Government schools currently account for c.23k students across Taaleem's network, making it one of the largest PPP school operators in the country.

Dubai Schools capacity and enrolments (k)



Source: Company Presentation



Abu Dhabi Charter revenue per school (AED mn)



Source: Company Presentation

1.3 Kids First Group (KFG)

1.3.1 Acquisition details

KFG represents Taaleem's entry into the Early Childhood Education (ECE) market, expanding its addressable market beyond K-12 education. Taaleem acquired a 95% stake in KFG in June 2025 for a total consideration of AED 925mn. Despite holding a controlling economic interest, the acquisition structure provides for joint control between Taaleem and KFG's founder for a period of five years following completion of the transaction. During this period, certain strategic and operational decisions require the consent of both parties, with each party retaining veto rights over reserved matters. Taaleem holds a call option to acquire the remaining stake, while the founder holds a corresponding put option during the same period.

In terms of financial reporting, KFG is classified as a joint venture under applicable accounting standards and is therefore accounted for using the equity method, rather than being fully consolidated into Taaleem's financial statements. Consequently, Taaleem recognizes its share of KFG's net profit/(loss) below the operating profit line.

1.3.2 KFG overview

KFG is one of the largest nursery operators in the GCC, operating an asset-light, leased-campus model with a diversified portfolio of 6 premium nursery brands. The acquisition extends Taaleem's reach to children from early years through school age, creating a potential feeder system into its K-12 network. The platform has a presence in the UAE and Qatar, with UAE operations contributing 90%+. The platform manages 36 nurseries – 17 in Abu Dhabi, 17 in Dubai and 2 in Doha, with a total capacity of c.6.4k seats and enrolment of c.4.7k students as of June 2026.

Brand	Overview
Redwood Montessori Nursery	Premium Montessori-focused nursery brand emphasizing child-led learning, independence, and experiential development.
Redwood Center of Excellence	Specialized early-years centres offering enhanced support services and tailored developmental programs alongside nursery education.
Odyssey Nursery	Reggio Emilia-inspired premium nursery brand focused on creativity, exploration, and inquiry-based learning.
Willow Nursery	Community-oriented nursery network delivering a blend of UK EYFS and play-based learning in accessible residential locations.
Ladybird Nursery	Established premium nursery brand offering structured early-years education with a strong focus on school readiness and holistic development.



Children's Oasis Nursery

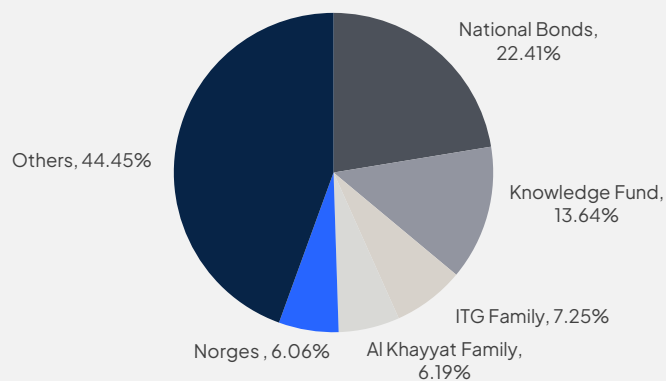
Boutique nursery concept providing nurturing, individualized early-years education with a focus on child wellbeing and personal development

Source: Company Presentation, Emirates NBD Research

2. Shareholding

At the time of the IPO, Taaleem floated 25% of its equity. Following the IPO, the float has increased to c.47% on account of sell-downs by substantial shareholders.

Current shareholding



Source: Bloomberg



3. Governance

The Company has put in place a transparent governance framework that complies with best-in-class standards and regulatory requirements. The Company's board consists of nine board members, eight of whom are independent non-executive directors.

3.1 Board Members

Mr. Khalid Al Tayer – Chairman

Mr. Al Tayer has served as a Director of Taaleem since 2005 and currently chairs the Board of Directors. He is also the Managing Director of Al Tayer Insignia, the retail division of UAE-based Al Tayer Group. Prior to joining Al Tayer Group, Mr. Al Tayer held positions at McKinsey & Company and Emirates Financial Services. He also serves on the Board of Directors of the Dubai Chamber of Digital Economy. Mr. Al Tayer holds a Bachelor of Science in Entrepreneurship, Corporate Finance and Economics from Babson College, United States.

Mr. Adel Al Zarouni – Vice Chairman

Mr. Al Zarouni co-founded Taaleem in 2004 and serves as Vice Chairman and Chairman of the Group's Executive Committee. He is the founder and Managing Partner of Rivoli Group and serves on the boards of several leading organizations in the UAE. Mr. Al Zarouni holds a Bachelor of Science in Finance from the University of Central Florida, United States.

H.E. Helal Al Marri – Independent Non-executive Director

H.E. Helal Al Marri has served on Taaleem's Board since 2004. He is Director General of Dubai's Department of Economy and Tourism and the Dubai World Trade Centre Authority and serves on the boards of several leading UAE institutions, including the Investment Corporation of Dubai and Dubai Financial Market. Previously, he worked at McKinsey & Company and KPMG. H.E. Al Marri holds an MBA from London Business School and is a Chartered Accountant (ICAEW).

Rehab Lootah – Independent Non-executive Director

Ms. Lootah has served on Taaleem's Board since 2022 and brings over 20 years of experience across financial services and the public sector. She is Group Deputy CEO of National Bonds Corporation and serves on the boards of several UAE organizations, including Noqodi and Dubai Quality Group. Ms. Lootah holds a Bachelor of Science in Electrical Engineering from UAE University and an MBA from Stratford University, United States.

Ahmad Al Khayyat – Independent Non-executive Director

Mr. Al Khayyat has served on Taaleem's Board since 2004 and is one of its founders. He is Managing Director of Al Khayyat Investments, a diversified family business, and has interests spanning construction equipment leasing, renewable energy, and real estate. Mr. Al Khayyat holds a Bachelor of Science in Monetary Economics from the London School of Economics and a postgraduate degree in International and Development Economics from Yale University.

Mohammed Al Shaibani – Independent Non-executive Director

Mr. Al Shaibani has served on Taaleem's Board since 2021 and has extensive experience in investment management and corporate governance. He heads the family office of Easa Saleh Al Gurg Group and serves on the board of the Knowledge Fund Establishment. Previously, he worked at the Investment Corporation of Dubai. Mr. Al Shaibani holds a Bachelor of Science in Finance from Bentley University and an MBA from London Business School.



H.E. Abdulla Al Awar – Independent Non-executive Director

H.E. Abdulla Al Awar has served on Taaleem's Board since 2022. He is Chief Executive Officer of the Knowledge Fund Establishment and brings extensive experience across government, financial services, and economic development, having previously led the DIFC Authority and Dubai Islamic Economy Development Centre. H.E. Al Awar holds a Bachelor of Science in Business Administration from the University of Colorado and is a graduate of the Mohammed Bin Rashid Programme for Leadership Development.

Dr. Ziad Azzam – Non-independent Non-executive Director

Dr. Azzam has served on Taaleem's Board since 2023 and is one of its founders. He previously served as Taaleem's CEO and played a key role in the Company's early development. He remains active in the education sector, advising schools and colleges on educational strategy. Dr. Azzam holds degrees in Physics, Electrical Engineering, and Theoretical Physics from MIT, as well as a Doctorate in Education from the University of Bath.

Eyad Mashal – Independent Non-executive Director

Mr. Mashal has served on Taaleem's Board since 2019 and brings over 30 years of experience in investment management and financial services. He is Investment Advisor to the Abu Dhabi Endowments and Minors Funds Authority (EMFA) and previously served as Chief Investment Officer of National Bonds Corporation. Mr. Mashal is a CFA charterholder and holds an MBA and a Bachelor of Science in Accounting and Business Administration from the University of Jordan.

3.2 The Executive Management Team

Alan Williamson – Chief Executive Officer

Mr. Williamson has served as CEO of Taaleem since 2019 and has led the Company's expansion and IPO on the Dubai Financial Market in 2022. Under his leadership, Taaleem has significantly expanded its school network, enrolment base, and presence in the early childhood education segment through the acquisition of Kids First Group. Mr. Williamson holds degrees and postgraduate qualifications from the University of Glasgow, the University of Edinburgh, the Open University, and Harvard Graduate School of Education.

Arnaud Prudhomme – Chief Financial Officer

Mr. Prudhomme joined Taaleem in 2017 and serves as Chief Financial Officer. He brings over 27 years of experience across investment management, real estate, banking, and corporate finance, having previously held senior finance roles at Emirates International Investment Company, AXA Real Estate, and the European Bank for Reconstruction and Development (EBRD). Mr. Prudhomme holds degrees from La Sorbonne University, Sciences Po, and École Nationale d'Administration (ENA), France.

Sam Truman – Chief Operating Officer

Mr. Truman serves as Chief Operating Officer of Taaleem and oversees school operations, growth, marketing, and admissions across the Group. He brings more than 20 years of experience in the international education sector, including senior roles in educational supply and project management across multiple markets. Mr. Truman holds an MSc in Commercial Management and Quantity Surveying from Heriot-Watt University and is a member of the Royal Institution of Chartered Surveyors (RICS).

Rebecca Gray – Director of Education

Rebecca Gray is an experienced education executive with extensive leadership and governance experience across the UAE education sector. She has held senior roles in school operations, strategy, and development, contributing to the growth and quality of leading education institutions.



Risk Factors

Economic Risk

Taaleem's growth strategy is closely linked to population growth in the UAE, particularly as the Company continues to expand its school network. Any slowdown in population inflows could adversely affect enrolment growth, utilization levels, and profitability. While the defensive nature of the education sector was demonstrated during recent geopolitical disruptions, with Taaleem experiencing minimal student attrition, the Company's significant recent capacity additions make it increasingly reliant on supportive macroeconomic and demographic tailwinds.

Interest rate risk also remains a key consideration. This is particularly relevant at the current stage of Taaleem's expansion cycle, given its elevated leverage and floating-rate debt profile. A material increase in benchmark interest rates would raise financing costs and could meaningfully impact earnings and cash flow generation.

Regulatory Risk

Taaleem operates in a highly regulated environment, with regulators playing an active role in overseeing school operations through periodic quality inspections, school grading frameworks, and restrictions on fee increases. While the nursery segment is comparatively less regulated and is not subject to fee caps, both initial fees and subsequent fee increases remain subject to regulatory approval. As a result, changes in the regulatory landscape could have a material impact on the Company's profitability and cash flows. While we acknowledge Taaleem's long-standing presence in the UAE education sector and its established relationships with relevant government authorities, we believe regulatory risk remains a key consideration for the sector.

Competition Risk

Taaleem operates in a highly competitive and fragmented education market in the UAE. Competitors may pursue acquisitions to rapidly scale their operations, strengthening their ability to compete for the same catchment areas and student demographics as the Company. In addition, aggressive pricing strategies, particularly at entry-level grades, could pressure enrolment growth and market share. Brand equity remains a key differentiator in the K-12 education sector, and the entry of globally recognized education operators into the UAE could adversely affect Taaleem's enrolment growth and long-term expansion trajectory.

Additionally, the nursery segment has lower barriers to entry and remains highly competitive. Student acquisition is critical, as the maximum duration of student relationship spans only 5 years compared to 14 years in the K-12 segment. The ongoing need to attract new students in a competitive market can place sustained pressure on profitability.

Operational Risk

Taaleem relies on a range of third-party service providers, including transport operators, canteen vendors, and extra-curricular activity partners, for the delivery of key student services. As the performance of these providers is not fully within Taaleem's control, any disruption, service failure or decline in quality could adversely affect the student experience, potentially impacting the Company's reputation, brand equity, and stakeholder confidence.



This page has been intentionally left blank