

# Nord Anglia Education PLC

## Interim Management Statement

***Nord Anglia Education PLC ("Nord Anglia" or "the Group") operates international schools worldwide, focusing on the delivery of high quality British-style education to children and young people between the ages of two and 18.***

***The Group also works in partnership with government departments, local education authorities, schools and other public sector organisations to deliver a wide range of education and training contracts both in the UK and overseas.***

***This Interim Management Statement covers the period from the start of the Group's financial year on 1 September 2007 to 14 July 2008.***

### **International Schools**

Pupil numbers in all our schools have seen continued growth since the start of the year in September 2007. Full time equivalent pupils (FTEs) increased from 3,719 in September 2007 to 4,056 as at 29 February 2008. FTEs have further increased by 122 pupils to 4,178 as at 31 May 2008 – 3% growth since 29 February 2008 and 12% growth since September 2007.

We opened a new secondary campus at Puxi in Shanghai during January 2008, providing an additional 500 places to accommodate the growing demand for school places in the city. The total capacity for our three international schools in Shanghai is now 4,200 places and current occupancy is 2,068.

Overall, year-on-year growth in our International Schools is 944 pupils since May 2007 – an increase of 29%.

Our Beijing school has been built and is currently in fit-out phase. We expect the licence for our new school within the coming months but most likely not until after the Olympic Games. We plan to open this school in September 2009.

We are currently negotiating for a site for a new school with the Government authorities in Singapore.

Nord Anglia has recently been issued by the Ministry of Education in Qatar with a licence to operate an international school. We are working with Government authorities to identify a suitable site. Qatar is an ideal location for a British international school as it is one of the wealthiest countries in the world by per capita GDP, and one of the fastest growing economies in the Middle East. Qatar has a rapidly growing expatriate population and the school will admit both expatriate and local Qatari children.

### **Learning Services**

The Learning Services division continues to perform strongly, with a combination of key contract wins and a strong pipeline of bidding opportunities.

In April 2008, we were awarded a contract worth £1m of revenue over three years to deliver the STEM (Science, Technology, Engineering and Maths) advisory forum for the Department for Children, Schools and Families (DCSF). The advisory forum has been established to help formulate government education policy and make STEM subjects more appealing to young people.

In May 2008, the Education Partnerships business was awarded a contract worth £4m of revenue over three years by the Training and Development Agency (TDA), a national agency and recognised sector body responsible for the training and development of the school workforce. Nord Anglia will deliver the *Transition to Teaching* programme, which is designed to support individuals through their initial teacher training. Nord Anglia will work with some of the leading businesses in the sector covering the priority subjects of Mathematics, Physics, Chemistry and ICT.

In May 2008, Nord Anglia secured another significant three-year contract with the Quality Improvement Agency (QIA) to deliver Subject Learning Coaches (SLC) as part of the QIA's Teaching and Learning Programme (TLP). The contract will generate revenues of £14m in its first year and provide a platform to deliver services to the QIA in years two and three worth up to £9m.

The SLC contract is focused on transforming teaching and learning in Further Education, with an emphasis on improving the quality of teaching, provision and leadership across whole institutions. Nord Anglia is leading this project, working with organisations from across the learning and skills sector to embed the teaching and learning principles and improve subject leadership. Through guidance, advice and coaching of key staff the contract should bring about sustainable improvement in quality.

The division continues to focus on the generation of new business opportunities in the Middle East. In June 2008, Nord Anglia was awarded a third Public-Private Partnership (PPP) contract by the Abu Dhabi Education Council (ADEC) worth £10.5m of revenue over three years to manage an additional six schools in the Emirate. This follows the ongoing successful delivery of the two PPP school improvement contracts awarded by ADEC in 2006 and 2007 under which Nord Anglia already manages a total of 14 schools.

We have further extended our work in the Middle East with the award of two contracts in Qatar worth £2m of revenue in their first year. The first contract involves providing teachers and school leaders for Early Years settings and the second contract supports two secondary schools in their continuing improvement. The company believes these new contracts in Qatar are significant as they represent a new market in the Middle East.

### **Current trading and prospects**

As outlined in the Group's Interim Results announcement on 29 April 2008, the current year has seen significant progress in both International Schools and Learning Services divisions, with increased occupancy rates at the International Schools and increasing contract wins within the Learning Services Division.

Since the Group's Interim Results announcement on 29 April 2008, trading has continued in line with the Board's expectations.

This progress gives the Board confidence in the future prospects of the Company.

## **Recommended cash offer from Baring Private Equity Asia**

On 4 July 2008, it was announced that Baring Private Equity Asia had made an offer of 460p per share in cash, which was being recommended by the Board of Nord Anglia. A summary of that announcement is set out below, certain terms in this extraction are as defined in the announcement:

### ***Recommended cash offer for Nord Anglia Education PLC by Premier BidCo, a company formed at the direction of The Baring Asia Private Equity Fund IV, L.P.***

*Baring and the Board of Nord Anglia are pleased to announce that they have reached agreement on the terms of a recommended offer to be made by Premier BidCo for the entire issued and to be issued ordinary share capital of Nord Anglia at a price of 460 pence in cash for each Nord Anglia Share. The Offer values the entire issued and to be issued share capital of Nord Anglia at approximately £190 million.*

*The price of 460 pence for each Nord Anglia Share represents:*

- a premium of 60.8 per cent. to the average Closing Price of 286 pence per Nord Anglia Share for the three months ended 6 June 2008, the Business Day prior to the date of the announcement by Nord Anglia that it had received an approach regarding a possible offer for Nord Anglia;*
- a premium of 70.4 per cent. to the average Closing Price of 270 pence per Nord Anglia Share for the six months ended 6 June 2008, the Business Day prior to the date of the announcement by Nord Anglia that it had received an approach regarding a possible offer for Nord Anglia; and*
- a premium of 48.8 per cent. to the Closing Price of 309 pence per Nord Anglia Share on 6 June 2008, the Business Day prior to the date of the announcement by Nord Anglia that it had received an approach regarding a possible offer for Nord Anglia.*

*The Directors of Nord Anglia, who have been so advised by Hawkpoint, consider the terms of the Offer to be fair and reasonable. In providing its advice, Hawkpoint has taken into account the commercial assessments of the Directors of Nord Anglia. Accordingly, the Directors of Nord Anglia intend unanimously to recommend that Nord Anglia Shareholders accept the Offer as the Directors of Nord Anglia have irrevocably undertaken to do in respect of their own beneficial holdings of 55,000 Nord Anglia Shares in aggregate, representing approximately 0.1 per cent. of Nord Anglia's issued share capital.*

*Premier BidCo has also received irrevocable undertakings from certain institutional Nord Anglia Shareholders to accept the Offer in respect of 9,280,582 Nord Anglia Shares, representing 23.2 per cent. of the existing issued share capital of Nord Anglia. In addition, Premier BidCo expects to receive later today a further irrevocable undertaking from an institutional Nord Anglia Shareholder to accept the Offer in respect of 1,919,524 Nord Anglia Shares representing a further 4.8 per cent. of the existing issued share capital of Nord Anglia. Premier BidCo has also received non-binding letters of intent from certain institutional Nord Anglia Shareholders to accept the Offer in respect of 8,567,600 Nord Anglia Shares, representing 21.4 per cent. of the existing issued share capital of Nord Anglia.*

*Accordingly, Premier BidCo has received and expects to receive later today, in aggregate, irrevocable undertakings and non-binding letters of intent to accept the Offer in respect of 19,822,706 Nord Anglia Shares, representing approximately 49.5 per cent. of the existing issued share capital of Nord Anglia.*

Commenting on the Offer, Alan Kelsey, Chairman of Nord Anglia said:

*'The Offer represents an excellent opportunity for Nord Anglia Shareholders to realise their investment for cash today at a significant premium to the recent share price. We have made substantial progress in the creation and development of a focused education services business and this has now been reflected in a very successful outcome for Nord Anglia Shareholders.*

*I believe that Nord Anglia will benefit from Baring's impressive array of education expertise, financial resources and regional connections in the Far East and will therefore be an excellent home for the business and be able to support the Company's future development. I would like to take this opportunity to thank all our staff for their hard and successful work.'*

Further to this announcement, on 8 July 2008, Baring Private Equity Asia announced that it had acquired 10,037,101 Nord Anglia shares, representing 25.1 per cent. of the existing issued share capital of Nord Anglia and received irrevocable undertakings and letters of intent in respect of a further 11,621,228 Nord Anglia shares, representing 29 per cent. of the existing issued share capital of Nord Anglia combining to 21,658,329 Nord Anglia shares, representing 54.1 per cent. of the existing issued share capital of Nord Anglia.

The Board of Nord Anglia will provide further updates regarding the recommended cash offer from Baring Private Equity Asia as appropriate.

**14 July 2008**

**ENQUIRIES:**

**Nord Anglia Education PLC**

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