



الشركة الوطنية للتربية والتعليم  
NATIONAL COMPANY FOR LEARNING & EDUCATION

# INVESTORS CONFERENCE CALL

Q3 2020 Financial Results  
9 Months Ended in May 31 2020



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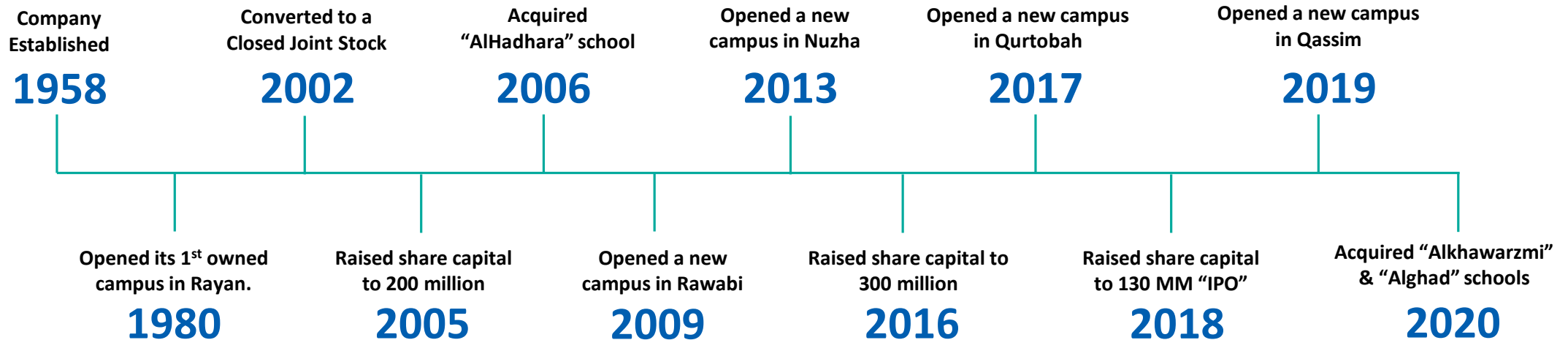
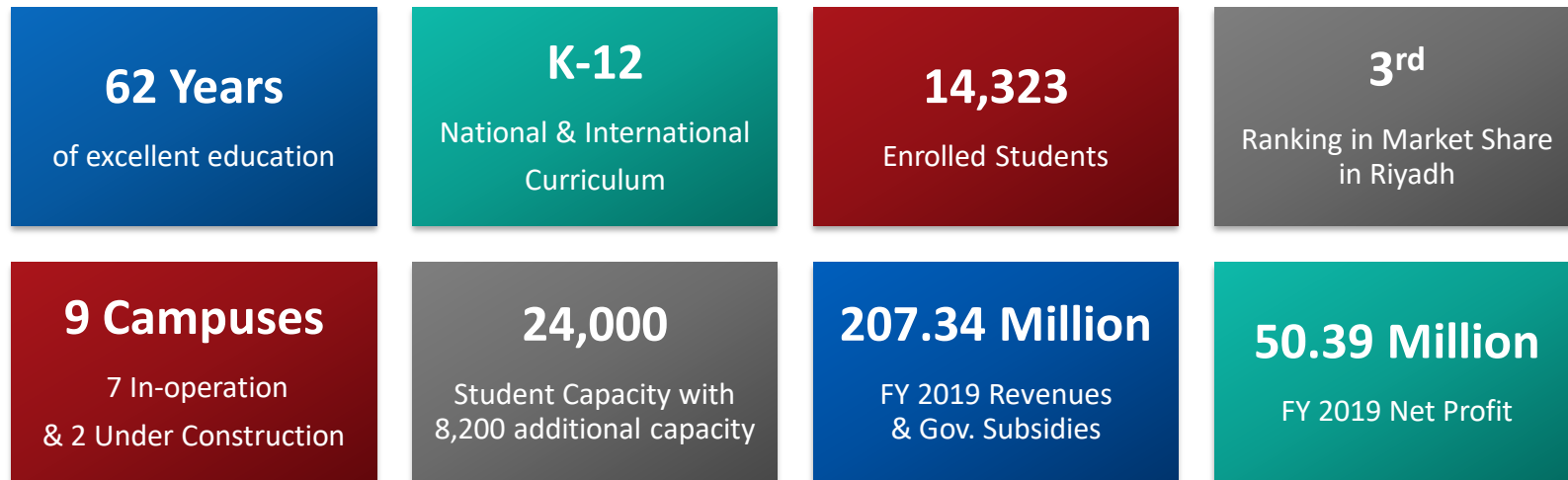
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# NCLE OVERVIEW



# NCLE CELEBRATES 62 YEARS SINCE ITS FOUNDING TO MAINTAIN ITS VISION



# NCLE AIM TO BE A LEADING EDUCATION COMPANY THROUGH EXPANSIONS


	 TNS – Al-Rayyan	 TNS – Al-Rawabi	 TNS – Al-Nuzha	 TNS – Qourtuba	 TNS – Buridah	 Al-Khawarzmi	 Al-Ghad	 TNS – Qairawan	 TNS – Tilal Al-Doha
Establishment	1958	2009	2013	2017	2019	2010	1990	2020 Under Construction	2021 Under Construction
Location	Riyadh	Riyadh	Riyadh	Riyadh	Qassim	Riyadh	Riyadh	Riyadh	Dhahran
Curriculum									
Optimal Capacity	5,250	4,375	4,375	1,050	2,625	1,220	2,200	4,550	2,625
Enrolled Students	4,034	4,181	2,965	395	149	1,034	1,571	NA	NA
Utilization	76.8 %	95.6 %	% 67.8	% 37.7	% 5.7	84.8 %	73.1 %	NA	NA



**21,045 Student**  
Current Capacity



**7,175 Student**  
Additional Capacity



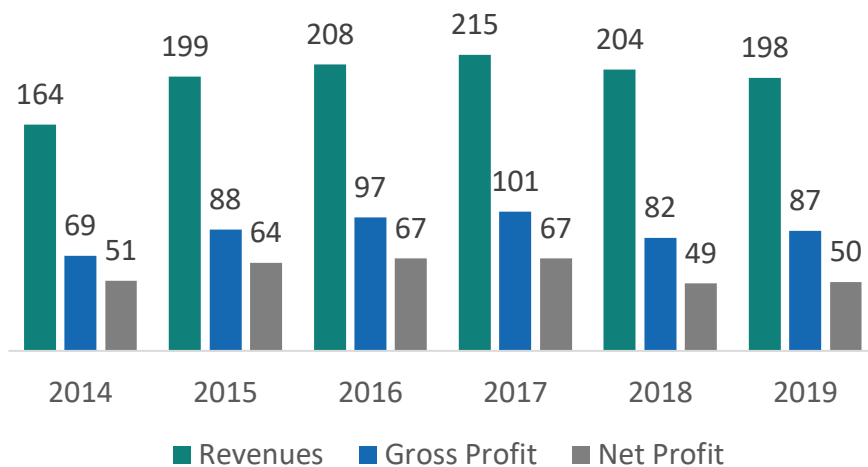
**14,323 Student**  
Enrolled Students



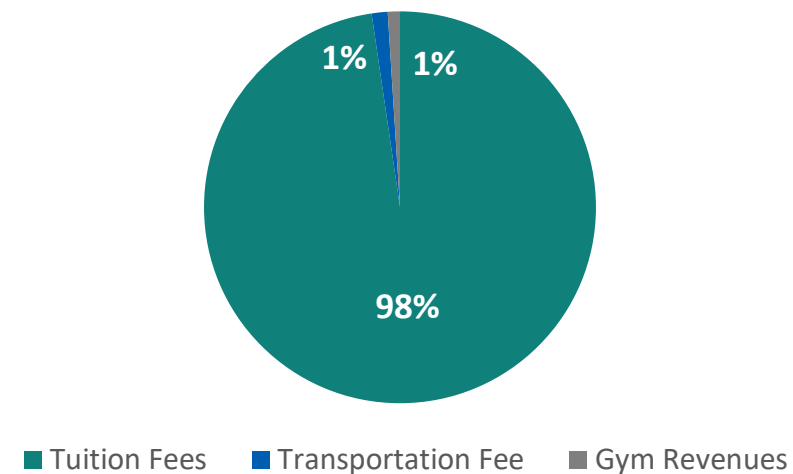
**Diversified Offering**  
National & International Programs

# NCLE MAINTAIN ITS PERFORMANCE WITH NET PROFIT GREW BY 4% IN 2019

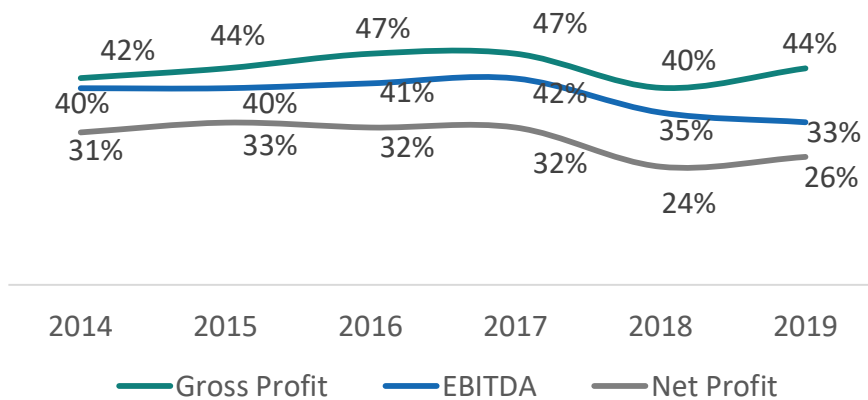
Financial Performance (million SR)



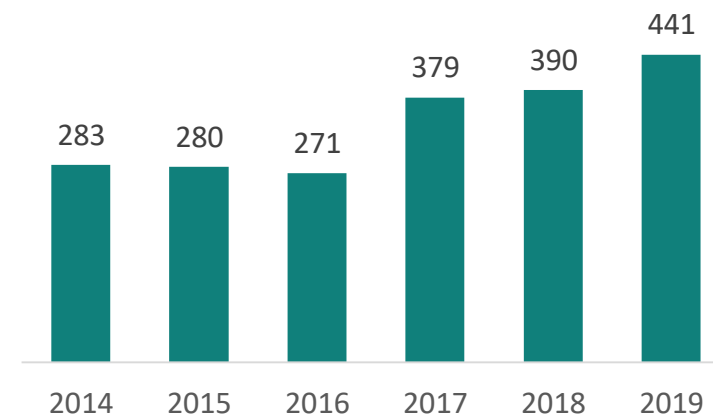
Revenue Breakdown (2019)



Margins %



PP&E (million SR)



# GROWTH DRIVERS AND CHALLENGES



# DESPITE ECONOMIC CHALLENGES, NCLE IS COMMITTED TO CONTINUE GROWING

## CHALLENGES

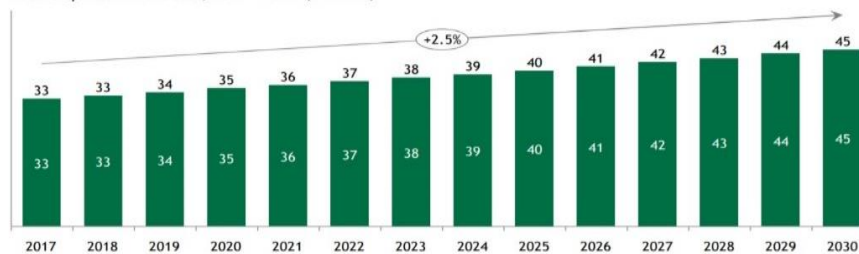
NON-SAUDI EMPLOYMENT COSTS INCREASE

HRDF SUBSIDY DECREASE

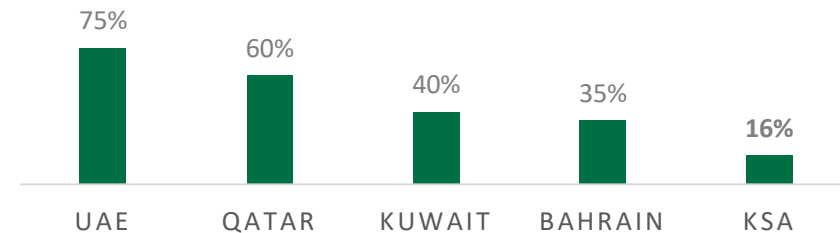
## DRIVERS

POPULATION GROWTH WILL ADD 2 MILLION STUDENTS IN 10 YEARS<sub>1</sub>

Total Population forecast, 2017 - 2030 (Millions)



MOE HAS SET KPIS ON PRIVATE SECTOR TO ACHIEVE PENETRATION OF 25% BY 2030<sub>1</sub>



FRAGMENTED MARKET AND TADRWJ PROGRAM WILL SUPPORT M&A ACTIVITIES

NCLE IS TOP 3 IN RIYADH WITH ONLY 5% OF THE MARKET SHARE (Riyadh)

400K STUDENTS OUT OF 1 MILLION IN TADRWJ PROGRAM

STRONG FINANCIAL POSITION TO SUPPORT GROWTH AND EXPANSION

8% DEBT TO EQUITY RATIO

LARGE ASSETS BASE



## Expansions

- Continue to explore investment opportunities
- Open Al Qairawan Campus

## Offering

- Open new grades in Buraydah Campus
- Launch international curriculum in Al-Nuzha and Al-Rayyan

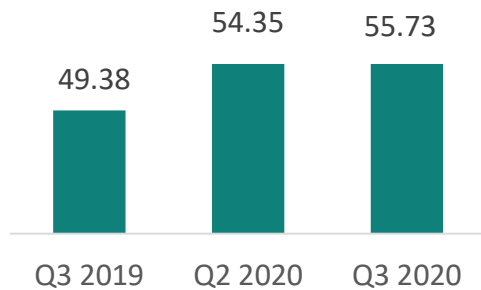


# Q3 2020 FINANCIAL RESULTS



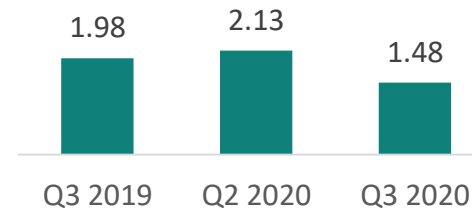
# Q3 RECORDED A 13% INCREASE IN REVENUES AND -9.9% DECLINE IN NET PROFIT

## Revenues (million SAR)



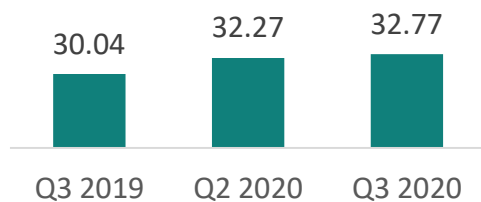
Revenues increased by 13% compared with Q3-2019 and 3% compared with previous quarter

## Government Grants & Subsidies (million SAR)



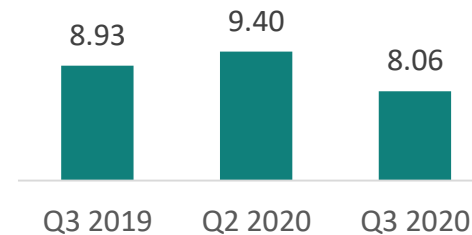
Gov. Grants & Subsidies decreased by -25% compared with Q3-2019 and decreased by -31% compared to previous quarter

## Cost of Revenues (million SAR)



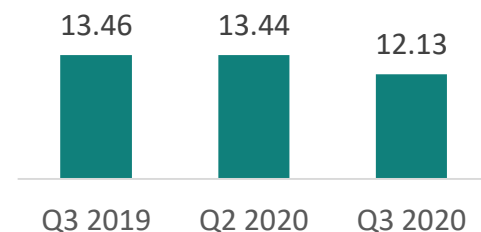
Cost of Revenues increased by 9% compared with Q3-2019 and by 2% compared to previous quarter

## Marketing and G&A (million SAR)



Marketing and G&A expenses decreased by -9.7% compared with Q3-2019 and by -14.3% compared with previous quarter

## Net Profit (million SAR)

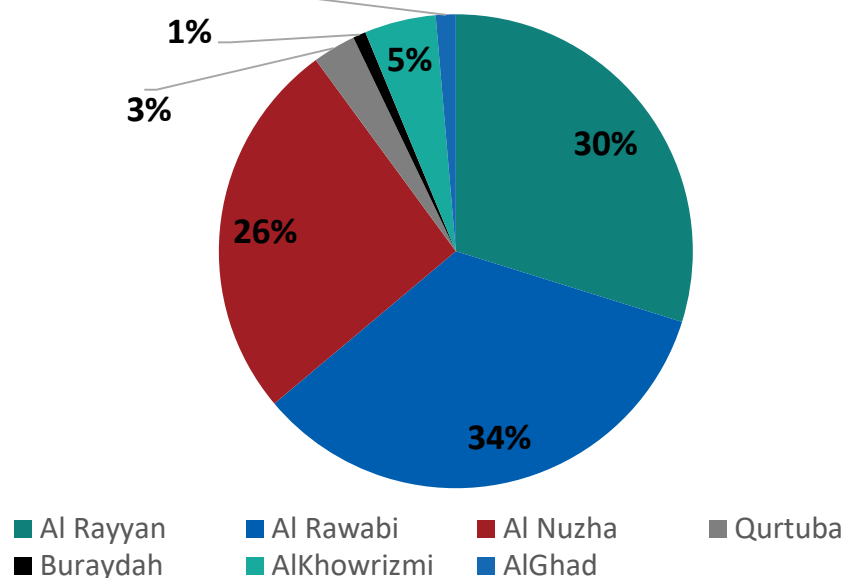


Net Profit decreased by -9.9% compared with Q3-2019 and decreased by -9.7% compared with previous quarter

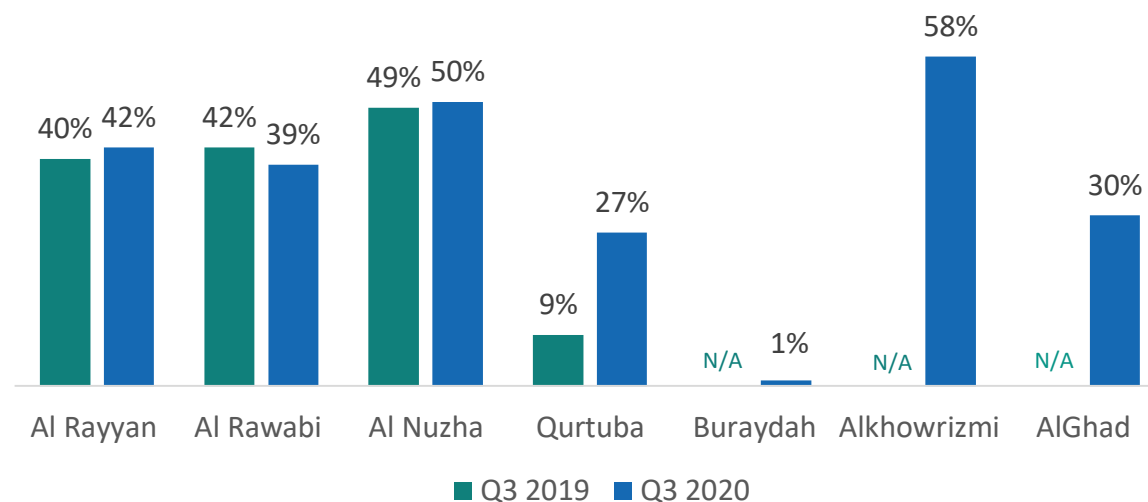
- The decrease in net profit for current quarter compared to the same quarter of the previous year is due to:
  - Other income decreased during the current quarter due to the value of the collected bill was refunded from the MoL for the amount of SAR 2.5 million in Q3 2019
  - Increase in financing costs during the current quarter as a result of applying standard 16 to the rental contracts of Al-Khwarizmi Educational Company and Al-Ghad School Company
  - Increase in provision for credit losses component during the current quarter from the same quarter of the previous year by 39%. Increase in Zakat expense, increase in financial compensation for renewal of stays of non-Saudi employees, and decrease in government grants and benefits.

# 9 MONTHS ENDED IN 31 MAY 2020 FINANCIAL

Revenue By Campus



Gross Margin by Campus



	Al Rayyan	Al Rawabi	Al Nuzha	Qurtuba	Buraydah	Al Khowrizmi*	Al Ghad*
Revenue	47,916,024	54,726,521	41,864,436	4,731,630	1,409,699	7,838,910	2,183,526
Cos	29,240,226	35,098,367	22,627,323	3,653,751	1,392,945	3,370,138	1,527,727
Gross Profit	20,010,466	21,340,149	21,031,726	1,277,488	19,677	4,543,771	655,799
Depreciation	1,441,845	1,688,970	2,476,801	608,313	344,508	252,877	29,340

\* The Performance of Al-Khowrizmi (closed in Dec 1<sup>st</sup> 2019) & Al-Ghad (closed in May 1<sup>st</sup> 2020) represent the period of 6 months and 1 month respectively

# RECENT ANNOUNCED UPDATES ON IPO PROCEEDS

## ORIGINAL PLAN DISCLOSED ON PROSPECTUS

- SAR 247 mn was raised through a capital increase on November 2018 for the purpose of executing and operating the following projects:
  - Qassim project: SAR 59.6 mn
  - Telal Doha (Dharhan): SAR 52 mn
  - Qasr 1 (Khobar): SAR 51.1 mn
  - Qasr 2 (Khobar): SAR 58.6 mn
  - Remaining funds from proceeds of SAR 16 mn allocated to IPO expenses as disclosed on prospectus

## KEY CHANGES

- IPO took place 7 months later than the original submission of NCLE's file to CMA, resulting in pushing all projects by 7 months.
- The GA approved to reallocate the funds of Qasr 1 and Qasr 2 to the following:
  - New targets for acquisition of Al-Ghad & Al-Khawarizmi
  - Qairawan campus in Riyadh (originally funded internally out of IPO proceeds)

## CURRENT PROGRESS

As of 31<sup>st</sup> May 2020

- Qassim project started operation on Sep'19; remaining proceeds are estimated at SAR 13.9 mn which will continue its deployment on capital and operational expenses
- Qirwan project will start operation on Sep'20 ; remaining proceeds are estimated at SAR 5 mn which will continue its deployment on capital and operational expenses
- Telal Doha (Dhahran): is under construction which shall start operation on Sep'21 with remaining proceeds estimated at SAR 39.2 mn that will continue to be deployed
- The amount allocated for Al-Ghad & Al-Khawarizmi was fully utilized and paid

# THANK YOU

## (Q&A)

For more information, please contact us on:  
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