

لجنة حصر وتطوير الفرص الاستثمارية
اللجنة الفرعية للتعليم والتدريب

National Deal Flow Committee
Education & Training Subcommittee

Mid-priced International Schools in Riyadh

Investment Opportunity – K-12 Education

February 2022



Riyadh 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 Riyadh

OPPORTUNITY OVERVIEW

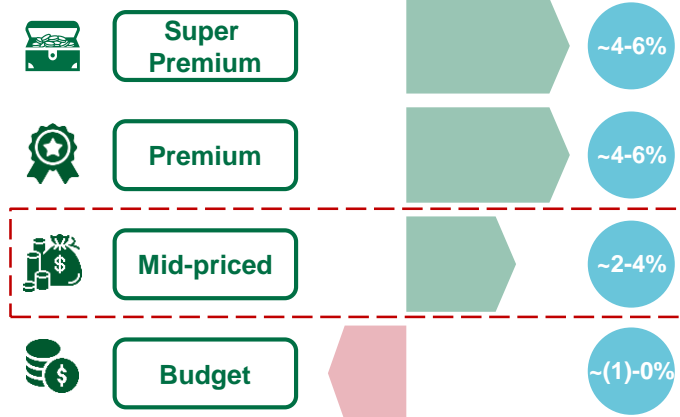
Riyadh Int'l K-12 Market Overview

Mid-priced segment is the largest segment within private international K-12 school market in Riyadh with moderate growth

Enrolment (AY19)



Enrol. CAGR (AY15-20)



Market Landscape

There is a potential opportunity to establish **quality mid-priced schools** to cater to the incremental demand in the market and operate at high utilization rates

AY2019

Number of Schools

Mid-priced

68

Capacity Utilization

~65-70%

No. of Schools by Curriculum (AY19)

American

59

British

4

American + British

4

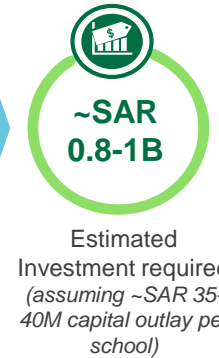
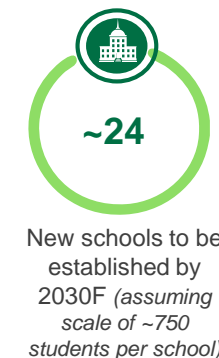
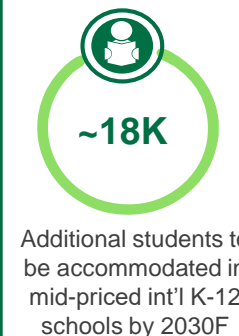
Egyptian

1

Growth Drivers and Market Outlook

There exists multiple growth drivers for premium Int'l K-12 in Riyadh

- Growing relevant age population:** projected ~1.3M relevant age population (0.6% growth p.a.) by 2030
- Increasing Household affordability** with disposable incomes projected to rise at ~3% p.a. over the next decade
- Increasing preference:** Expected adoption of the Mid-Priced segment is likely to increase to ~15% by 2030

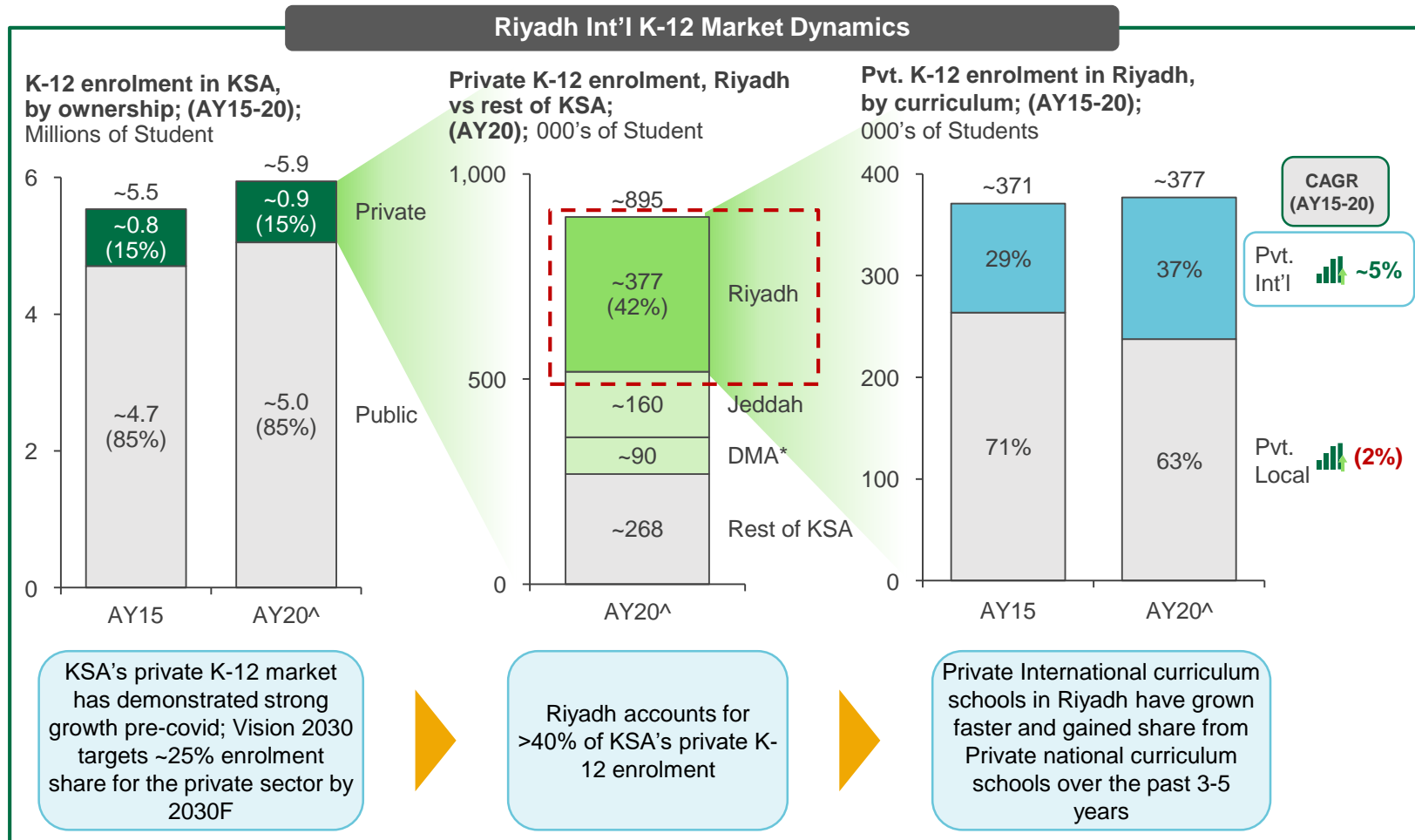




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PRIVATE K-12 DEMAND OVERVIEW



Growth drivers of K-12

- Riyadh city's school age population is expected to grow at ~1% p.a. over the next decade
- Rising household affordability levels with disposable incomes expected to rise at ~3% p.a. over the next decade
- Development of housing and infrastructure revamp in Riyadh with 100K+ housing units in development
- Increasing preference for English medium of teaching
- The metropolitan development efforts under RCRC will improve quality of life and drive population growth
- Giga-projects projects such as the Diriyah Gate Project and King Salman Park will drive job opportunities and affluence

Note: AY refers to the Academic Year, which typically runs from Sept – May in KSA; ^ AY21 has not been showcased due to one-off impact on enrolments due to ongoing pandemic
* DMA stands for Dammam Metropolitan Area which includes Eastern province cities of Dammam, Al Khobar, and Dhahran

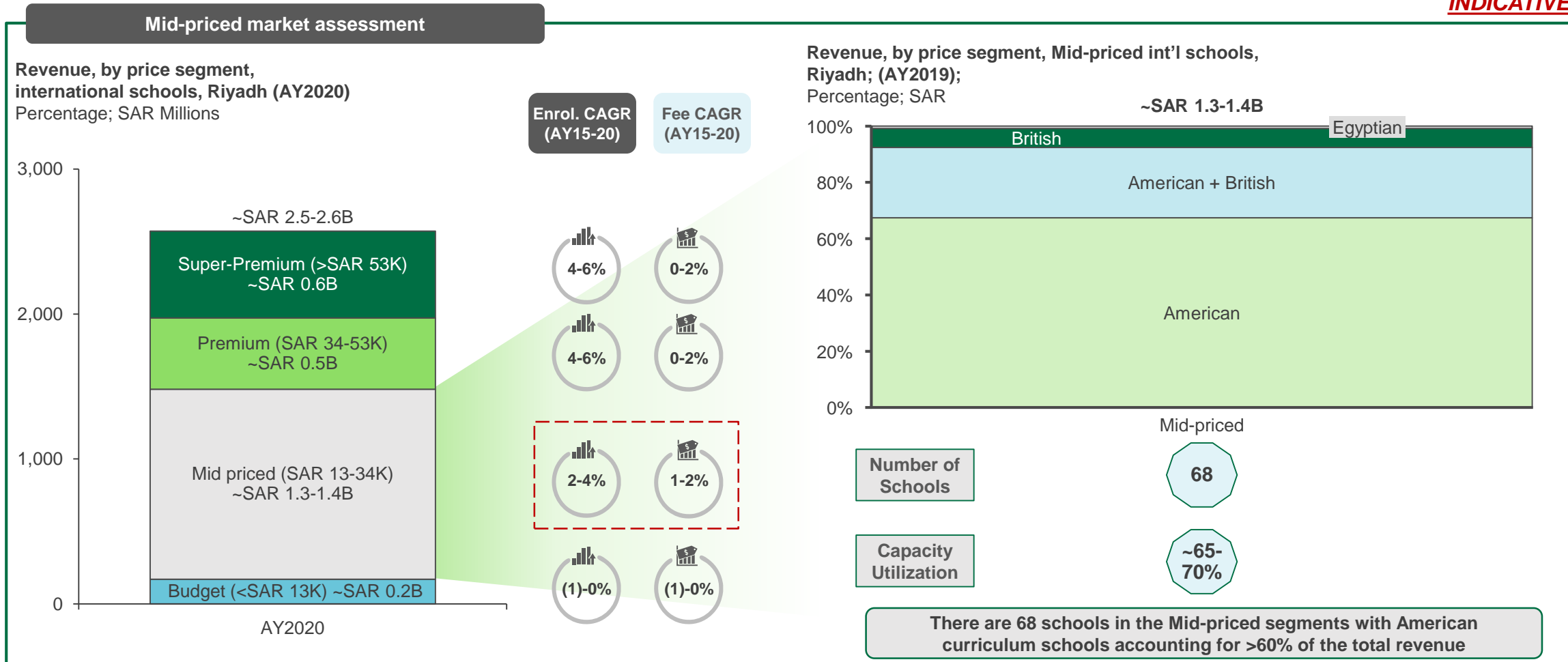


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RIYADH INT'L K-12 MARKET ASSESSMENT AND COMPETITIVE LANDSCAPE

INDICATIVE



American American + British British Egyptian

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

INDICATIVE

Geographic focus

The population in the North is the **most affluent** in the city. The **land here is scarce**

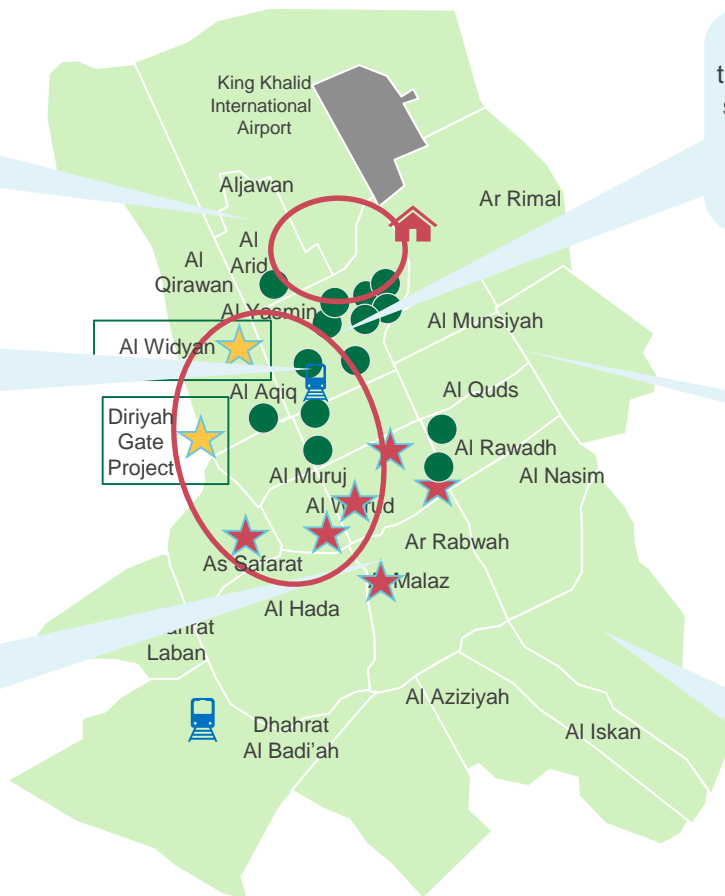
Large numbers of the **Saudi middle class** started shifting to the north region; this part of the city is now the **heart of the city** with government offices, universities, the financial district etc. **Most new schools are opening in this region**

The south/southwest is the **'downtown'** part of the city, where affluent people don't want to live any longer due to overcrowding, lower living standards, etc. **No international schools are present here**

Expats are evenly distributed throughout the north of Riyadh; **some expat compounds are developing** in the northeast and the Khuzama area in the northwest

The real estate sector in the north-east of Riyadh is booming, due to an **influx of wealthy Saudis** moving here; property rates here have risen sharply

The **Riyadh Metro Project** (under construction) spanning 175 kms and consisting of 85 stations with 6 lines will **increase connectivity** within the city and would potentially encourage families to settle near the metro stations. This will **increase the demand for facilities such as education**



- High growth catchments / Potential focus areas for opening of new schools
- Mid-priced
- Marquee RCRC projects
- Mega-Project
- ROSHN Housing Project (SEDRA)
- Metro stations



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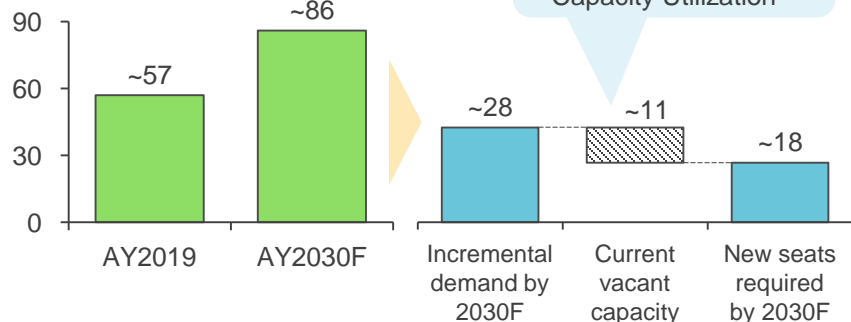
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FINANCIAL CONSIDERATIONS

INDICATIVE

Enrolment Forecast and Unmet Demand

Mid-priced enrolment estimate, Riyadh; (AY2019-30F); 000's of students



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



New schools to be opened by 2030F*



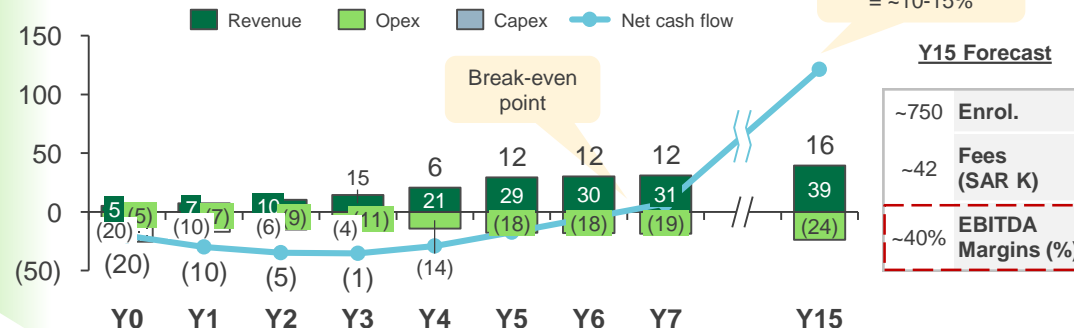
Investment required to establish 16 new Mid-priced K-12 schools*



Investment Routes

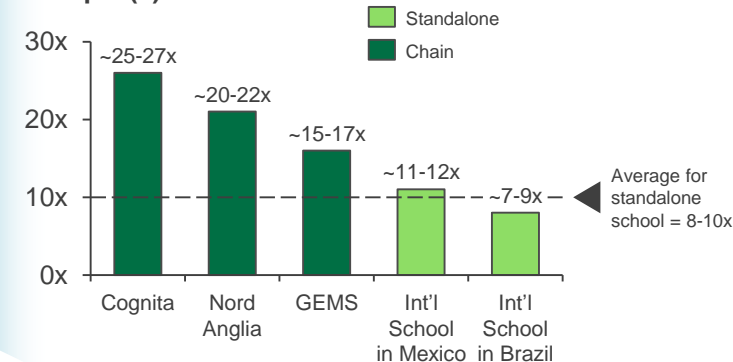
Greenfield investment

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



Acquisitions

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



~8-10x EV/EBITDA ratio

~15M SAR EBITDA Margin 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; ** Maximum capacity utilization of ~80% by 2030 has been assumed in the mid-price segment

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