

لجنة حصر وتطوير الفرص الاستثمارية
اللجنة الفرعية للتعليم والتدريب

National Deal Flow Committee
Education & Training Subcommittee

Mid-priced International Schools in Eastern Province

Investment Opportunity – K-12 Education

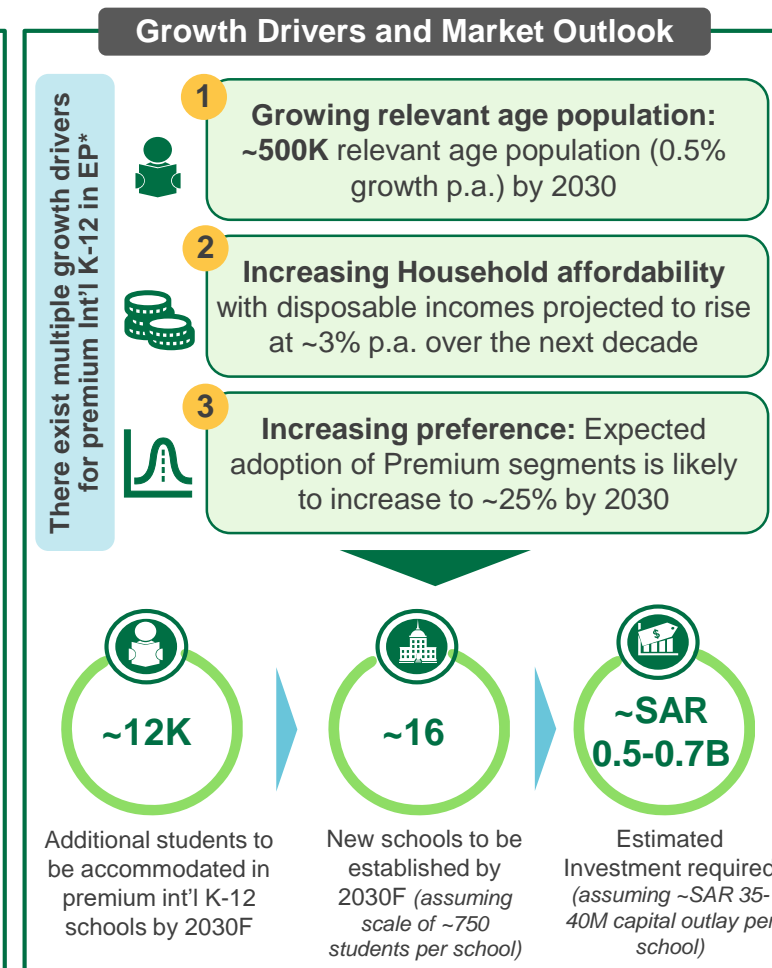
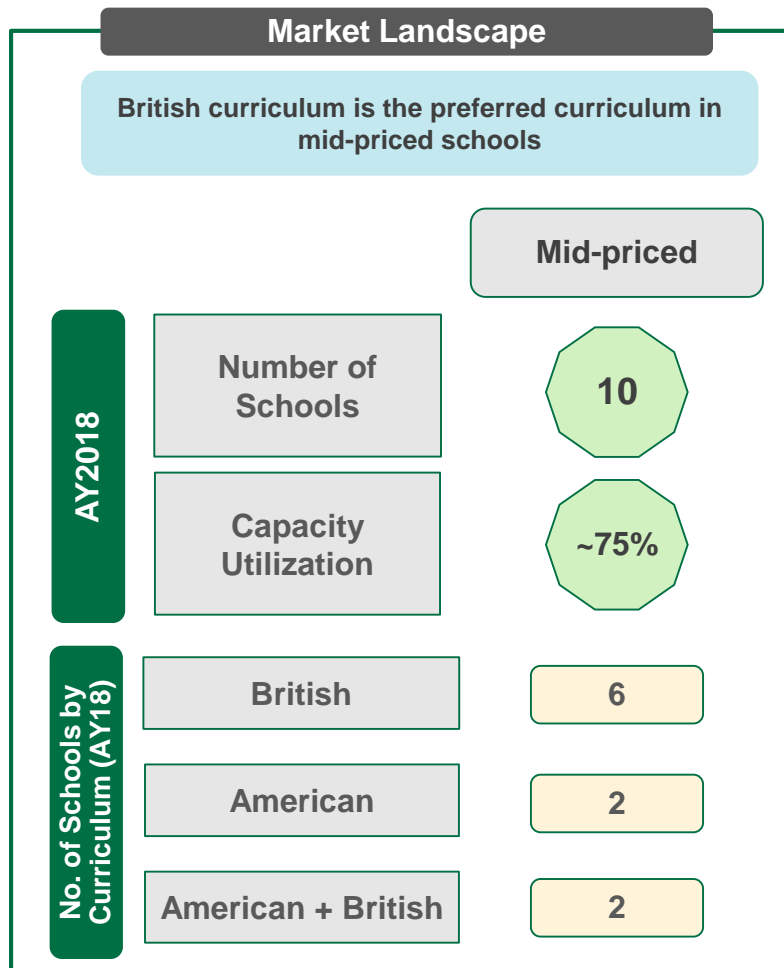
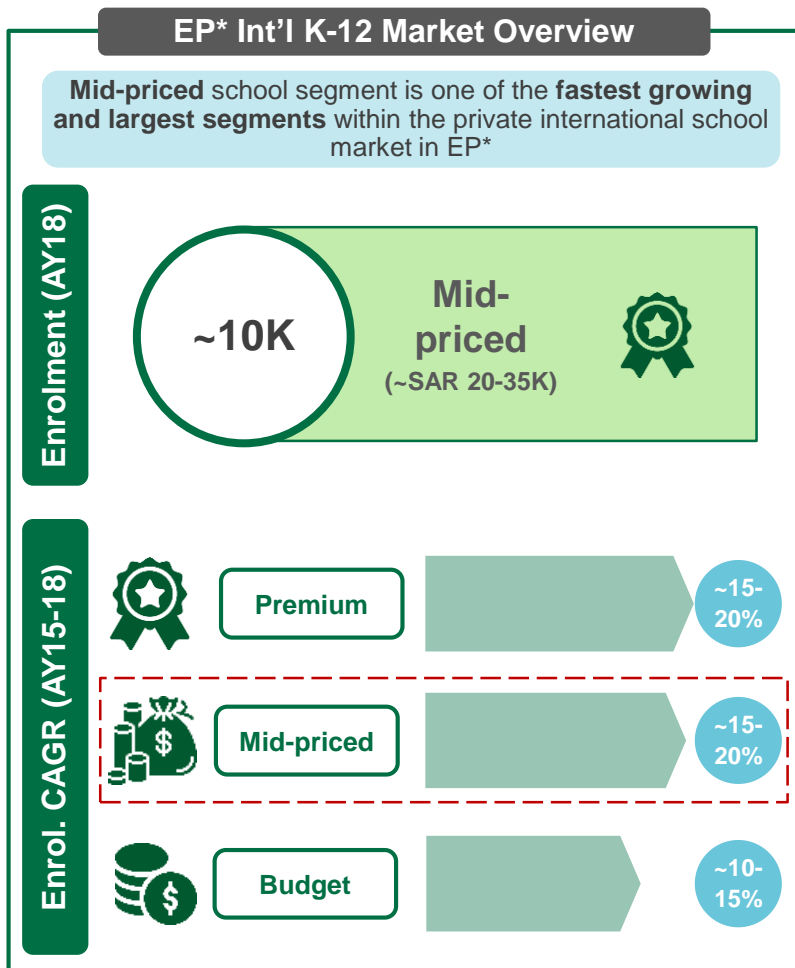
April 2022



Eastern Province Int'l K-12 Mid-priced Opportunity

OPPORTUNITY DESCRIPTION: Invest in KSA's education sector by establishing high-quality, mid-priced Int'l K-12 schools in the Eastern Province

OPPORTUNITY OVERVIEW



Note: EP stands for Eastern Province which includes cities of Dammam, Al Khobar, and Dhahran

Source: General Authority of Statistics; Ministry of Education; Survey of premium and super premium schools in EP



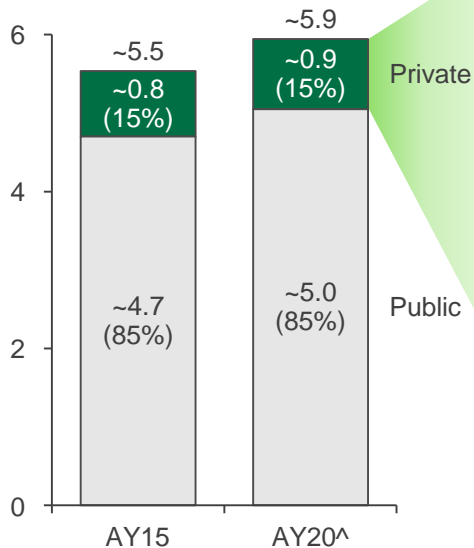
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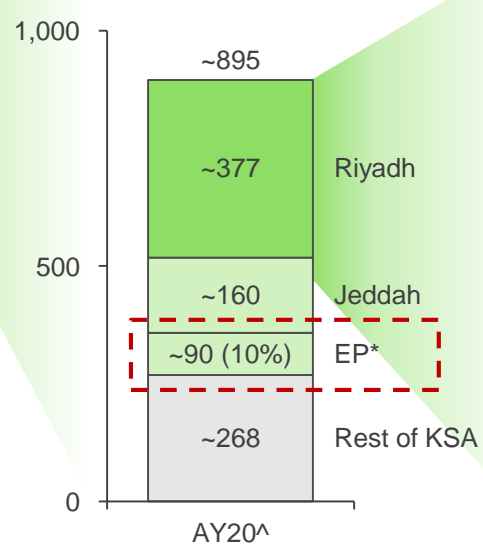
PRIVATE K-12 DEMAND OVERVIEW

Eastern Province Int'l K-12 Market Dynamics

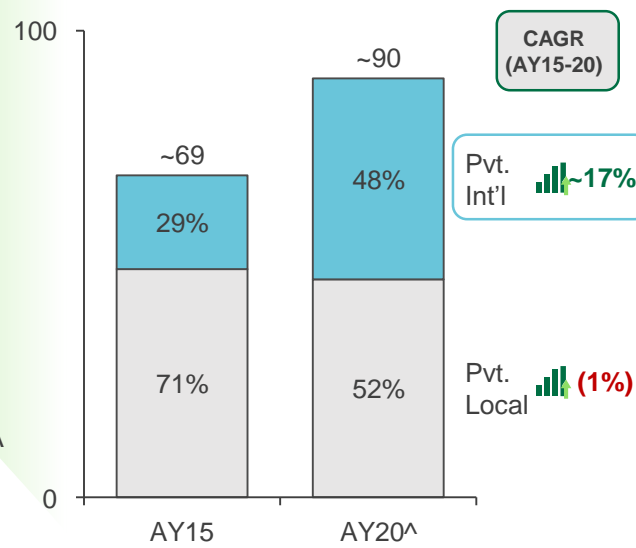
K-12 enrolment in KSA, by ownership; (AY15-20);
Millions of Student



Private K-12 enrolment, EP* vs rest of KSA; (AY20);
000's of Student



Pvt. K-12 enrolment in EP*, by curriculum; (AY15-20);
000's of Students



KSA's private K-12 market has demonstrated strong growth pre-covid; Vision 2030 targets ~25% enrolment share for the private sector by 2030F

EP* accounts for ~10% of KSA's private K-12 enrolment

Private International curriculum schools in EP* have grown faster and gained share from Private national curriculum schools over the past 3-5 years

Growth drivers of K-12

- EP's school age population is expected to grow at ~0.5% p.a. over the next decade and reach ~500K by 2030
- Rising household affordability levels with disposable incomes rising at 3% p.a. over the next decade
- High prevalence of expats with expats constituting ~44% of the total population and ~80% of the private international K-12 enrolment in the region
- Rising preference for English medium of teaching

Note: AY refers to the Academic Year, which typically runs from Sept – June in KSA; ^ AY21 has not been showcased due to one-off impact on enrolments due to ongoing pandemic

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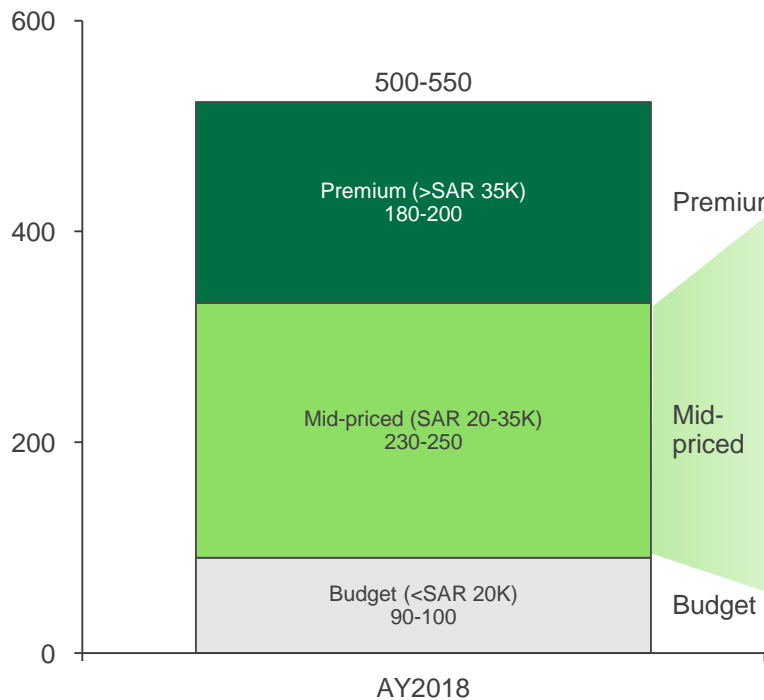
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EP INT'L K-12 MARKET ASSESSMENT AND COMPETITIVE LANDSCAPE

INDICATIVE

International Mid-priced K-12 market assessment

Revenue, by price segment, international schools, EP (AY2018)
Percentage; SAR Millions



Enrol. CAGR (AY15-18)

Fee CAGR (AY15-18)

Premium



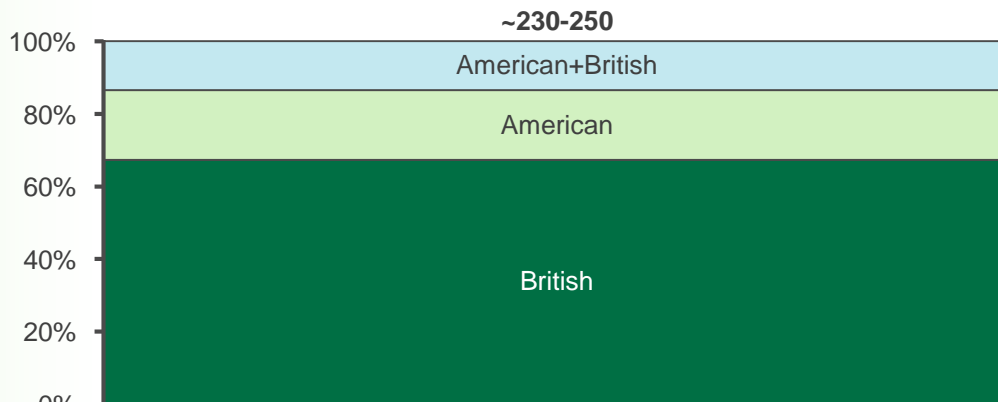
Mid-priced



Budget



Revenue, by price segment, Mid-priced int'l schools, EP (AY2018)
Percentage; SAR Millions



Mid-priced

Number of Schools



Capacity Utilization



There are only 10 schools in the Mid-priced segment with British curriculum schools accounting for ~70% of the revenue



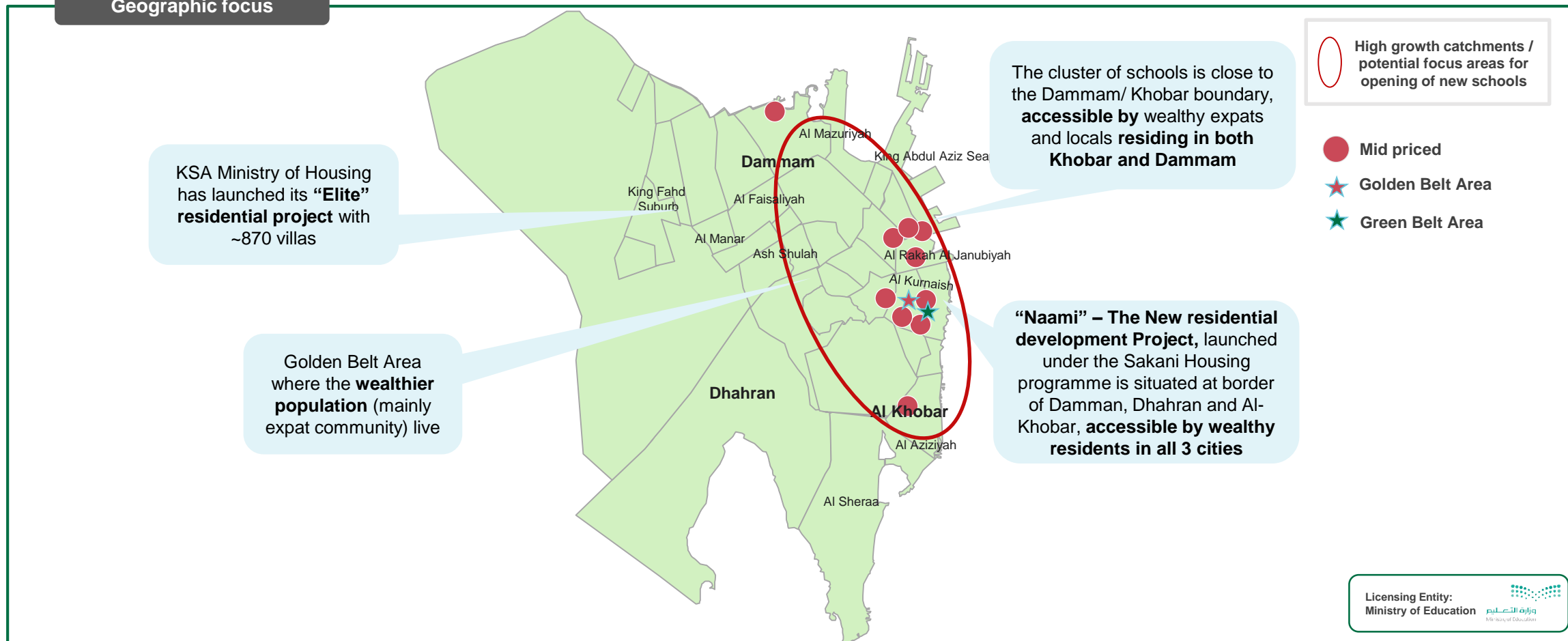
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Geographic focus



KSA Ministry of Housing has launched its **“Elite” residential project** with ~870 villas

Golden Belt Area where the **wealthier population** (mainly expat community) live

The cluster of schools is close to the Damman/ Khobar boundary, **accessible by wealthy expats and locals residing in both Khobar and Damman**

“Naami” – The New residential development Project, launched under the Sakani Housing programme is situated at border of Damman, Dhahran and Al-Khobar, **accessible by wealthy residents in all 3 cities**

High growth catchments / potential focus areas for opening of new schools

- Mid priced
- Golden Belt Area
- Green Belt Area

Licensing Entity: Ministry of Education

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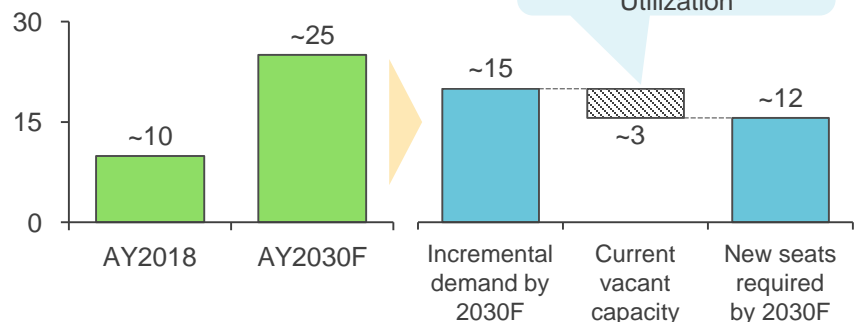
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FINANCIAL CONSIDERATIONS

INDICATIVE

Enrolment Forecast and Unmet Demand

Mid-priced enrolment estimate, EP; (AY2018-30F); 000's of students



Additional students in new int'l K-12 schools by 2030F

~12K

New schools to be opened by 2030F*

~16

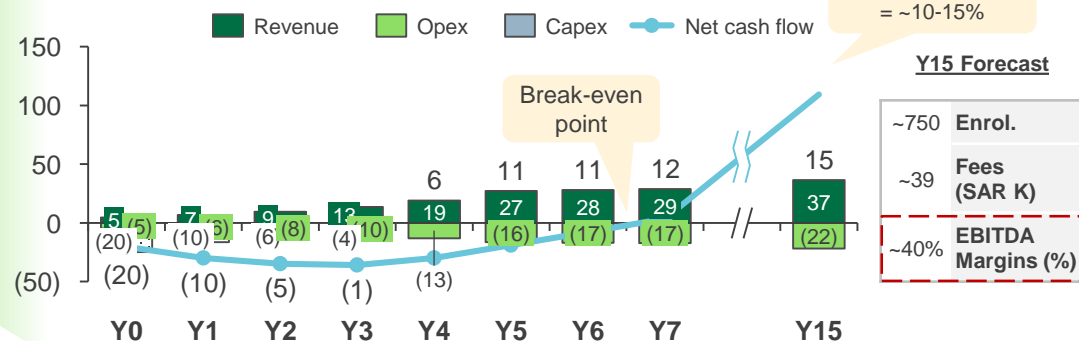
Investment required to establish 16 new Mid-priced K-12 schools*

~SAR 0.5-0.7B

Investment Routes

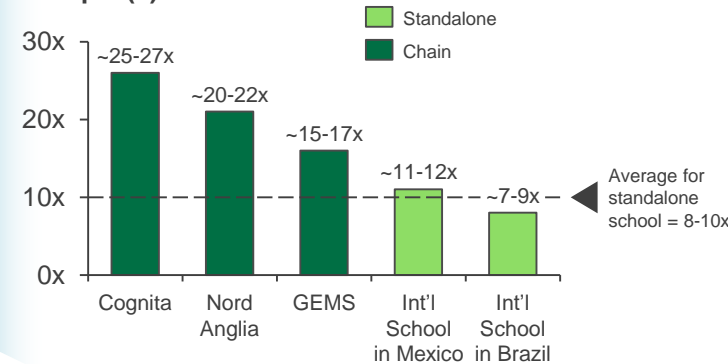
Greenfield investment

Typical Cashflow for a new mid-priced int'l school in EP (Year 0-15); Millions of SAR



Acquisitions

Sample EBITDA Multiple of K-12 transactions Multiple (x)



~8-10x EV/EBITDA ratio

~15M SAR EBITDA of school in steady state

~SAR 120-150M to acquire established mid priced K-12 asset

Note: * 750 students per school and SAR 35-40M capital outlay expense per school

Source: Survey of mid-priced schools in EP; Global benchmarks

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