

AL KHALEEJ
TRAINING AND EDUCATION
Global knowledge. Local focus.



الخليج
للتدريب والتعليم
خبرات دولية ... رؤية محلية

Investor Presentation Summary

Executive Summary

- Total revenue for YTD Jun 2019 amounts to SR 415.39 million compared to YTD Jun 2018 amounts to SR 373.9 million, an increase of 11%.
- YTD Net Profit for Jun 2019 amounts to SR 4.8.9 million compared to SR 2.6 million loss YTD Jun 2018.
- Management is seeking for viable options to unleash cash tied up in the assets to pay down the debt.
- The increase in profits is mainly due to improvement in computer sector based on better performance for the current quarter.
- We expect to see improvement in 2nd half of the year

YTD JUN 2019 Sector Comparison

Q-2	30 June 2019	Computer SR	Language SR	University	Fin & Mgst	Smart Link	School	Total SR
	Revenue	61,054,360	25,977,521	47,889,793	36,549,689	183,422,263	60,496,835	415,390,460
	Depr. & Amort.	2,720,856	1,465,076	72,990	1,011,080	2,475,393	6,705,992	14,451,387
	Profit Before Zakat	6,243,690	(5,565,700)	428,267	1,298,321	8,500,374	(4,833,591)	6,071,360
	Total Assets	258,440,290	133,135,907	16,766,946	60,728,616	323,259,363	650,888,828	1,443,219,950
	Total Liabilities	63,675,002	32,802,274	16,338,679	42,049,755	76,866,247	649,695,246	881,427,203
	Capital expenditure	5,057,291	2,723,157	396,782	490,956	7,482,063	5,952,041	22,102,289
		10.23%	-21.43%	0.89%	3.55%	4.63%	-7.99%	1.46%

Q-2	30 June 2018	Computer SR	Language SR	University	Fin & Mgst	Smart Link	School	Total SR
	Revenue	43,780,370	28,001,097	42,700,781	46,613,238	164,953,506	47,873,211	373,922,203
	Depr. & Amort.	1,803,753	1,127,346	78,284	941,592	2,396,123	6,141,450	12,488,547
	Profit Before Zakat	(6,593,216)	(6,452,953)	2,188,752	5,137,066	9,891,577	(6,323,463)	(2,152,237)
	Total Assets	235,807,395	117,903,697	14,737,962	52,892,573	264,601,749	605,776,049	1,291,719,425
	Total Liabilities	58,487,108	26,743,554	13,967,944	31,126,170	31,043,057	601,120,051	762,487,884
	Capital expenditure	3,725,950	1,925,074	557,287	1,420,922	5,455,757	5,173,227	18,258,217
		-15.06%	-23.05%	5.13%	11.02%	6.00%	-13.21%	-0.58%

1 Training Sector

- This segment provides training in IT, English Language, Soft Skills, and other areas
- This segment is expected to continue growth at 4% in 2019 and 4% in 2020.
- Further positive signs of improvement are expected during the year as new contracts are awarded to the company.
- We expect this segment to further improve on the profitability by controlling expenses while maintaining and/or improving on quality of service.

2 Education Sector - Schools Schools and Kindergartens

- A plan to open K3/K12 in the major cities, starting with 3 schools to be built by the end of 2019. Real Estate developers will build and we rent long term. Each Kindergarten will have a capacity of 550 students. Average tuition for the (K-12) is SAR 35K.
- The company will follow the model of having developers build purpose-built K-12 schools and Al Khaleej Training and Education Co. will lease and operate the school for 20 years.

Expected Number of Students						
Year	2019-20	2020-21	2021-22	2022-2023	2023-2024	2024-2025
Dammam 1	2,160	2,200	2,200	2,200	2,200	2,200
Dammam 2	560	640	700	700	700	700
Riyadh 1	836	950	1,200	1,400	1,800	2,400
Riyadh 2	100	200	300	500	500	500
Riyadh 3	0	100	200	300	500	500
Riyadh 4	0	100	200	300	500	500
KG-3 Format-Sahafa	250	250	250	250	250	250
KG-3 Format-Dhahran	250	250	250	250	250	250
School-Jeddah	800	1,200	1,950	2,200	2,450	2,500
School-Khobar	0	0	300	400	700	1,050
School-Jeddah 2	0	0	350	425	600	800
TOTAL	4,956	5,890	7,900	8,925	10,450	11,650

2

Education Sector - Schools

Schools and Kindergartens

- As we have started new schools, the YTD 2019 consolidated profitability for schools is negative, however, as new schools ramp up to reach their mature stage, our net profit margins will improve.
- We expect to reach 20% net profit margins by 2022/23.

Expected Revenue						
Year	2019-20	2020-21	2021-22	2022-2023	2023-2024	2024-2025
Dammam 1	75,600,000	80,300,000	80,300,000	83,600,000	83,600,000	88,000,000
Dammam 2	8,400,000	9,600,000	11,200,000	11,200,000	11,900,000	11,900,000
Riyadh 1	25,080,000	30,400,000	38,400,000	49,000,000	63,000,000	84,000,000
Riyadh 2	2,000,000	6,000,000	9,000,000	17,500,000	17,500,000	19,000,000
Riyadh 3	-	2,000,000	6,000,000	9,000,000	17,500,000	17,500,000
Riyadh 4	-	2,000,000	6,000,000	9,000,000	17,500,000	17,500,000
KG-3 Format-Sahafa	6,250,000	7,000,000	7,750,000	7,750,000	8,250,000	8,250,000
KG-3 Format-Dhahran	7,750,000	7,750,000	8,250,000	8,250,000	8,750,000	8,750,000
School-Jeddah	20,000,000	30,000,000	58,500,000	66,000,000	78,400,000	80,000,000
School-Khobar	-	-	6,000,000	10,000,000	17,500,000	31,500,000
School-Jeddah 2	-	-	7,000,000	10,625,000	15,000,000	24,000,000
TOTAL	145,080,000	175,050,000	238,400,000	281,925,000	338,900,000	390,400,000

3 Educational Projects - Universities

University Projects:- 17th year, a Preparatory Year Program launched by all Saudi Universities.

- AlKhaleej is running all or part of these programs (English, IT, and Soft Skills).
- This sector is showing improvement as we received new projects:

2019	Revenue <u>85 Million</u>
2020	Revenue <u>90 Million</u>
2021	Revenue <u>95 Million</u>

4

Smart Link Call Center

- The sector has managed to achieve required growth in 2018 and we expect to see sustainable growth over the forecast period
- As present, we have 1,700 seats and 3,500+ agents
- A great source of Saudization in the Company
- Expect this Sector to grow 10% YOY 2019, 2020 and 2021

Questions?

THANK YOU