ELEMENTARY AND HIGH SCHOOL EDUCATION

INVESTMENT OPPORTUNITY SCORECARD

EDUCATION

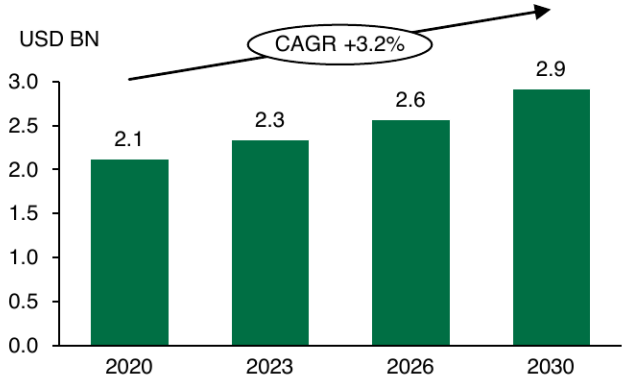
استثمر في السعودية
INVEST SAUDI

EDUCATION
ELEMENTARY SCHOOL AND HIGH SCHOOL EDUCATION

OPPORTUNITY'S DESCRIPTION: Opportunity to invest in KSA education sector by establishing private elementary and high schools across the Kingdom

DEMAND

MARKET SIZE, USD BN



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected investment size of USD 18 Mn
- Expected IRR: 15 – 17%
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)

VALUE PROPOSITION

- Opportunity to capitalize upon the government's focus on developing human capital and social infrastructure under Vision 2030
- Leveraging recent FDI measures to motivate private sector participation in KSA education sector by creating investment friendly regulations and easing restrictions
- Ability to use Ministry of Education's infrastructure and utilize public assets

KEY DEMAND DRIVERS

- Ministry of Education has target of filling additional ~300,000 seats by 2030 under Vision 2030 education initiatives
- High GDP per capita in KSA (USD 48,908 in 2019 according to the World Bank) and emphasis on social infrastructure development, such as schools, remain one of the key drivers for the investment opportunity
- Growth in the market is further fueled by an increase in population and willingness of consumers (parents) to spend on quality education

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Government participation in elementary and high school education – 88%, private sector participation – 12%
- Limited presence of foreign private sector players in the domain – most international schools sponsored by their respective embassies

COMPETITOR ANALYSIS[1]

مدارس مسك Misk Schools
SABIS
IPS
مدارس المملكة KINGDOM SCHOOLS
Al Forsan International Schools
GEMS EDUCATION
Al Khozama

[1] *Non-exhaustive list*

GLOBAL TRENDS

- Smart campus becoming increasingly popular, globally, with emergence of virtual classrooms, deployment of latest technology and adoption of integrated learning solutions to enable inclusive development of students
- Major focus on professional development programs for teachers to familiarize them with present generation competencies and skills as well as enhance their lateral thinking abilities

EDUCATION
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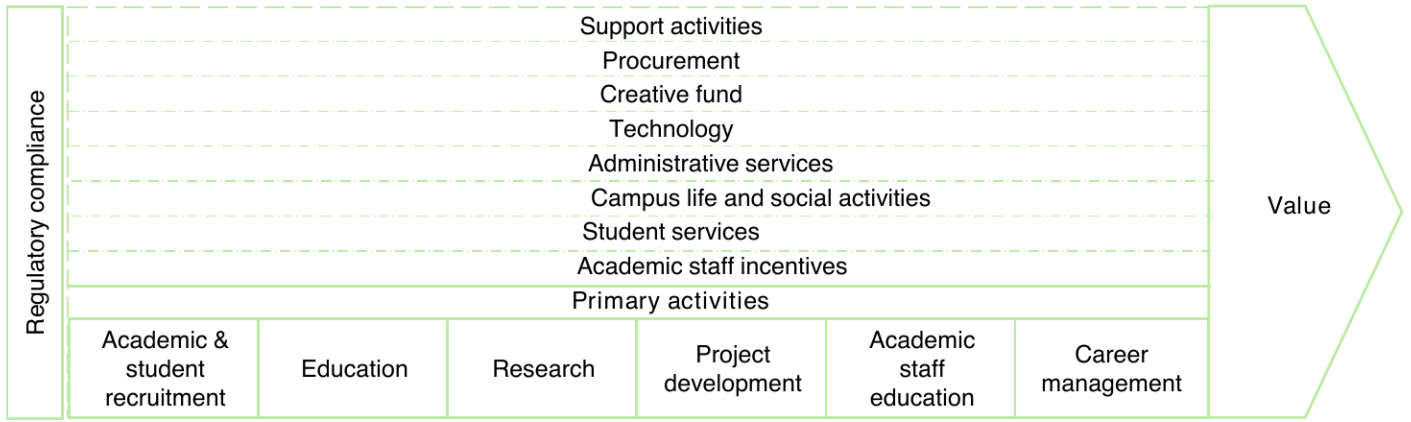
SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low | Medium | **High**

- The Ministry of Education targets to increase private sector participation by 25% in private and international school categories between 2020-30
- Foreign entities can setup flagship units in major cities – Riyadh, Jeddah and Dammam/Khobar and scale up business by launching branches in tier 2 and 3 cities/towns within the Kingdom in a gradual manner
- Low cost of construction, labour wages and utility fees to support low capital and operating expense for the investor and enable extending geographic footprint within the Kingdom

VALUE CHAIN ANALYSIS



KEY STAKEHOLDERS

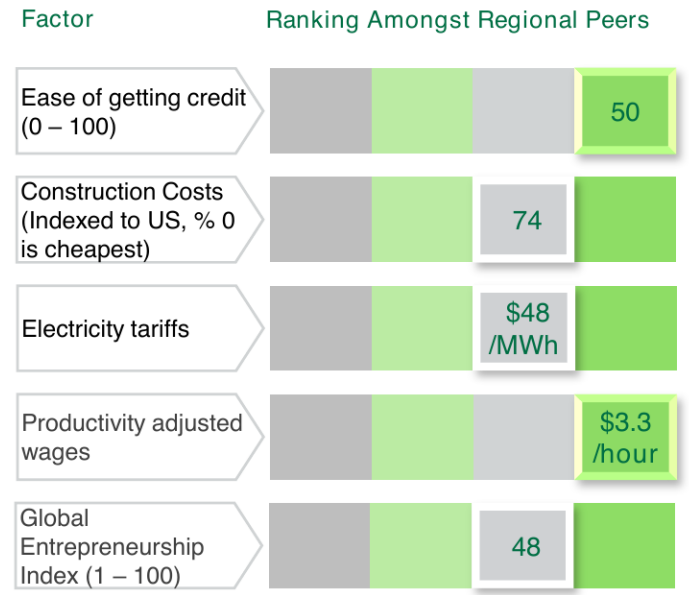
وزارة التعليم Ministry of Education
وزارة الاستثمار Ministry of Investment
منشآت monsha'at
مركز خدمات الاستثمار التعليمي Part of TBC
صندوق تنمية الموارد البشرية HUMAN RESOURCES DEVELOPMENT FUND
وزارة الشؤون البلدية والقروية Ministry of Municipal & Rural Affairs
مراس Meras

ENABLING FACTORS

ENABLERS

- 100% foreign direct ownership allowed
- Tax (VAT) exemption in tuition fees for KSA nationals
- HRDF covers monthly salaries for 30-50% of Saudi employees (extra 10% for females) for 2 years, provided it does not exceed USD 4,000
- Facilitate the issuance of the operational and academic staff visa

COST OF DOING BUSINESS IN KSA



Definitions

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Business drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Global trends	Latest business developments within the sector/product category
7	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
8	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	Enablers	Factors that enable investment in the underlying opportunity
12	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of $1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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