



الشركة الوطنية للتربية والتعليم
NATIONAL COMPANY FOR LEARNING & EDUCATION

INVESTORS CONFERENCE CALL

Q2 2020 EARNINGS RESULT

April, 22nd 2020



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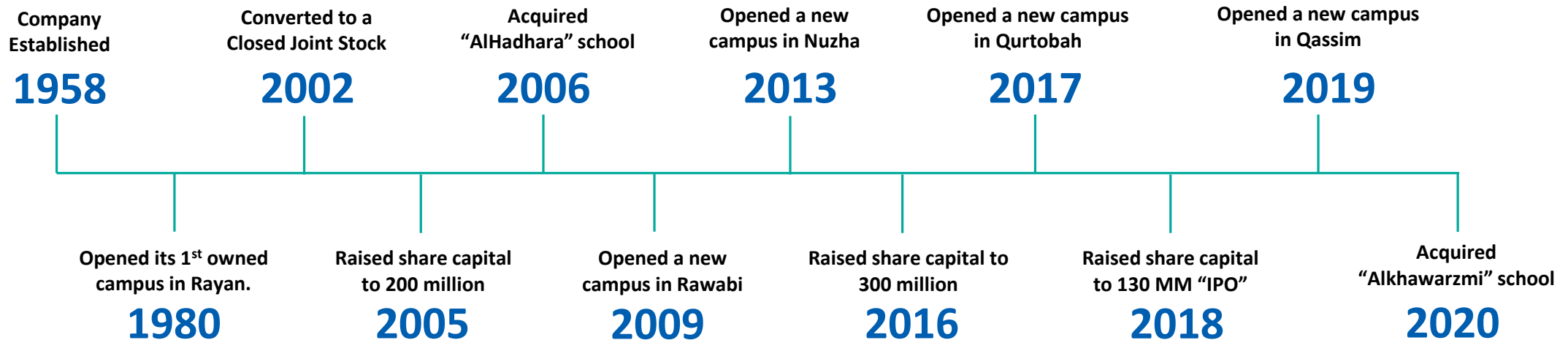
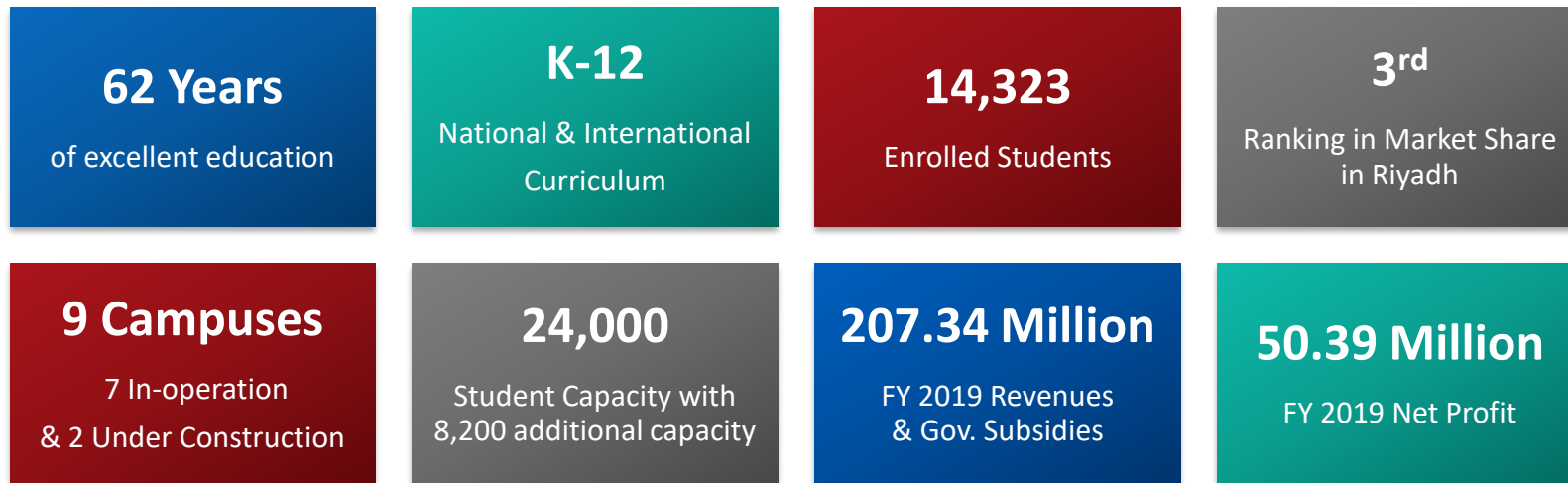
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NCLE OVERVIEW



NCLE CELEBRATES 62 YEARS SINCE ITS FOUNDING TO MAINTAIN ITS VISION



NCLE AIM TO BE A LEADING EDUCATION COMPANY THROUGH EXPANSIONS

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 acquiring and rebranding Al-Hadhara schools 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 Khawarzmi Schools:

Located in Al-Nada District, Riyadh. SPA was signed in Nov 2019 and transaction has been closed



24,000
Student

Current Capacity



8,200
Student

Additional Capacity



14,323
Student

Enrolled Students

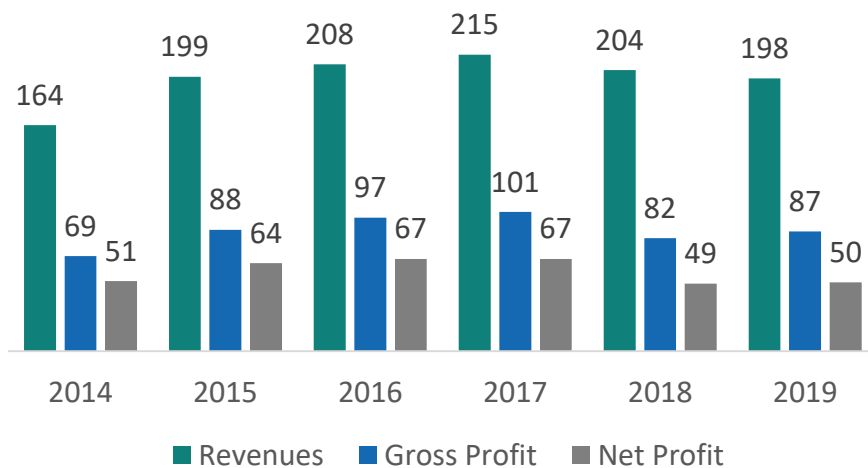


Diversified
Offering

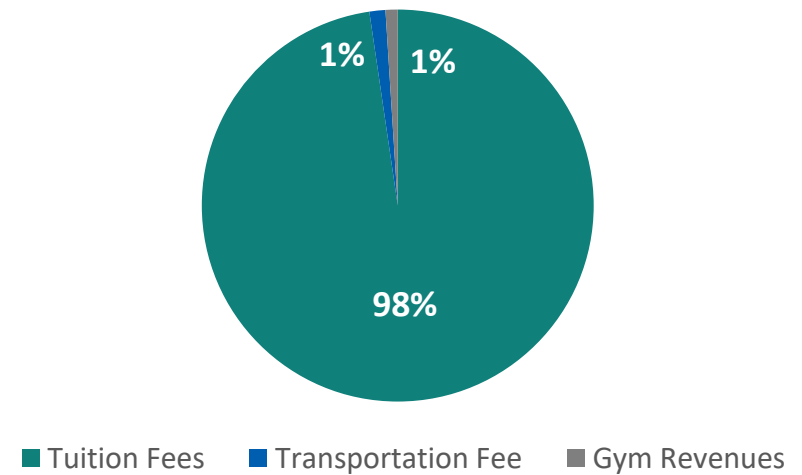
National & International Programs

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

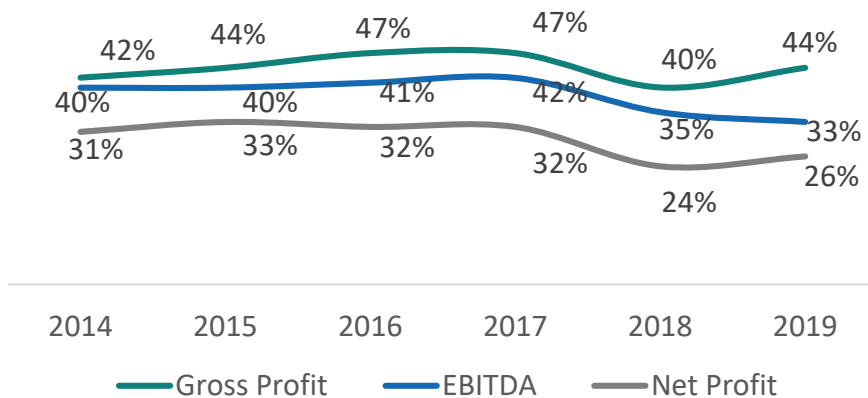
Financial Performance (million SR)



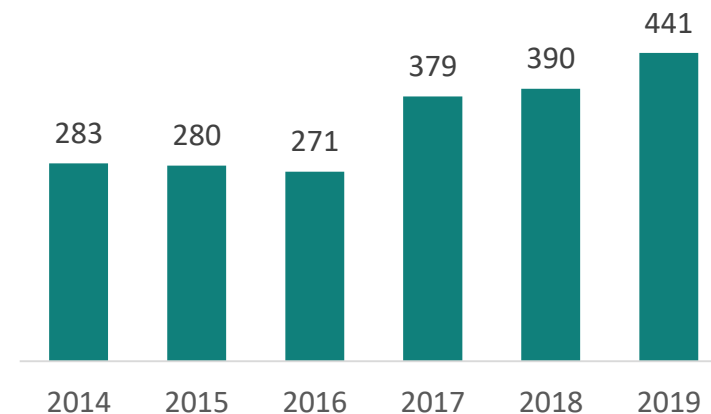
Revenue Breakdown (2019)



Margins %



PP&E (million SR)



Q2 2020 EXECUTIVE UPDATE



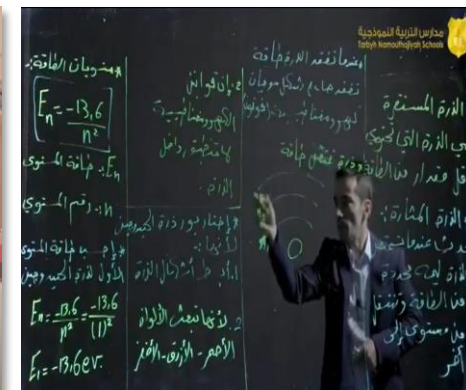
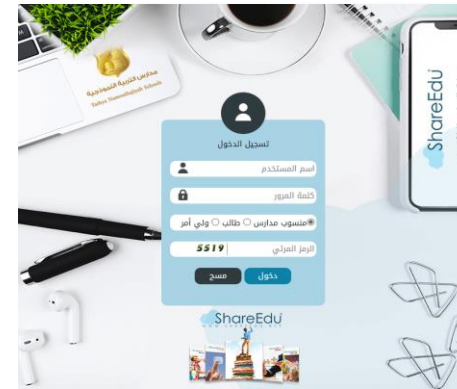
Q2 2020 EXECUTIVE UPDATE

- Closed Al-Khawarzmi Education Company acquisition transaction after obtaining the approval from relevant regulatory authorities.
- Alkhawarzmi financials has been consolidated in Q2.
- Constructions activities in Al-Qairawan campus are advancing with target to open for enrollment in next academic year in September 2020.
- Progress in Tilal Aldoha campus construction is still inline with the project timeline to be operational by September 2021.
- AlGhad acquisition will be completed after the end of the current precautionary measures taken by the government of the Kingdom of Saudi Arabia to limit the spread of the emerging Corona virus (COVID-19).
- The government has announced various initiatives to the privet sector to limit the economic impact of the preventive measures against the spread of COVID-19. NCLE is working on submitting the required data to the government authorities to benefit as much as possible from those initiatives.



Q2 2020 EXECUTIVE UPDATE

- NCLE has ensured continuity of its operations and education programs as virtual schools has been activated after the school suspension decision took place due to COVID-19.
 - ✓ Online classes lunched in less than 24 hours after the school suspension decision took place
 - ✓ 91% daily students attendance
 - ✓ 100% teachers' daily attendance
 - ✓ Produced over 36,000 interactive contents
 - ✓ Conducted around 12,400 virtual classes
 - ✓ Opened around 13,600 discussion rooms
 - ✓ Uploaded more than 20,000 homework and quizzes



Expansions

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

Offering

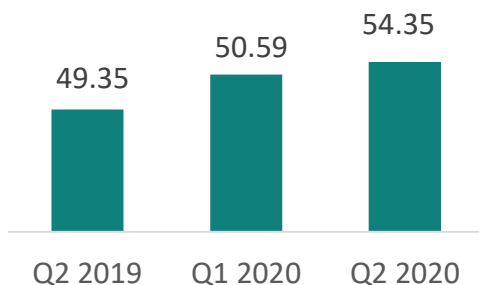
- Open new grades in Buraydah Campus
- Launch international curriculum in Al-Nuzha and Al-Rayyan

Q2 2020 FINANCIAL RESULTS



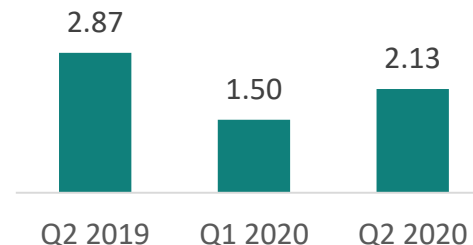
NET PROFIT HAS IMPROVED DUE TO INCREASE IN REVENUES AND CONSOLIDATION OF AL-KHAWARZMI CO.

Revenues (million SAR)



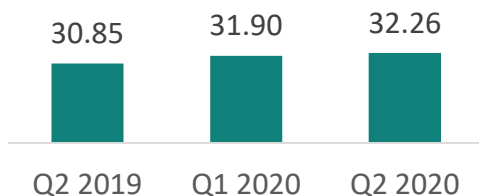
Revenues increased by 10% compared with Q2-2019 and 7% compared with previous quarter

Government Grants & Subsidies (million SAR)



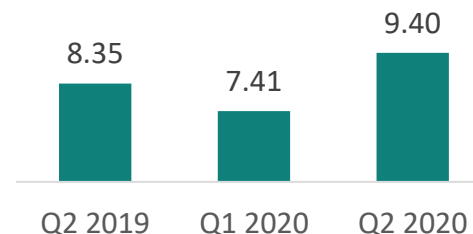
Gov. Grants & Subsidies decreased by -26% compared with Q2-2019 and increased by 41% compared to previous quarter

Cost of Revenues (million SAR)



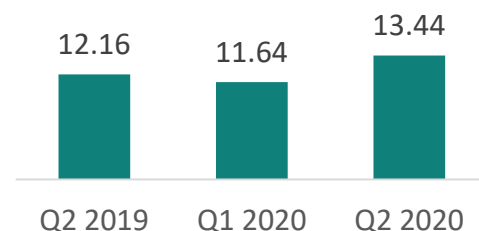
Cost of Revenues increased by 4.6% compared with Q2-2019 and by 1% compared to previous quarter

Marketing and G&A (million SAR)



Marketing and G&A expenses increased by 13% compared with Q2-2019 and by 27% compared with previous quarter

Net Profit (million SAR)

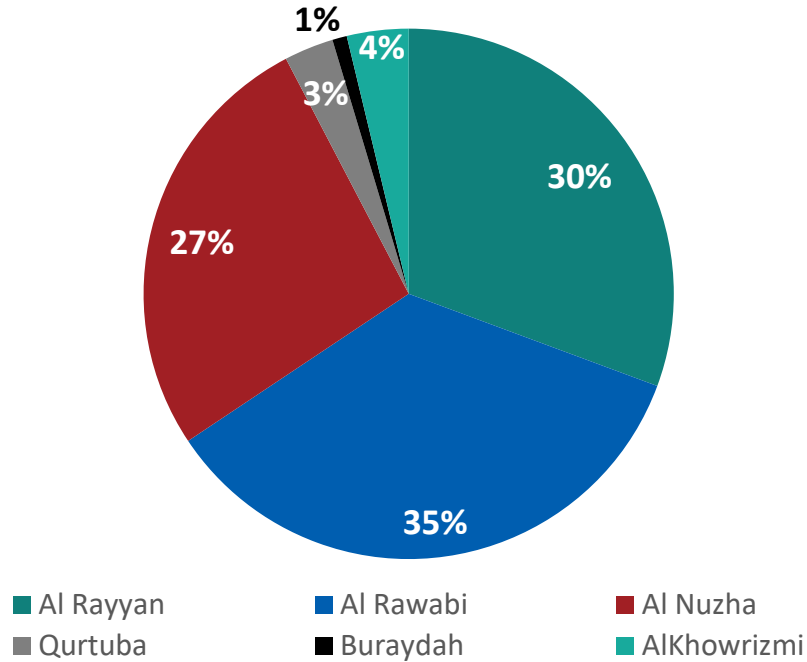


Net Profit increased by 10.5% compared with Q2-2019 and increased by 15.5% compared with previous quarter

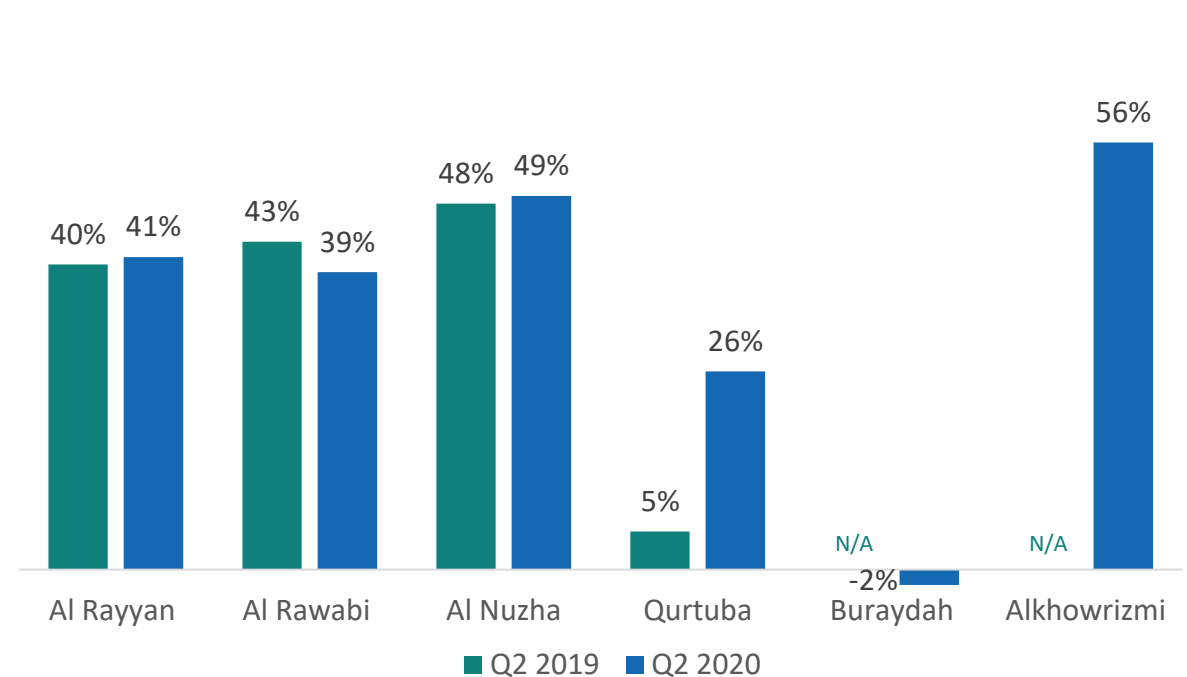
- The increase in net profit for current quarter compared to the same quarter of the previous year is due to:
 - Consolidation of Al-Khawarzmi Education Company financial, which contributed to the increase in net profit.
 - Increase in revenues during the current quarter of NCLE educational complexes
 - Decrease of depreciation expenses for current quarter compared to the same quarter of the previous year due to the change of the useful lives of some categories of the fixed assets during this quarter.

6 MONTHS ENDED IN 29 FEBRUARY 2020 FINANCIAL

Revenue By Campus



Gross Margin by Campus



- Al-Rayyan and Al-Nuzha campuses have maintain their performance with stable margins.
- Qurtuba campus has recorded 709% growth in gross profit compared with Q2 2019.
- Buraydah campus which partially opened in 2019 achieved 928,799 SR revenues in the first half of the year.
- Alkhowrizmi recorded highest gross margin in NCLE camps

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 19.6 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 45.6 mn that will continue to be deployed

THANK YOU

(Q&A)

For more information, please contact us on:
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