

PRE-SCHOOL AND PRIMARY SCHOOL EDUCATION

INVESTMENT OPPORTUNITY SCORECARD

EDUCATION

MAY 2021

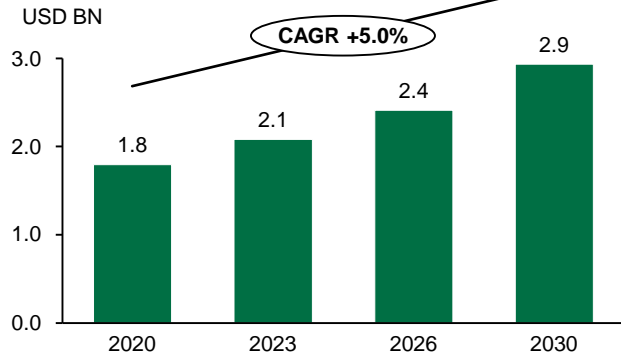


Pre-school And Primary School Education

OPPORTUNITY'S DESCRIPTION: Opportunity to invest in KSA education sector by establishing private pre-school and primary schools across the Kingdom

DEMAND

MARKET SIZE, USD BN



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 18 Mn
- Expected IRR: 12 – 15%
- 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 government (Ministry of Education and other entities) infrastructure and utilize public assets

INVESTMENT OVERVIEW

KEY DEMAND DRIVERS

- Ministry of Education targets to increase early childhood enrollment in schools from 19% in 2020 to 90% by 2030 in line with Vision 2030
- ~940K (~900K for kindergarten and ~32.5K for primary education) additional seats to be created for students eligible for kindergarten and primary education in the Kingdom in order to meet Vision 2030 targets
- KG fees likely to scale faster than inflation with increased sophistication of offerings and cost of providing educational services
- Sector demand growth further fueled by willingness of parents to spend higher for quality/innovative learning

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Pre-schools and primary schools very localized in nature due to preference of parents to send kids to schools within vicinity of their dwelling
- 250+ Children Daycare Centers established by the MHRSD under 'Qurrah' program

COMPETITOR ANALYSIS¹



¹Non-exhaustive list

GLOBAL TRENDS

- Most countries have legislated a compulsory preschool year within education usually focusing on cognitive issues related to readiness for school
- Greater focus on physical fitness; early childhood educators focusing on non-competitive and independent sports activities
- Innovative preschools have integrated technology into the learning environment by familiarizing kids with internet-based games and nursery songs



EDUCATION

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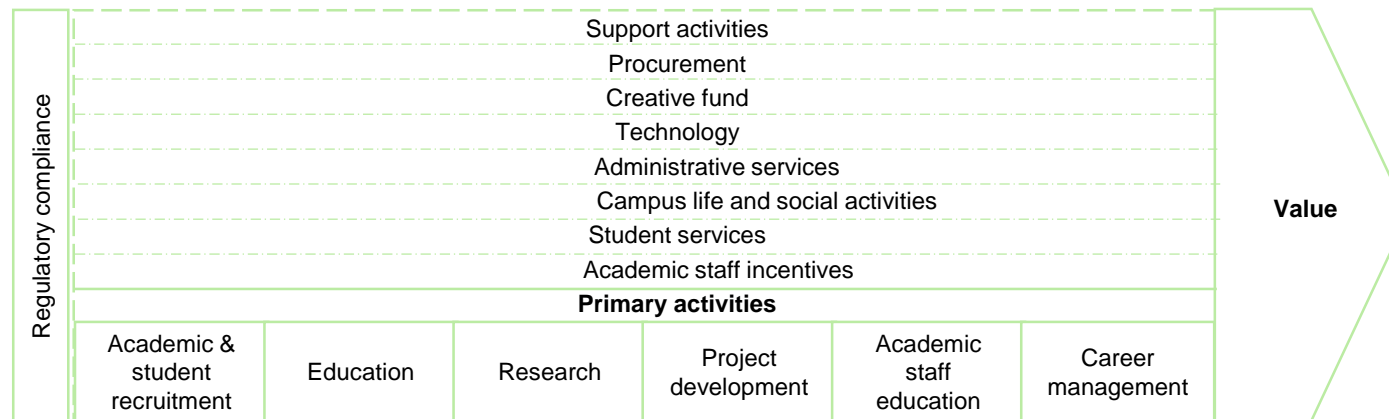
SUPPLY

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

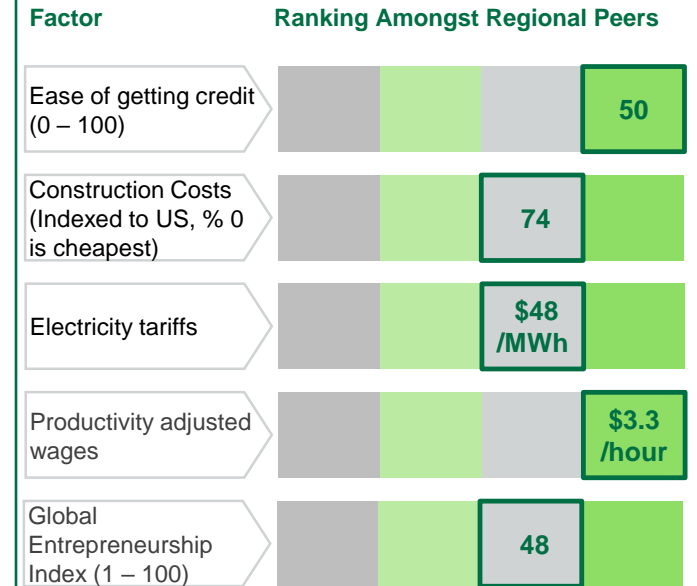


ENABLING FACTORS

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



KEY STAKEHOLDERS



DEFINITIONS

#	SCORECARD SECTION	DEFINITION
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	Demand 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	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	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
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	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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