



الشركة الوطنية للتربية والتعليم
NATIONAL COMPANY FOR LEARNING & EDUCATION

INVESTORS CONFERENCE CALL

Q3, 2021 - FINANCIAL RESULTS

AUGUST 2021



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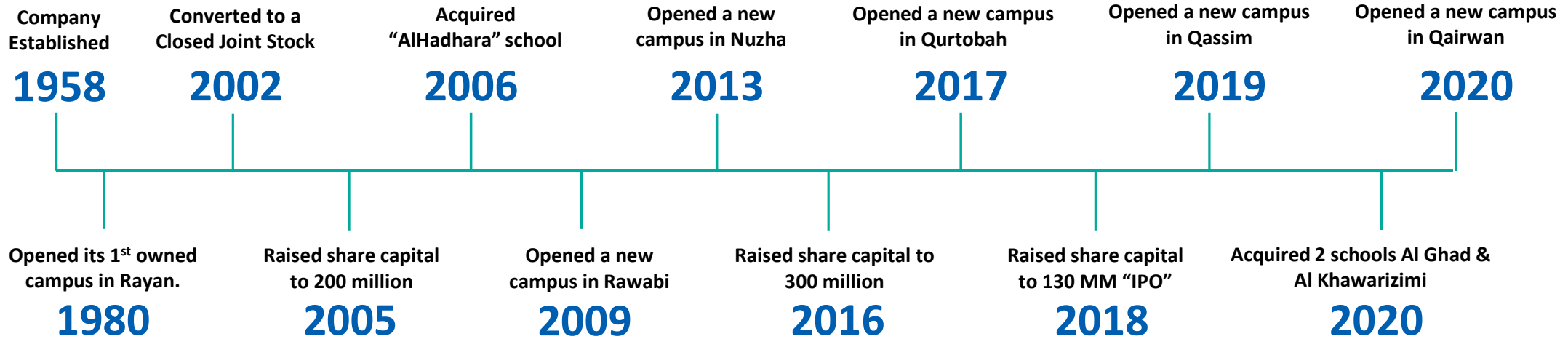
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NCLE OVERVIEW



NCLE celebrates its 63rd anniversary this year ...



NCLE aspires to be the market leader in terms of education quality, and business growth

63 Years

of excellent education

K-12

National & International
Curriculum

13,3K

Enrolled Students

3rd

Ranking in Market Share in
Riyadh

9 Campuses

8 In-operation
& 1 Under Construction

≈ 29,000

Student Capacity with 3,000
additional capacity

225 Million

FY 2020 Revenues
& Gov. Subsidies

58 Million

FY 2020 Net Profit



مدارس التربية النموذجية
Tarbyh Namouthajiyah Schools

tns
International

مدارس الغد الأهلية
AL Ghad Schools



مدارس
الأهلية
الخوارزمي

NCLE aspires to be the market leader in terms of education quality, and business growth



TNS – Al-Rayyan

TNS – Al-Rawabi

TNS – Al-Nuzha

TNS – Qourtuba

TNS – Buridah

Al-Khawarzmi

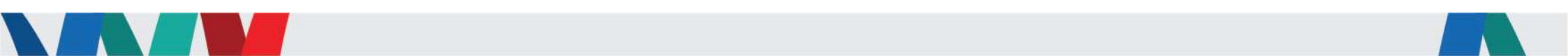
Al-Ghad

TNS – Qairawan

TNS – Al-arid

TNS – Tilal Al-Doha

	TNS – Al-Rayyan	TNS – Al-Rawabi	TNS – Al-Nuzha	TNS – Qourtuba	TNS – Buridah	Al-Khawarzmi	Al-Ghad	TNS – Qairawan	TNS – Al-arid	TNS – Tilal Al-Doha
Establishment	1958	2009	2013	2017	2019	2010	1990	2020	2021	2022 Under Construction
Location	Riyadh	Riyadh	Riyadh	Riyadh	Qassim	Riyadh	Riyadh	Riyadh	Riyadh	Riyadh
Curriculum										
Optimal capacity	5,250	4,375	4,375	1,050	2,625	1,220	2,200	4,550	3200	2,625
Enrolled students	3,145	3,466	2,411	405	386	1,120	1,408	979	NA	NA
Utilization	60 %	79 %	55 %	39 %	15 %	92 %	64 %	22 %	NA	NA



Due to the global pandemic, NCLE witnessed a minor decline in the number of students in 2021 academic year

Total Students 2020

14.5 K

Total decline rate in
2021

% 8

Total Students 2021

13.3 K

KG and G1 decline % of
the total decline

% 76

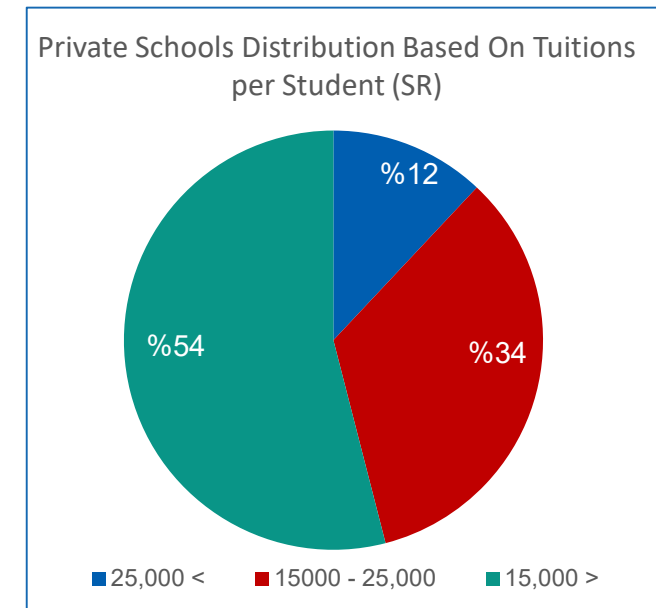
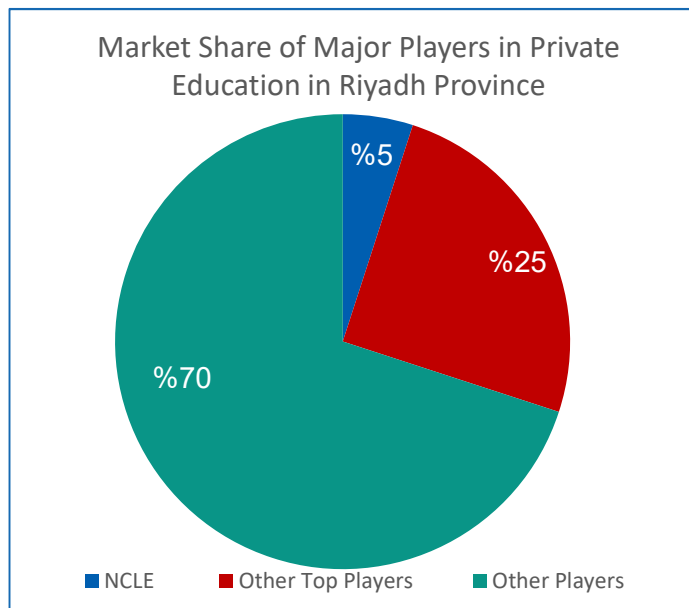
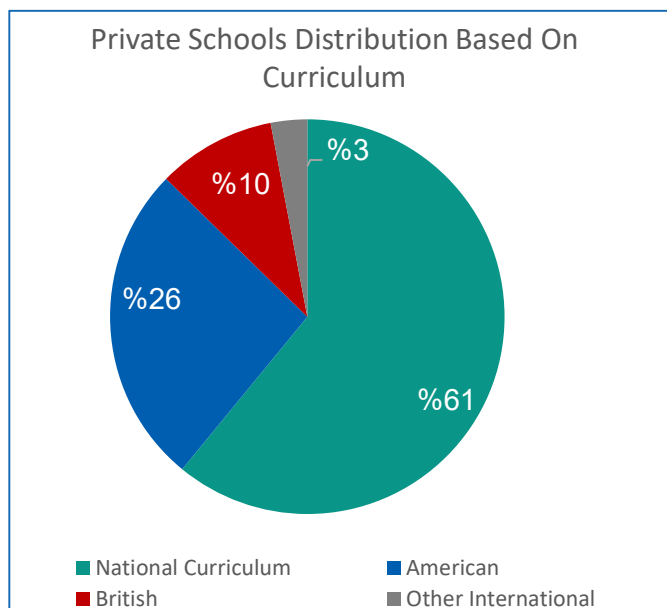
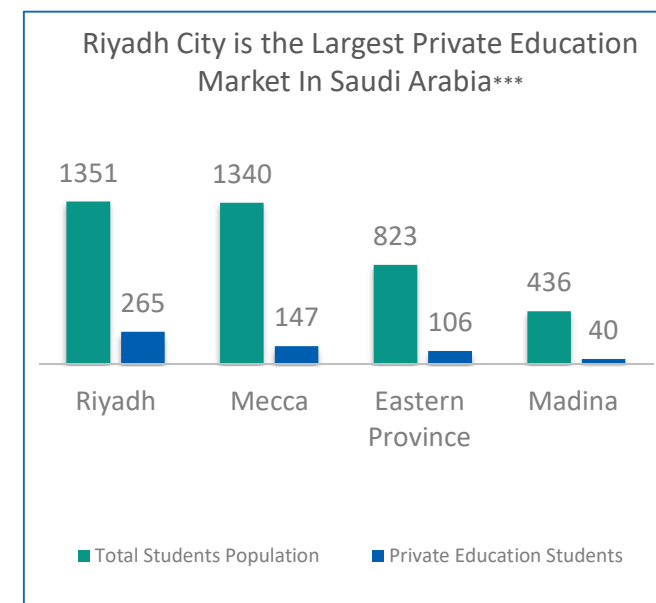
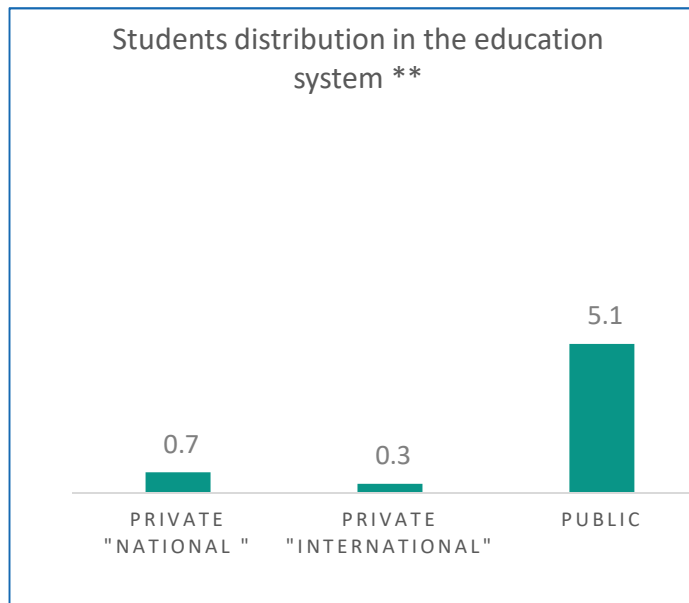
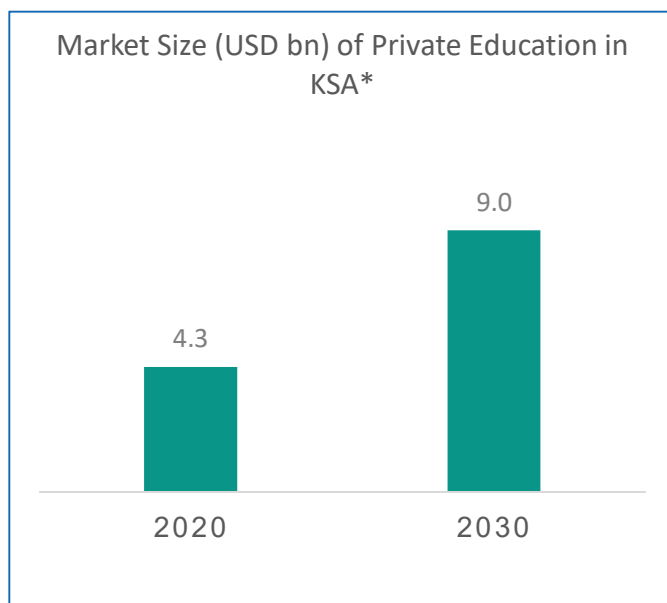
- The total number of students in the current year (2021) decreased by 8% compared to the previous year (2020)
- 76% of the total decrease resulted from the decline in enrollment of kindergarten and first grade students.



MARKET OVERVIEW & PRIVATE EDUCATION SECTOR GROWTH DRIVERS



The private education market is expected to double in the next 10 years ...



* Saudi Arabia MoE, General Authority of Statistics, team analysis

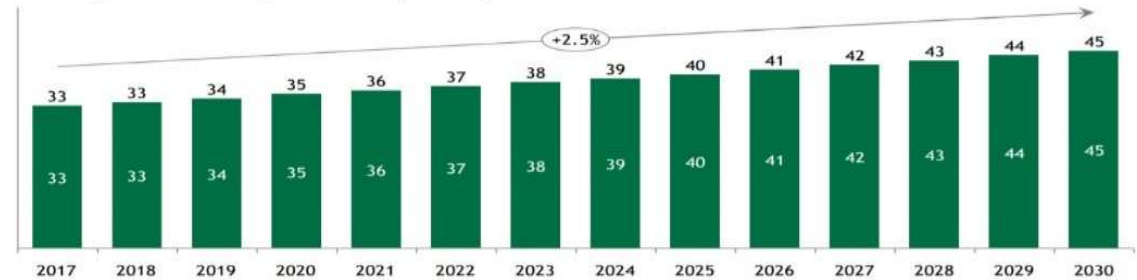
** 2019

*** 2017

NCLE is committed to continue growing given the growth drivers in place

40 % of KSA Population < 25 Years old

Total Population forecast, 2017 - 2030 (Millions)

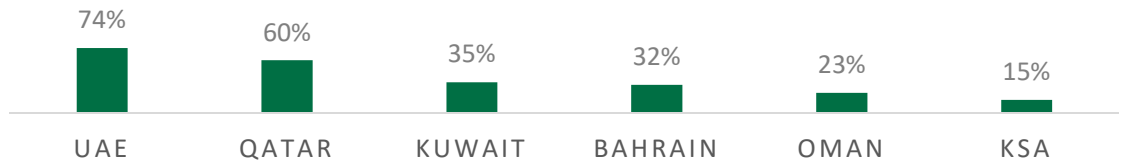


1

Population growth will add 2M students in 10 years

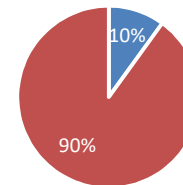
2

Enrollment rate in private education is still the lowest in KSA compared to neighboring countries



3

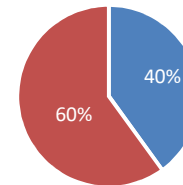
High fragmentation in the industry, which drives for more consolidation



Other Players
Top 10 Players

4

Non-educational building schools accommodate 40% of private education students



Students not in TADRWJ Schools
Students in TADRWJ Schools

5

Public schools operation is an opportunity to improve cost efficiency and education quality



NCLE's new project

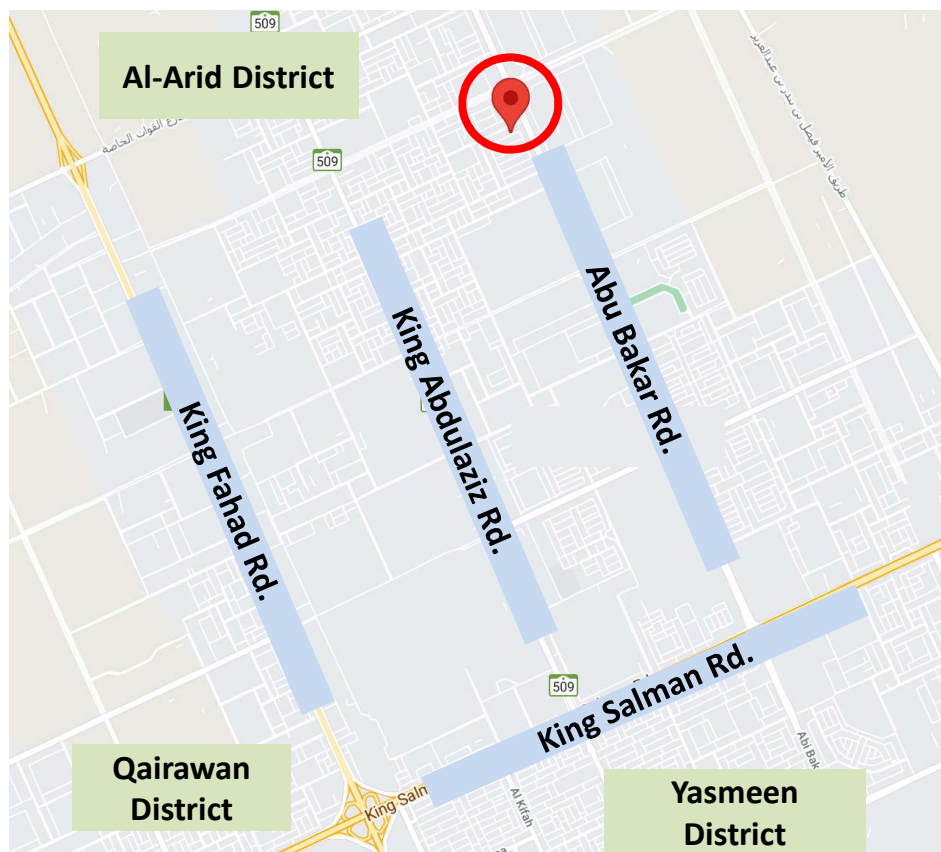
Riyadh, Al-Arid district



Project TNS - Al-Arid

Project Overview

- NCLE is opening a new school on September of the academic year 2021-2022, through a long-term lease of a school building in north of Riyadh (Al-Arid District)
- The new school offer national and international programs for boys and girls in all stages



Project TNS - Al-Arid District

Project Rational:

- **Strong projected feasibility study** conducted by specialized independent advisor
- **Strategic location** serving districts north of Riyadh which have a rapid growth in population
- **Competitive advantage** of being the first school complex in the district
- **Lease option is more viable** as an alternative option compared to greenfield project
- **High quality building** matching highest standards



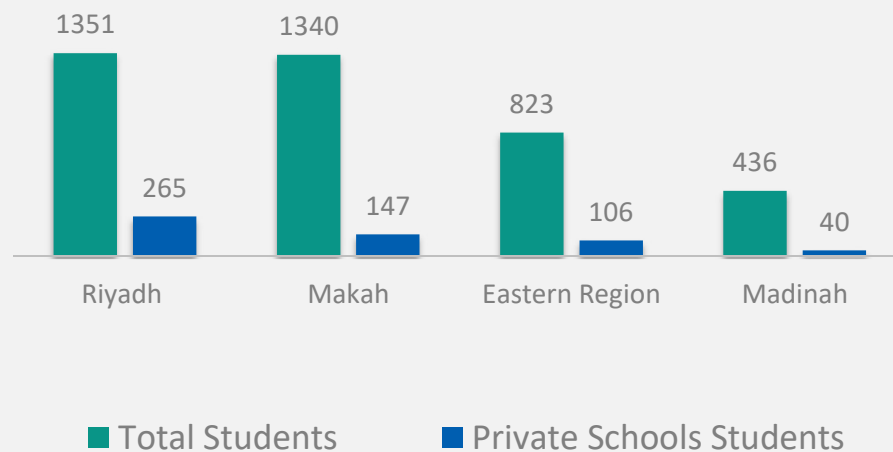
Market Outlook – Al-Arid District

1

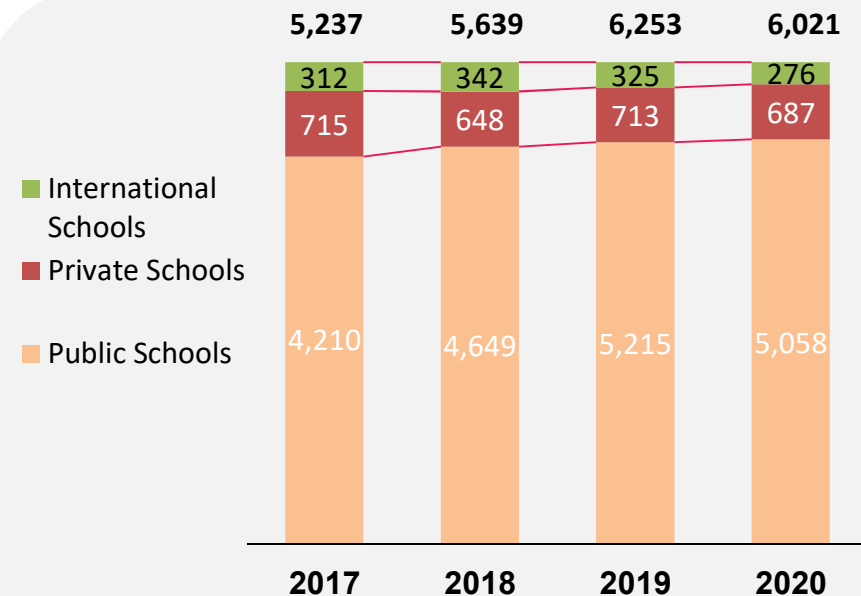
Total Students Population

Total number of students enrolled in private schools in the Kingdom of Saudi Arabia is projected to be 1.2 million students (pre-Covid) and Riyadh is considered the highest in terms of number of students in private schools

Number of Students (000)



Number of Schools



Market Outlook – Al-Arid District

2

Market Size and Demography

- **Population**

one of fastest growing districts with total population of 34,300 people

- **Average Income**

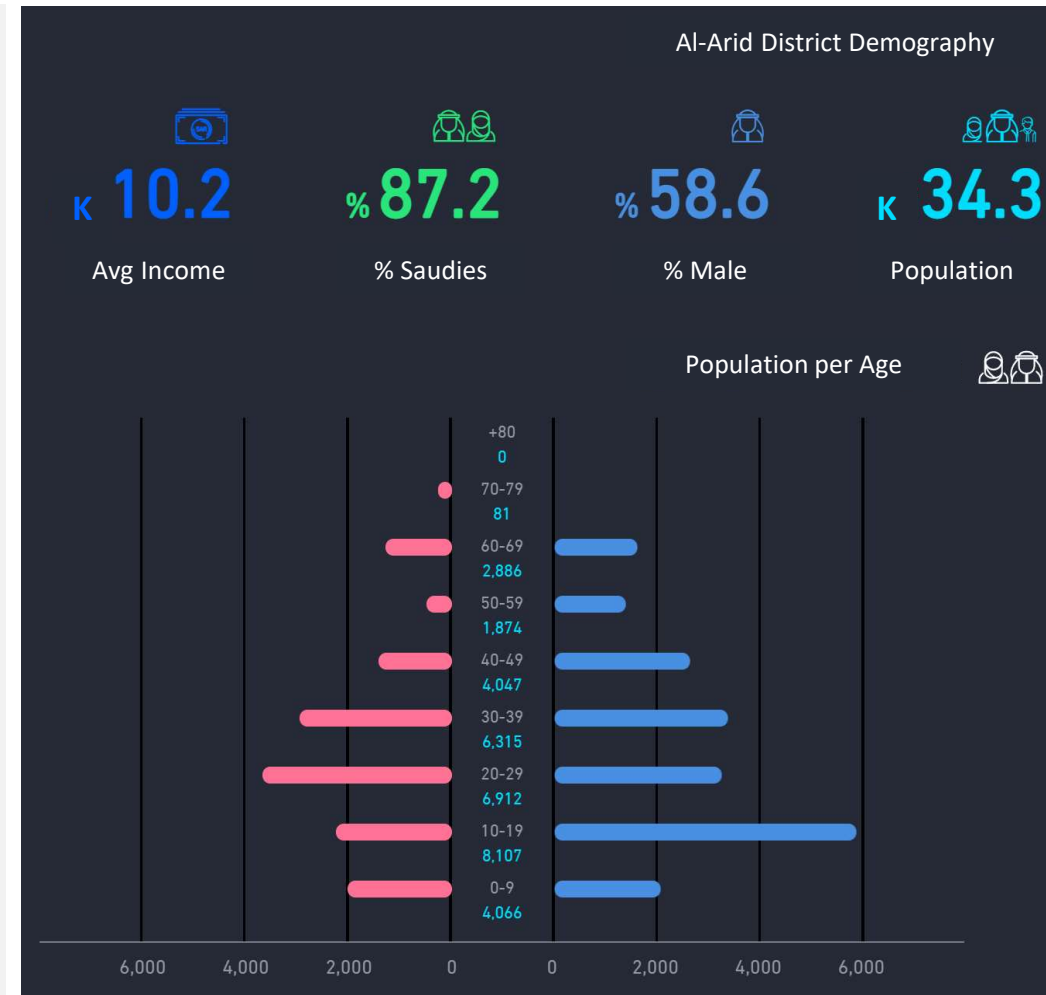
ranked #25 out of 155 districts as highest income districts with average income of 10,200 SR

- **Target Age**

The target age (0-19 years) represents 36% of total population with 12,200 students

- **Surrounding District**

Al-Arid is located next to large districts such as Yasmen (38,000 students) and Narjis (11,000 students)



Market Outlook – Al-Arid District

3

Market comparison

Students per school ratio of 4,067 suggests that Al-Arid districts is under served compared with other districts being one of the highest in Riyadh

Selected Districts north of riyadh	Avg Monthly Income	Population	(0-19 yr) %	Students Population	Private Schools*	Students per School
Nuzhah	9,419	29,300	34%	9,962	5	1,992
Narjis	8,332	27,600	40%	11,040	8	1,380
Yasmen	8,770	103,100	37%	38,147	16	2,543
Malqa	10,400	61,200	33%	20,196	14	1,443
Qairawan	9,392	17,800	30%	5,340	3	1,780
Al-Arid	10,200	34,200	36%	12,200	3	4,067

- * Projected, under review.
- Sources: MOE, RCRC, NCLE analysis

Case Study: TNS Qairawan School

- NCLE management have used TNS Qairawan school as a benchmark given location and timing proximity as well as the demographic similarity

Qairawan School	
Students in 1 st Academic Year	~ 1000
Capacity	4550
Revenues for 9 months	SR 7.5 million
Gross Profit for 9 months	SR 1.53 million
Gross Profit Margin	% 20.4

Building Lease Contract

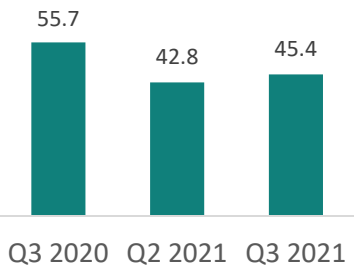
- The lease contract amount of **7,950,000 Saudi riyals annually**, with an increase of **one million Saudi riyals** on the annual rent value **every five years**. (Including extension period)
- Contract duration is for **ten (10) years binding on both parties starting from 01/09/2021**, and the lease contract is renewed for **another similar period (10 years)**, under the same terms of lease amount mentioned above. Note that the **option not to extend is granted to NCLE only**.
- The agreed lease **payment** as per the contract is around **25% below the average lease** payment obtained from **three independent valuers** licensed by the Saudi Authority for Accredited Valuers, whereby the **cap rate at the beginning of the contract is around 4.9%** based on the average property valuation obtained from the same valuers.

Q3 2021 FINANCIAL RESULTS



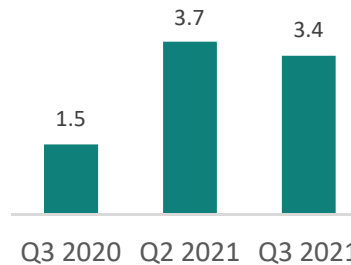
NET PROFIT HAS IMPROVED COMPARED TO THE PREVIOUS QUARTER

Revenues (million SAR)



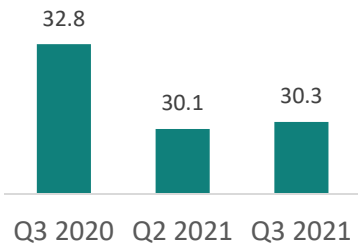
Revenues increased by 8% compared with previous quarter and decreased by -18.5% compared with Q3 -2020

Government Grants & Subsidies (million SAR)



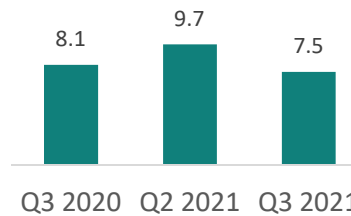
Gov. Grants & Subsidies decreased by -8.2% compared to previous quarter and increased by 133% compared with Q3-2020

Cost of Revenues (million SAR)



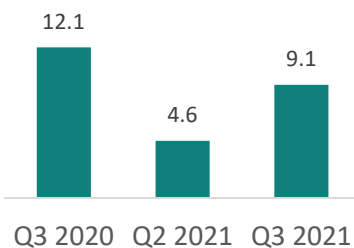
Cost of Revenues increased by 1% compared to previous quarter and decreased by -7.4% compared with Q3-2020

Marketing and G&A (million SAR)



Marketing and G&A expenses decreased by 22.6% compared with previous quarter and decreased by -6.4% compared with Q3-2020

Net Profit (million SAR)



Net Profit increased by 100.4% compared with previous quarter and decreased by -24.6% compared with Q3-2020

The increase in net profit for current quarter compared to the previous quarter is due to:

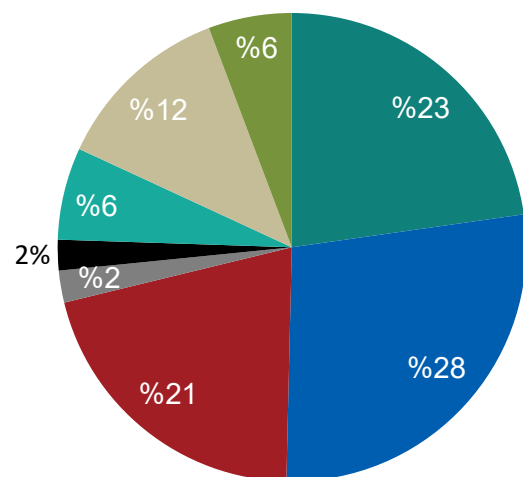
- Increase in revenues resulted from the increase in the number of students enrolled in the second semester compared to the first semester
- Reevaluating the discounts' rates offered to students in the second semester of the current academic year

The Decrease in net profit for current quarter compared to the same quarter of the previous year is due to:

- providing discounts with different rates from 10% to 50% on the tuitions of the current academic year, concurring with the Ministry of Education announcement of the online education for the 2020/2021.
- Decrease in number of students enrolled in the current by 8% compared to the same quarter of the previous year.
- Suspension of school transportation services and canteens.

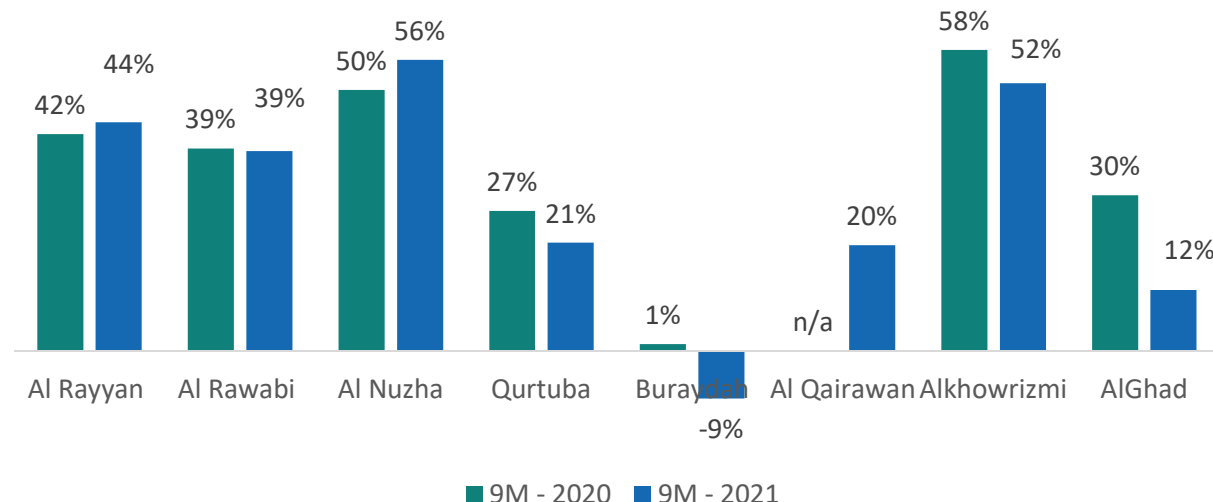
Campus Result in 9M- 2021

Revenue By Campus



■ Al Rayyan ■ Al Rawabi ■ Al Nuzha ■ Qurtuba
■ Buraydah ■ AlKhowrizmi ■ AlGhad ■ AlQairwan

Gross Margin by Campus



■ 9M - 2020 ■ 9M - 2021

	Al Rayyan	Al Rawabi	Al Nuzha	Qurtuba	Buraydah	Al Qairwan	Al Khowrizmi	Al Ghad
Revenue	29,483,421	35,792,976	26,991,181	2,861,002	2,726,626	7,456,906	8,271,381	16,003,015
Government Grants & Subsidies	2,217,191	2,670,866	2,192,621	437,434	690,407	440,097	311,676	568,934
Cost	(18,723,461)	(24,683,388)	(14,062,035)	(2,701,431)	(3,664,804)	(6,375,698)	(4,319,132)	(14,682,177)
Gross Profit	12,977,151	13,780,454	15,121,767	597,005	(247,771)	1,521,305	4,263,925	1,889,772

THANK YOU

(Q&A)

For more information, please contact us on:
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