

لجنة حصر وتطوير الفرص الاستثمارية
اللجنة الفرعية للتعليم والتدريب

National Deal Flow Committee
Education & Training Subcommittee

Premium and Super-Premium International Schools in Riyadh

Investment Opportunity – K-12 Education

April 2022



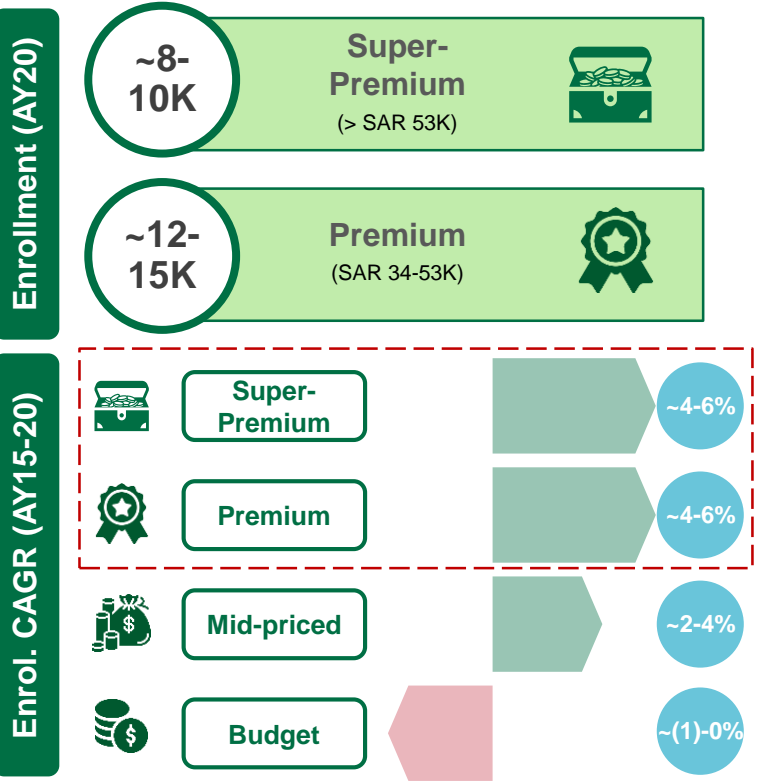
Riyadh Int'l K-12 Premium and Super-Premium Opportunity

OPPORTUNITY DESCRIPTION: Invest in KSA's education sector by establishing high-quality, Premium and Super-premium Int'l K-12 schools in Riyadh

OPPORTUNITY OVERVIEW

Riyadh Int'l K-12 Market Overview

Super Premium and Premium schools are the fastest growing segments within the private int'l school market in Riyadh, enrolling ~20-25K students in AY20

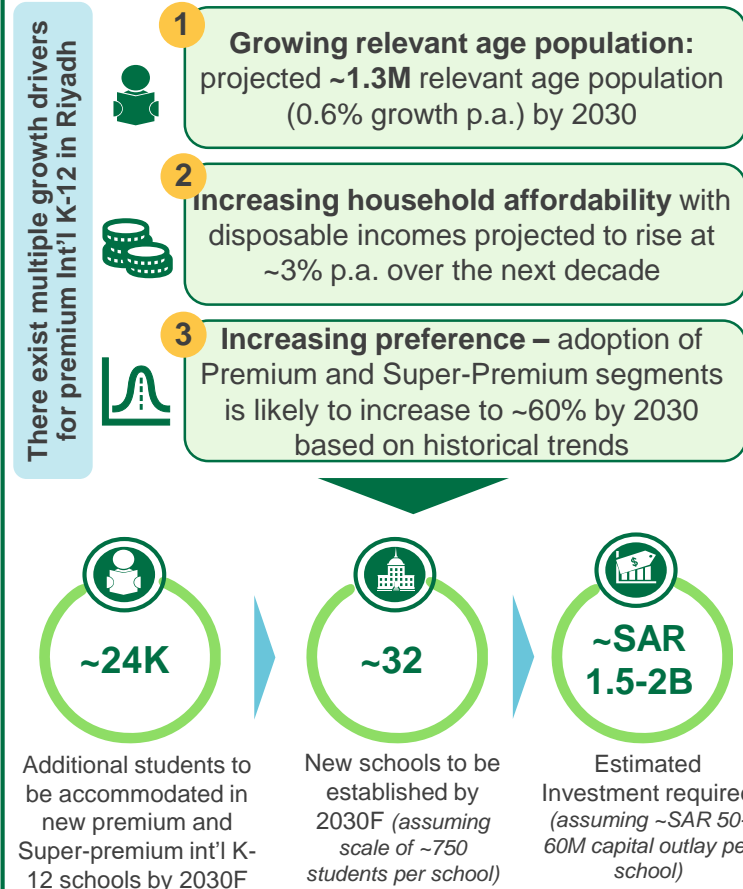


Market Landscape

There are 16 Premium and Super-premium schools in the city, dominated largely by American curriculum schools

	Super-Premium	Premium
Number of Schools	7	9
Capacity Utilization	~85%	~85%
American	5	6
British	1	-
French	-	1
Australian	1	-
SABIS	-	2

Growth Drivers and Market Outlook





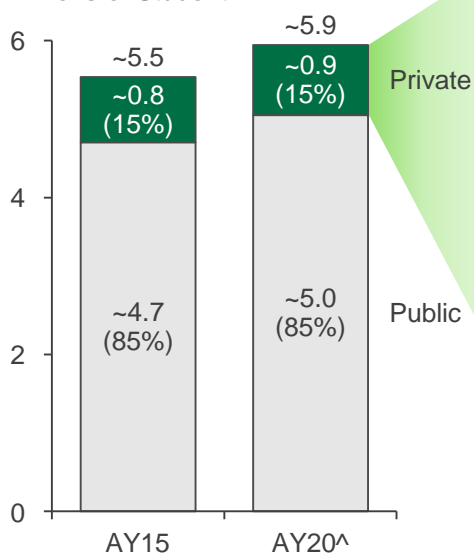
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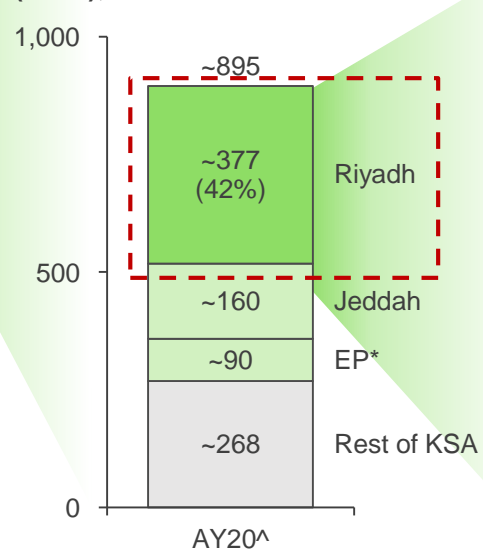
PRIVATE K-12 DEMAND OVERVIEW

Riyadh Int'l K-12 Market Dynamics

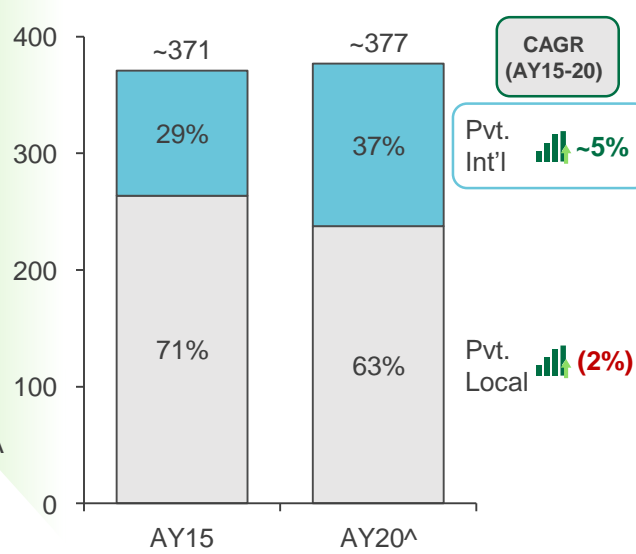
K-12 enrollment in KSA, by ownership; (AY15-20);
Millions of Student



Private K-12 enrollment, Riyadh vs rest of KSA; (AY20);
000's of Student



Pvt. K-12 enrollment in Riyadh, by curriculum; (AY15-20);
000's of Students



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

Riyadh accounts for >40% of KSA's private K-12 enrollment

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

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 as 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 – June in KSA; ^ AY21 has not been showcased due to one-off impact on enrollments due to ongoing pandemic
* EP stands for Eastern Province which includes cities of Dammam, Al Khobar, and Dhahran



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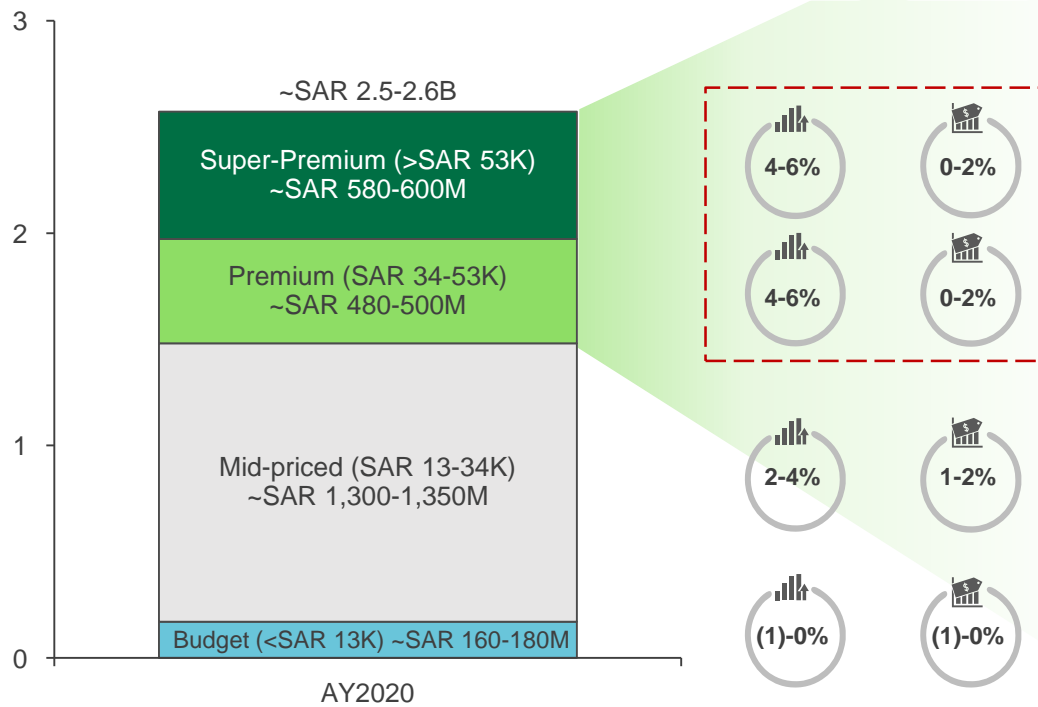
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RIYADH INT'L K-12 MARKET ASSESSMENT AND COMPETITIVE LANDSCAPE

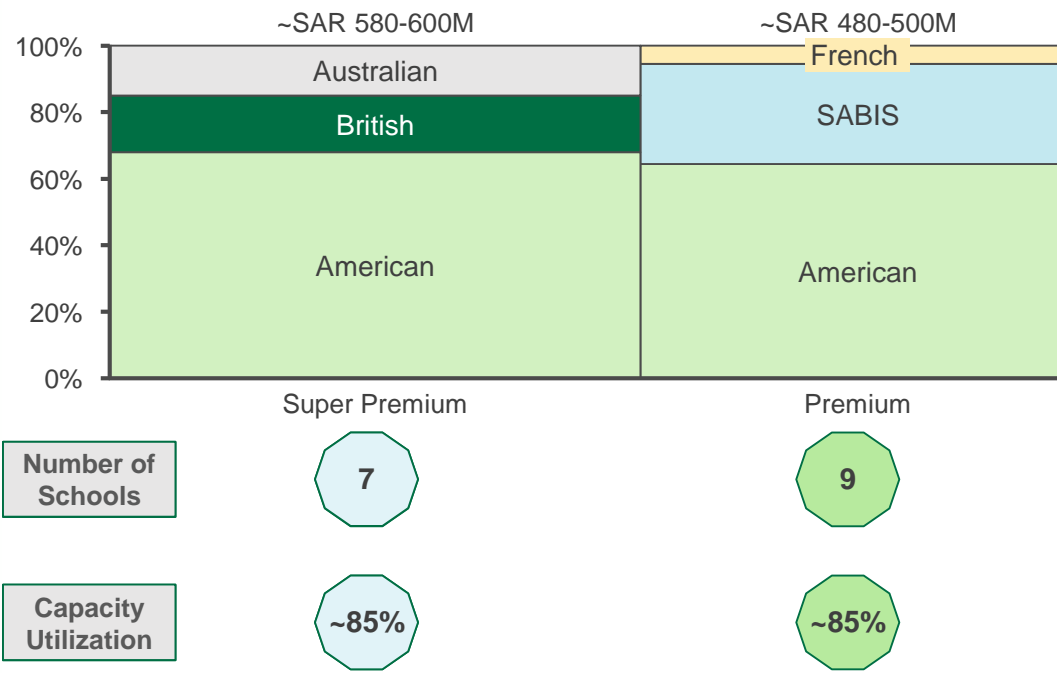
INDICATIVE

Super-Premium and Premium market assessment

Revenue, by price segment, international schools, Riyadh (AY2020)
Percentage; SAR



Revenue, by price segment, Super-premium and Premium Int'l schools, Riyadh; (AY2020);
Percentage; SAR



There are 16 schools in the Premium and Super Premium segments, with American curriculum schools accounting for ~65% of the total revenue

Note: AY refers to the Academic Year, which typically runs from Sept – June in KSA

American British Australian French SABIS

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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. **Land here is scarce**

Large proportion 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

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

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**





Riyadh Int'l K-12 Premium and Super-Premium Opportunity

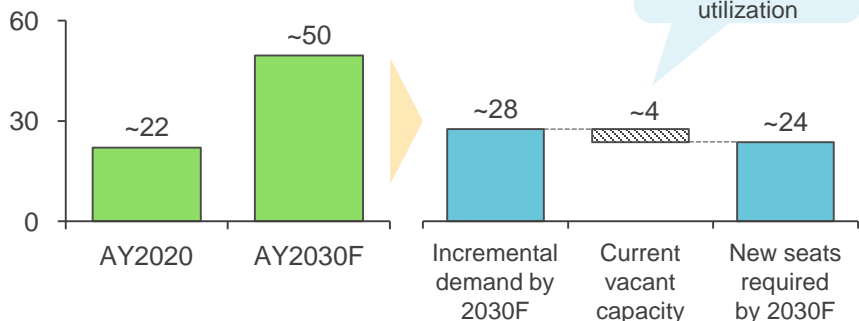
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FINANCIAL CONSIDERATIONS

INDICATIVE

Enrollment forecast and unmet demand

Premium & Super-Premium enrollment estimate, Riyadh; (AY2020-30F); 000's of students



Additional students to be accommodated in new Premium and Super-premium int'l K-12 schools by 2030F

~24K

New schools to be established by 2030F*

~32

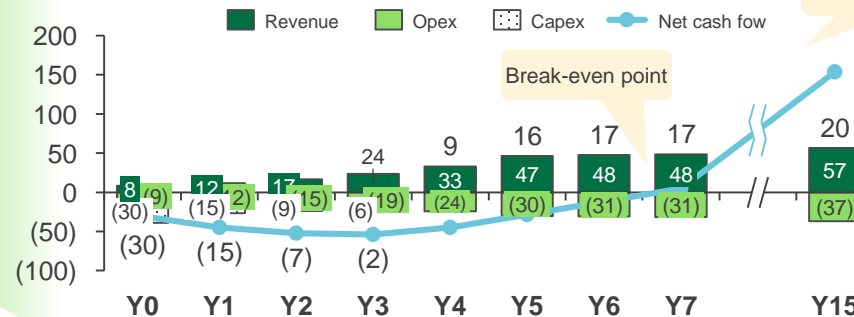
Investment required to establish 32 new premium and super-premium K-12 schools*

~SAR 1.5-2B

Investment routes

Greenfield investment

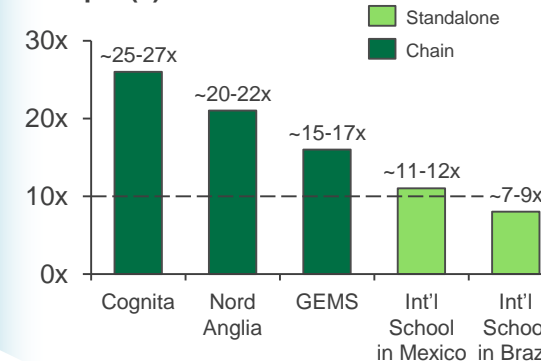
Typical cashflow for a new premium int'l school in Riyadh (Year 0-15); Millions of SAR



Y15 Forecast

~750	Enrol.
~60	Fees (SAR K)
~35%	EBITDA Margins (%)

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



~8-10x EV/EBITDA ratio

~20M SAR EBITDA of Prem K-12 school in steady state

~SAR 160-200M to acquire established premium K-12 asset

Acquisitions

Note: AY refers to the Academic Year, which typically runs from Sept – June in KSA; * 750 students per school and SAR 50-60M capital outlay expense per school

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