



الشركة الوطنية للتربية والتعليم
NATIONAL COMPANY FOR LEARNING & EDUCATION

INVESTORS CONFERENCE CALL

Q1 2020 EARNINGS

January, 23rd 2019



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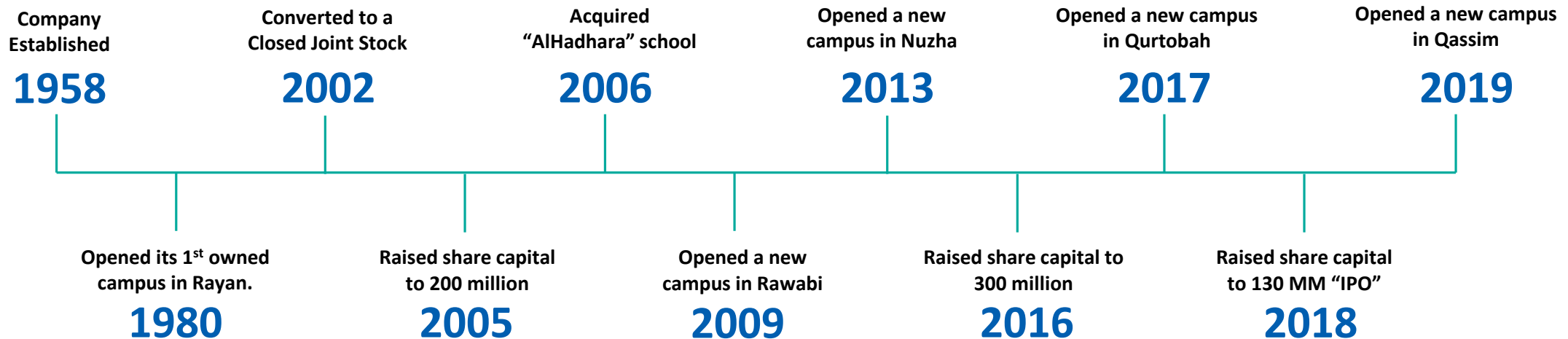
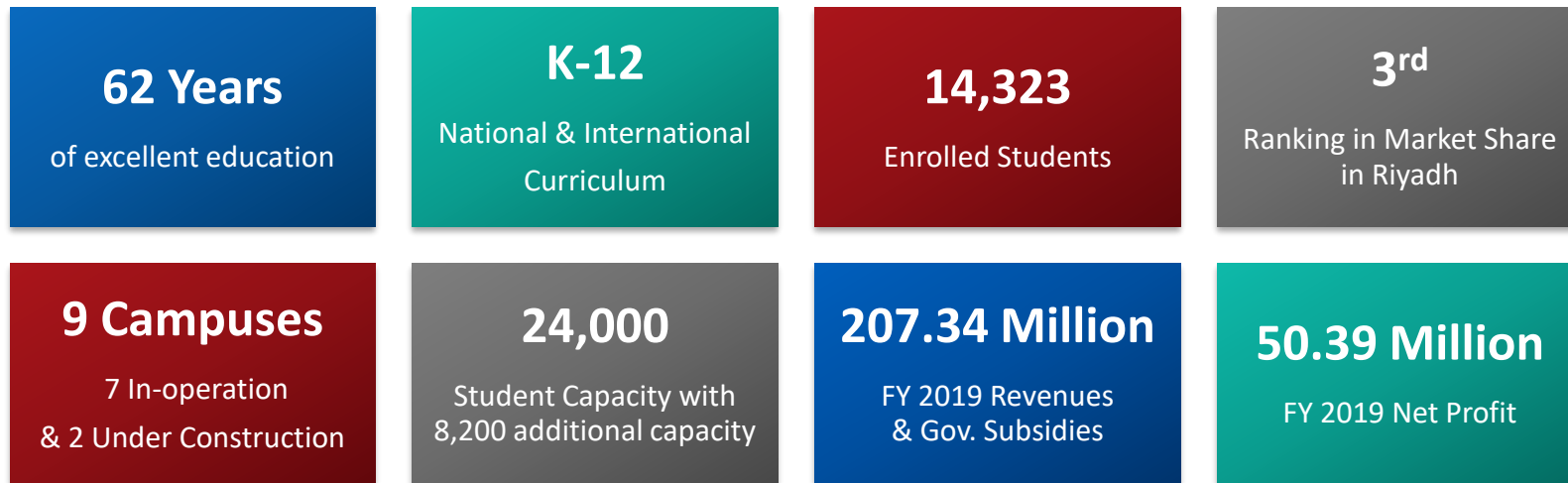
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NCLE OVERVIEW



NCLE CELEBRATES 62 YEARS SINCE ITS FOUNDING TO MAINTAIN ITS VISION



NCLE AIM TO BE A LEADING EDUCATION COMPANY THROUGH EXPANSIONS

OPERATIONAL CAMPUSES:



Al-Rayyan

TNS – Al Rayyan Campus:

Opened in 1980 in Al Rayyan District, Riyadh.
It is constructed on a land area of 59,927 m2 owned by NCLE.



Al-Rawabi

TNS – Al Rawabi Campus:

Opened in 2009 in Rawabi District, Riyadh after rebranding Al-Hadhara schools which was acquired in 2006.
It is constructed on a land area of 35,785 m2 owned by NCLE.



Al-Nuzha

TNS – Al Nuzha Campus:

Opened in 2013 in Al Nuzha District, Riyadh.
It is constructed on a land area of 29,250 m2 owned by NCLE.



Qurtuba

TNS – Qurtuba Campus:

Opened in 2017 in Qurtuba District, Riyadh.
It is constructed on a land area of 5,416 m2 owned by NCLE.



Buraydah

TNS – Buraydah Campus:

Opened in 2019 in Buraydah City, Qassim.
It is constructed on a land area of 12,661 m2 owned by NCLE.

PROJECTS UNDER CONSTRUCTION:



Al-Qairawan

TNS – Al Qairawan Campus:

The project located in Al-Qairawan District, Riyadh.
It is constructed on a land area of 29,000 m2 owned by NCLE. The campus is planned be in operation in September 2020.



Tilal Al Doha

TNS – Tilal Al Doha (Dhahran) Campus:

The project located in Tilal Al Doha District, Dhahran.
It is constructed on a land area of 9,875 m2 owned by NCLE. The campus is planned be in operation in September 2021.

RECENT M&A TRANSACTIONS:



Al Ghad Schools:

Located in King Abdullah District, Riyadh . SPA was signed in Nov 2019 and transaction is pending regulatory approvals.



Al Khawarizmi Schools:

Located in Al-Nada District, Riyadh. SPA was signed in Nov 2019 and transaction is pending regulatory approvals.



24,000
Student

Current Capacity



8,200
Student

Additional Capacity



14,323
Student

Enrolled Students

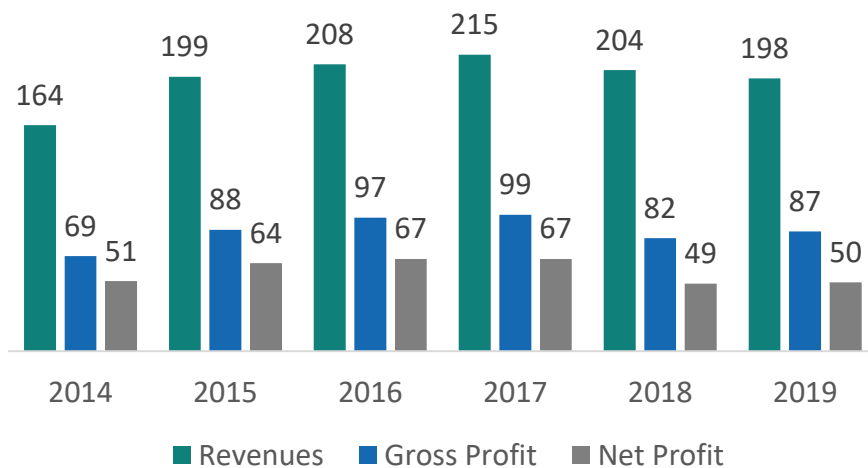


Diversified
Offering

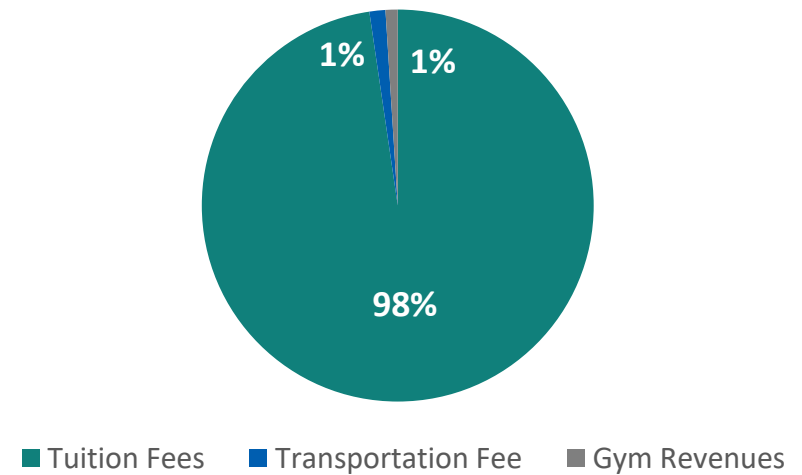
National & International Programs

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

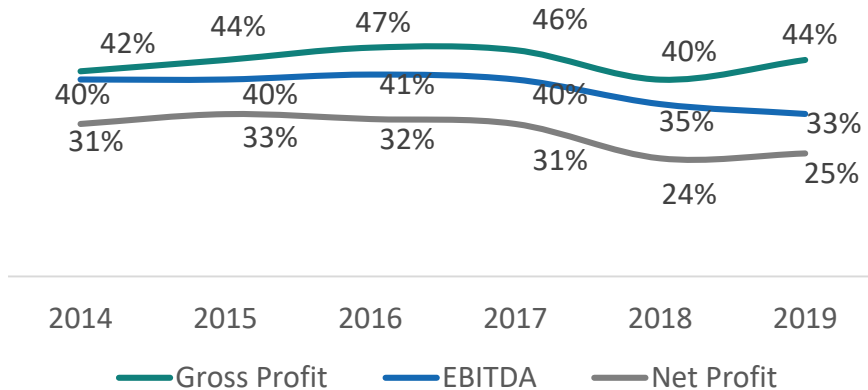
Financial Performance (million SR)



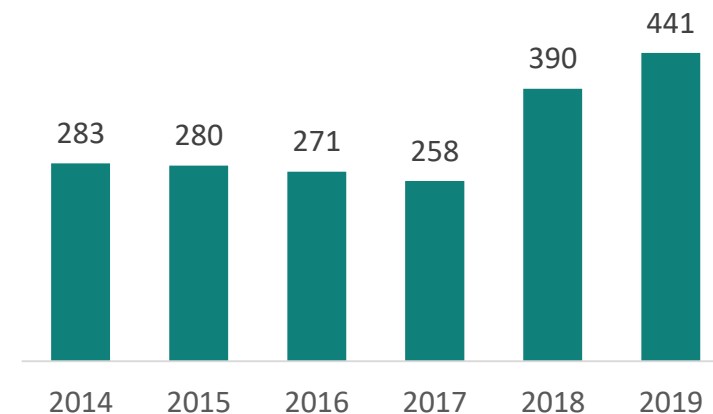
Revenue Breakdown (2019)



Margins %



PP&E (million SR)



GROWTH DRIVERS AND CHALLENGES



DESPITE ECONOMIC CHALLENGES, NCLE IS COMMITTED TO CONTINUE GROWING

CHALLENGES

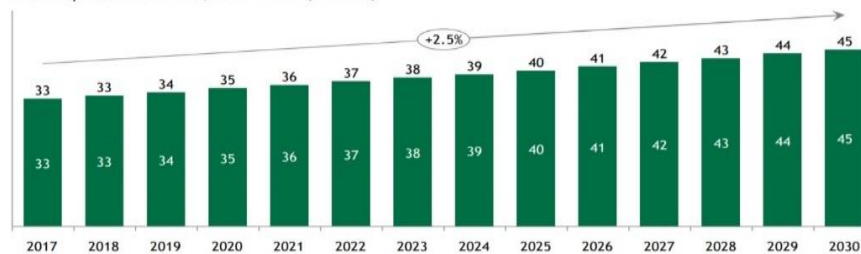
NON-SAUDI EMPLOMENT COSTS INCREASE

HRDF SUBSIDY DECREASE

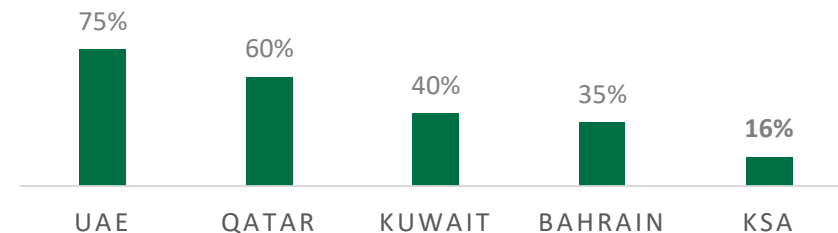
DRIVERS

POPULATION GROWTH WILL ADD 2 MILLION STUDENTS IN 10 YEARS₁

Total Population forecast, 2017 - 2030 (Millions)



MOE HAS SET KPIS ON PRIVATE SECTOR TO ACHIEVE PENETRATION OF 25% BY 2030₁



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

- Close recent M&A deals
- Continue to explore investment opportunities
- Open Al Qairawan Campus

Offering

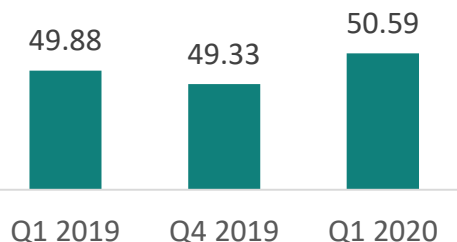
- Open new grades in Buraydah Campus
- Launch international curriculum in Al-Nuzha and Al-Rayyan

Q1 2020 FINANCIAL RESULTS



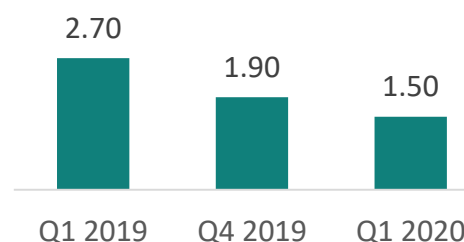
NET PROFIT HAS IMPROVED DESPITE THE DECREASE IN GOV. GRANTS AND SUBSIDIZATION

Revenues (million SAR)



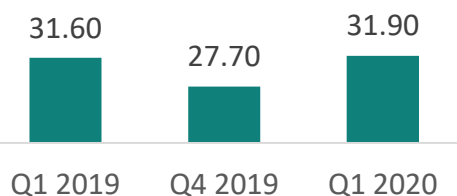
Revenues increased by 1.45% compared with Q1-2019 and 2.55% compared with previous quarter

Government Grants & Subsidies (million SAR)



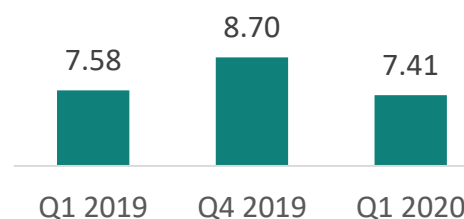
Gov. Grants & Subsidies decreased by -43% compared with Q1-2019 and -20% compared to previous quarter

Cost of Revenues (million SAR)



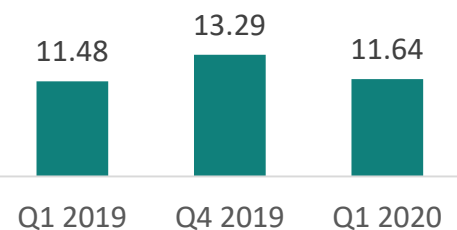
Cost of Revenues increased by 15% compared to previous quarter

Marketing and G&A (million SAR)



Marketing and G&A expenses decreased by -14% compared with previous quarter

Net Profit (million SAR)

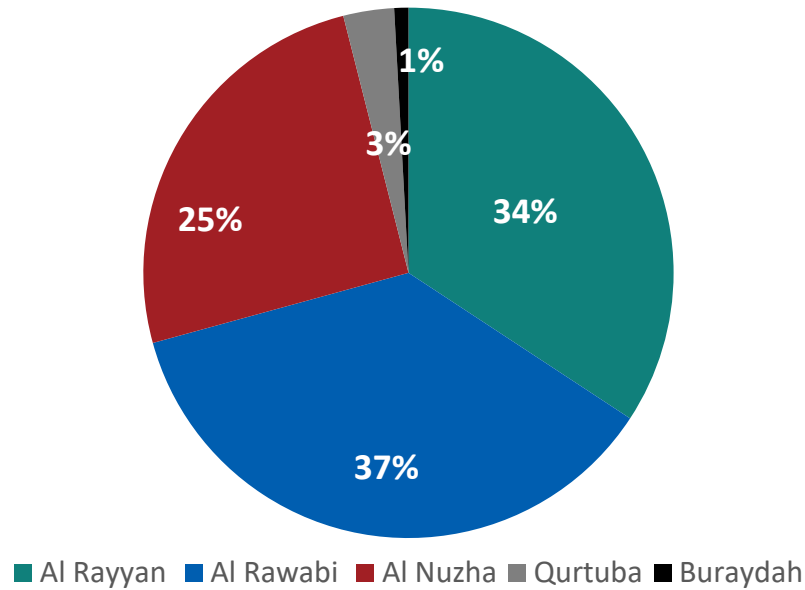


Net Profit increased by 1.43% compared with Q1-2019 and decreased by -12.45% compared with previous quarter

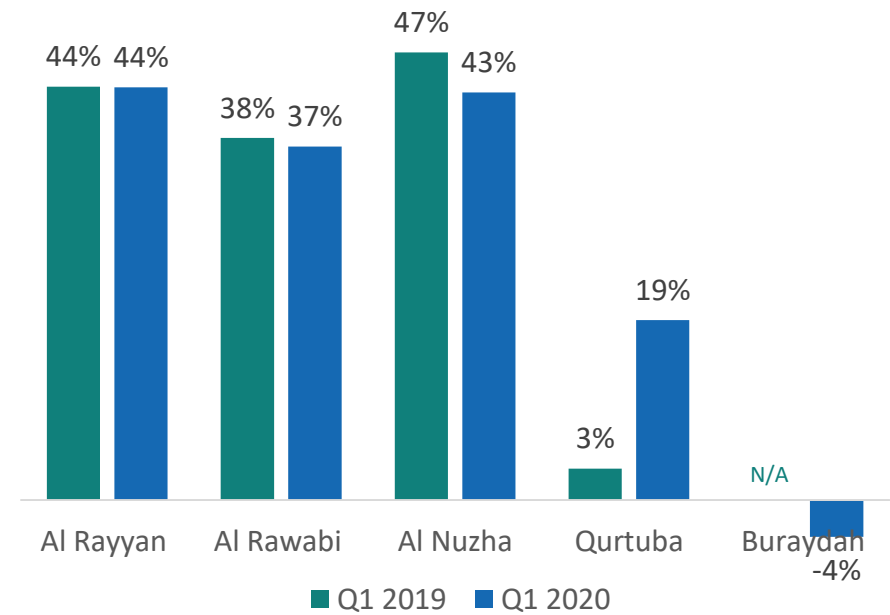
- Net profit has improved compared to Q1 2019 due to Increase in revenues and decrease in finance cost during the current quarter driven by the earned revenue of Islamic Murabaha.
- The decrease in net profit compared to the previous quarter is due to a lower cost of revenue in last quarter as it concurred with schools' summer vacation.

Q1 2020 FINANCIAL RESULTS

Revenue By Campus



Gross Margin by Campus



- Al-Rayyan and Al-Rawabi campuses have maintain their performance with stable margins.
- Qurtuba campus which opened in 2017 has recorded 227% growth in gross profit compared with Q1 2019.
- Buraydah campus which partially opened in 2019 achieved 436,525 SR revenues in the first quarter of operation.

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 scheduled to start operation on Sep'20
 - Telal Doha (Dharhan): SAR 52 mn scheduled to start operation on Sep'20
 - Qasr 1 (Khobar): SAR 51.1 mn scheduled to start operation on Sep'21
 - Qasr 2 (Khobar): SAR 58.6 mn scheduled to start operation on Sep'21
 - 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.
- New targets for acquisition have been identified which was more economically feasible to allocate some of the proceeds for.
- Qairawan campus in Riyadh (originally funded internally out of IPO proceeds) has become more economically feasible to be financed from proceeds rather than the company's internal funding

CURRENT PROGRESS

- Qassim project started operation on Sep'19; remaining proceeds are estimated at SAR 21.11 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 46.12 mn that will continue to be deployed
- Qasr 1 and Qasr 2 proceeds of SAR 109.4 mn have been reallocated to finance the acquisition of Alghad school and Alkhawarizmi schools (SAR 66.7 mn). The remaining balance of SAR 42.7 mn will finance the completion of construction and operation of Qairawan campus which shall start operation on Sep'20

THANK YOU

(Q&A)

For more information, please feel free to contact us on:
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