

Forecast by Segment

Q1 Summary

- Total revenue in Q1 amounts to SR 198 million compared to 167 million in Q1 2017, an increase of 18% YOY
- Profit before zakat in Q1 2018 amounted to SR 4.7 million compared to SR 6.5 million, a drop of 27%
- The drop in profit is related to increase in direct expenses and reduction in HRDF
- We expect to see recovery in H2 when new contracts will be awarded at revised rates
- In 2018, we expect to see modest growth of 5% to 7%, however, we are more optimistic in 2019 and onwards

Q1 Sector Comparison

31 Mar 2018	Computer SR	Language SR	Fin & Mgst	School	Smart Link	University	Total SR
Revenue	23,055,046	16,310,830	23,450,988	30,735,009	82,486,071	22,330,876	198,368,820
Depr.	1,542,132	411,429	472,747	2,488,019	1,356,532	576,001	6,846,859
Profit Before Zakat	(5,388,184)	(1,409,509)	2,971,072	1,956,126	6,032,250	584,368	4,746,124
Total Assets	233,331,628	116,665,814	47,273,443	602,886,692	241,775,748	14,583,227	1,256,516,552
Total Liabilities	35,757,674	17,878,837	26,581,040	589,885,330	13,860,491	2,234,855	686,198,227
Capital expenditure	1,846,842	948,746	962,059	3,385,199	1,203,034	292,777	8,638,657

31 Mar 2017	Computer SR	Language SR	Fin & Mgst	School	Smart Link	University	Total SR
Revenue	20,865,398	13,024,004	13,846,832	27,364,702	73,652,311	18,813,550	167,566,797
Depr.	1,024,726	639,626	680,035	2,022,922	740,032	923,958	6,031,299
Profit Before Zakat	(1,462,259)	(537,878)	948,779	2,456,353	6,145,236	(1,033,980)	6,516,251
Total Assets	251,298,732	125,649,366	25,129,873	543,250,297	228,844,419	16,753,249	1,190,925,936
Total Liabilities	54,082,463	27,041,231	5,408,245	530,838,842	29,606,758	3,719,497	650,697,036
Capital expenditure	2,289,104	1,175,788	370,667	21,175,605	2,394,697	362,667	27,768,528
Net	-7%	-4%	7%	9%	8%	-5%	4%

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 2018 and 4% in 2019
- 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

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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 450 students. Average tuition for the (K-12) is between SAR 35K with the exception of Dammam 2 which will be converted to International School from 18/19.
- The company will follow the model of having developers build purpose-built K-12 schools. Al Khaleej Training will lease for 20-25 years. This will be applied in with new schools. This will result in improving the company cash flow.

Expected Number of Students					
Year	2017-18	2018-19	2019-20	2020-21	2021-22
Dammam 1	2,091	2,150	2,200	2,200	2,200
Dammam 2	468	650	750	800	850
Riyadh 1	317	650	1,200	1,800	2,200
Riyadh 2	71	300	800	1,200	1,500
KG-3 Format-1-Sahafa	184	200	250	250	250
KG-3 Format-2-Dhahran	217	250	250	250	250
School-3-Jeddah	0	300	600	1,000	1,400
School-4-Khobar	0	0	300	700	1,000
School-5-KAEC	0	0	200	400	600
3 KG-3 Format	0	0	500	1,000	1,500
TOTAL	3,348	4,500	7,050	9,600	11,750

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Education Sector - Schools

Schools and Kindergartens

Expected Revenue					
Year	2017-18	2018-19	2019-20	2020-21	2021-22
Dammam 1	73,186,400	75,250,000	77,000,000	77,000,000	77,000,000
Dammam 2	8,426,880	13,000,000	18,750,000	28,000,000	29,750,000
Riyadh 1	11,093,600	22,750,000	42,000,000	63,000,000	77,000,000
Riyadh 2	2,469,600	10,500,000	28,000,000	42,000,000	52,500,000
KG-3 Format-1-Sahafa	6,428,800	7,000,000	8,750,000	8,750,000	8,750,000
KG-3 Format-2-Dhahran	7,604,800	8,750,000	8,750,000	8,750,000	8,750,000
School-3-Jeddah	-	10,500,000	21,000,000	35,000,000	49,000,000
School-4-Khobar	-	-	10,500,000	24,500,000	35,000,000
School-5-KAEC	-	-	7,000,000	14,000,000	21,000,000
3 KG-3 Format	-	-	17,500,000	35,000,000	52,500,000
TOTAL	109,210,080	147,750,000	239,250,000	336,000,000	411,250,000

3 Educational Projects - Universities

University Projects:- 14th 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:

2018	Revenue <u>80 Million</u>
2019	Revenue <u>85 Million</u>
2020	Revenue <u>90 Million</u>

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Smart Link Call Center

- The sector has managed to achieve required growth in 2017 and we expect to see sustainable growth over the forecast period
- As present, we have 1,400 seats and 2,300 agents
- A great source of Saudization in the Company
- Expect this Sector to grow 10% YOY 2018, 2019 and 2020

Questions?

THANK YOU