


# Alkhaleej Training and Education Company Investor Presentation

For 3<sup>rd</sup> Quarter 2019  
CONFIDENTIAL

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# Alkhaleej Training and Education Co

## Business Units, Subsidiaries and Investments

### UAE

Franklin Covey  
Middle East  
61%

FastLane  
80%

ADMS  
90%

Online Trading  
Academy  
100%

### KSA

Alkhaleej  
Training  
100%

Smart Link  
BPO/CC  
100%

Schools &  
Universities  
100%

Others  
100%

### Egypt

Alkhaleej  
Training  
57%

Jobzella  
60%

### US/UK

Linguaphone  
UK  
100%

New Horizon  
US  
15%

The background is a dark blue field filled with various geometric shapes and stylized figures. There are large circles in yellow, teal, red, and light blue. A central figure is composed of light blue shapes, including a head with radiating lines, a torso, and limbs. A large, semi-transparent blue arrow points from the center towards the right edge. The text 'Training Overview' is overlaid on the left side of the image.

# Training Overview

# Vision and Mission



*To be the clients' first choice through  
their journey of knowledge*

*We are empowered and inspiring leaders who  
facilitate your journey of knowledge for a better career  
through the use of innovative training methodologies*



# Values



**VALUES**

- Professional conduct in all endeavors (trust, quality, work ethic, honesty)
- Passion (initiative, drive, empowered)
- Exceptionally positive attitudes (inspiring, innovative)
- Teamwork (shared mission, effective communication, mutual respect, caring)
- Commitment (loyalty, and dedication)
- Customer Oriented (clients as partners)
- Think and act like owners (manage resources and financial affairs, serve the customers, look for opportunities to promote and grow the business)
- Safety for our trainees & staff
- Social Responsibility to the community & environment

# Timeline – Training

## Overview

### Computer Training



#### Innovative Training Solutions for Corporates and Individuals

- New Horizons has become the largest training center throughout the Kingdom.
- New Horizons is officially recognized by the largest world manufacturing Software companies.

### Computer Training



#### English for young children from 4 to 10+ years

- Provides a stimulating, fun and safe environment
- Has flexible classes to best suit your child's needs and abilities
- Develops fundamental creative and educational skills
- Uses an extensive range of multimedia learning and support materials
- Employs qualified, bilingual, native English speakers

### English Language Training



#### Very easy English Language Teaching style

- Direct English develops the English skills
- It is a Program that is designed to simulate human language learning process :  
Listening, Speaking, Reading and Writing

### Management, Leadership, Stock, Forex Financial and Insurance Training



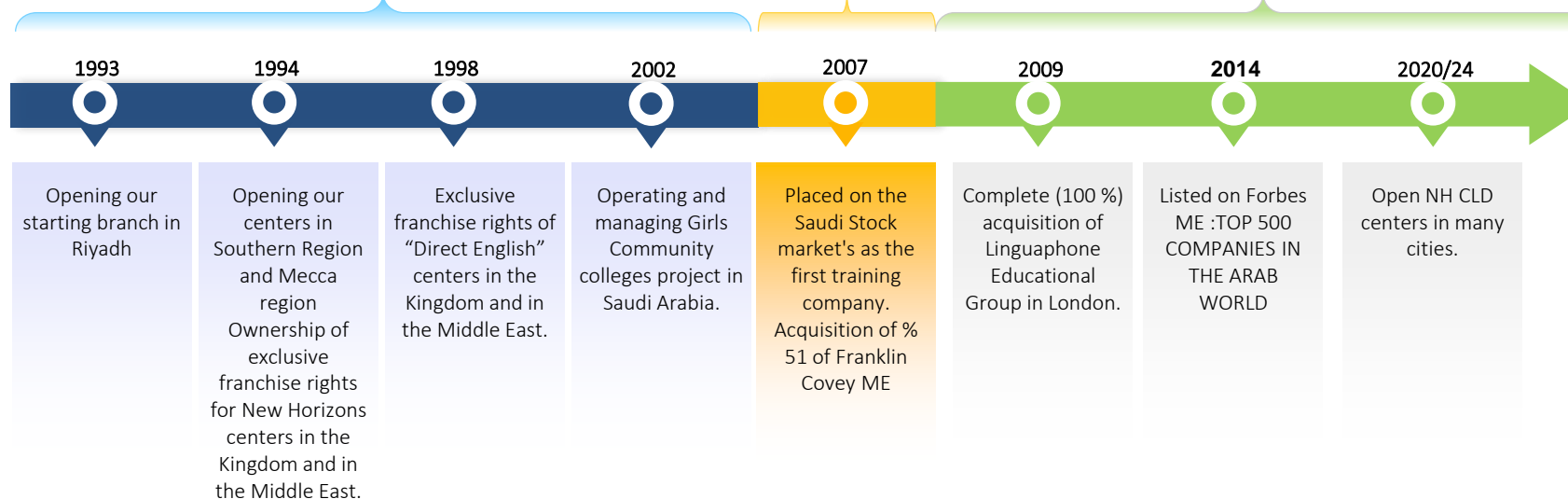
#### NEW DIMENSION is specialized in Management Training

- It aims at introducing and providing programs to administrative audiences in the different levels of the management.
- In co-operation with regional and international recognition parties

## Company foundation & NH – DE acquisitions

## IPO – AKTE

## POST IPO



# Business Overview

- One of the largest independent training company in the Kingdom of Saudi Arabia with a highly qualified team of more than 800 employees
- Training Sector has more than 80 branches for ladies and men across KSA, and serves more than 2,500 corporates and over 50,000 individual clients annually

## Service Offerings

### Computer & IT

- Provides innovative training solutions for Corporates & Individuals
- Owns franchisee of New Horizon Company in the Middle East region

### Language

- Owns franchisee of Direct English which provides English language training to corporates & Individuals
- Also, offers English language training courses for young children from 4 to 10+ years

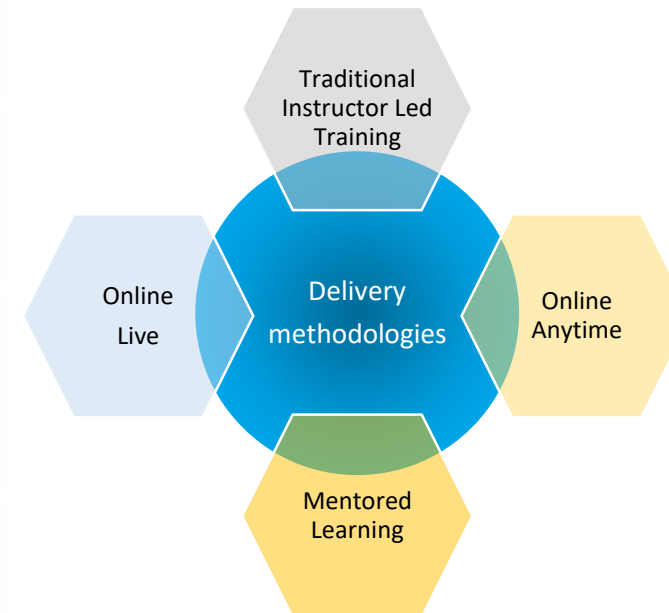
### Financial & Management

- Provides courses in management, leadership, forex, stock trading, and other
- Owns franchises of New Dimension, specialized in Management training, and Online Training Academy, specialized in teaching trading and stock market skills

### Others

- Vocational training programs for women in the area of Hair-cutting and Makeup arts
- Specialized training on Marine Safety and Security for individuals, locals and international corporate

## Delivery Methodologies





# Services

*Computer & English Language Training are currently the largest contributors to revenues within the Training Sector, with limited scope for exponential growth. Training Sector aims to extend its service offerings in the Financial & Management Training vertical to tap the next wave of economic growth in KSA*

## Industry

### *Vocational Education and Training*

- *Technical*
- *Non-technical*



## Current Service Offerings

*Computer and IT Training*

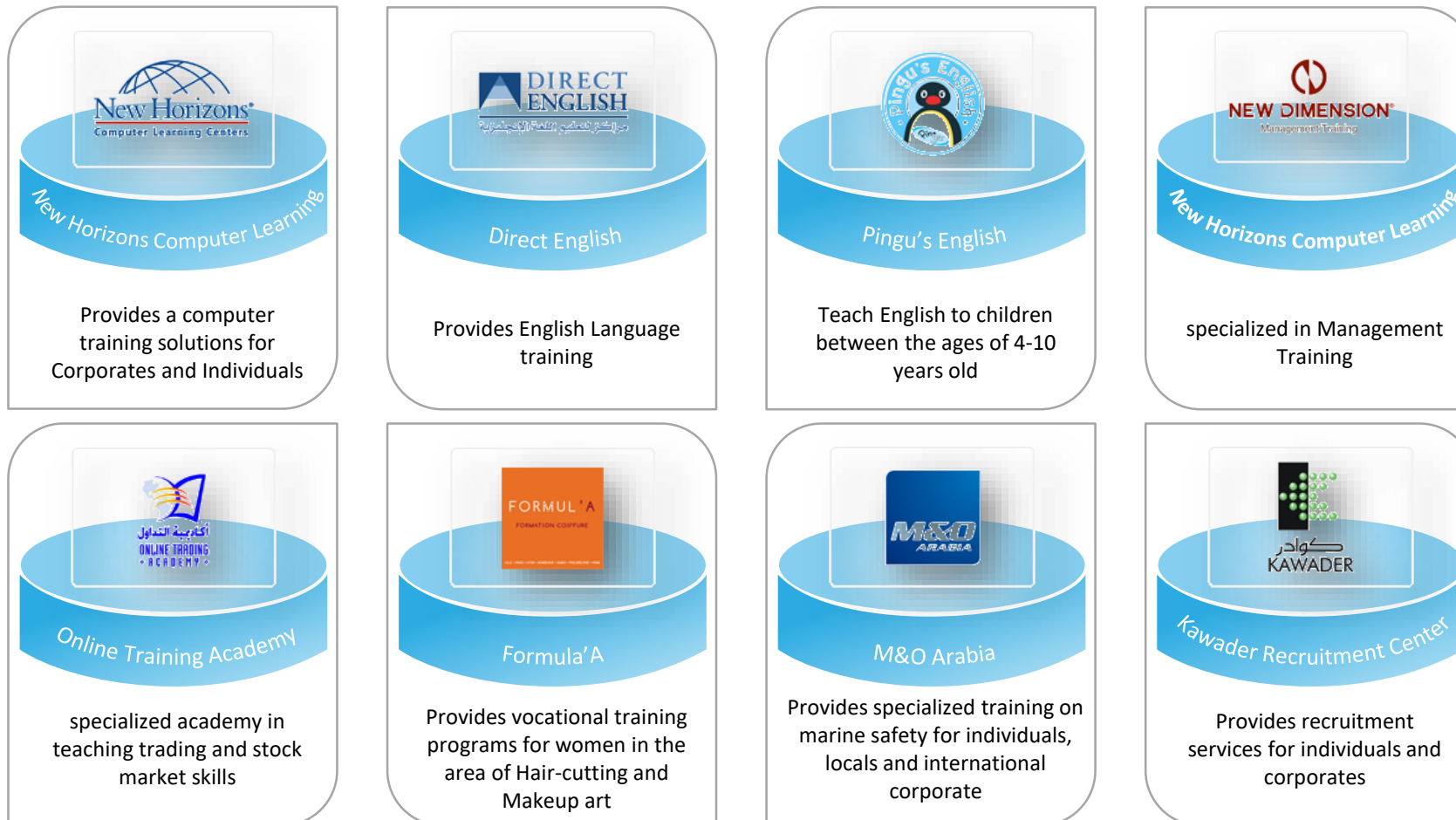
*English Language Training*

*Financial & Management Training (Communication, Leadership, Finance, etc.)*

*Others (Marine Safety, Makeup & Hair, etc.)*

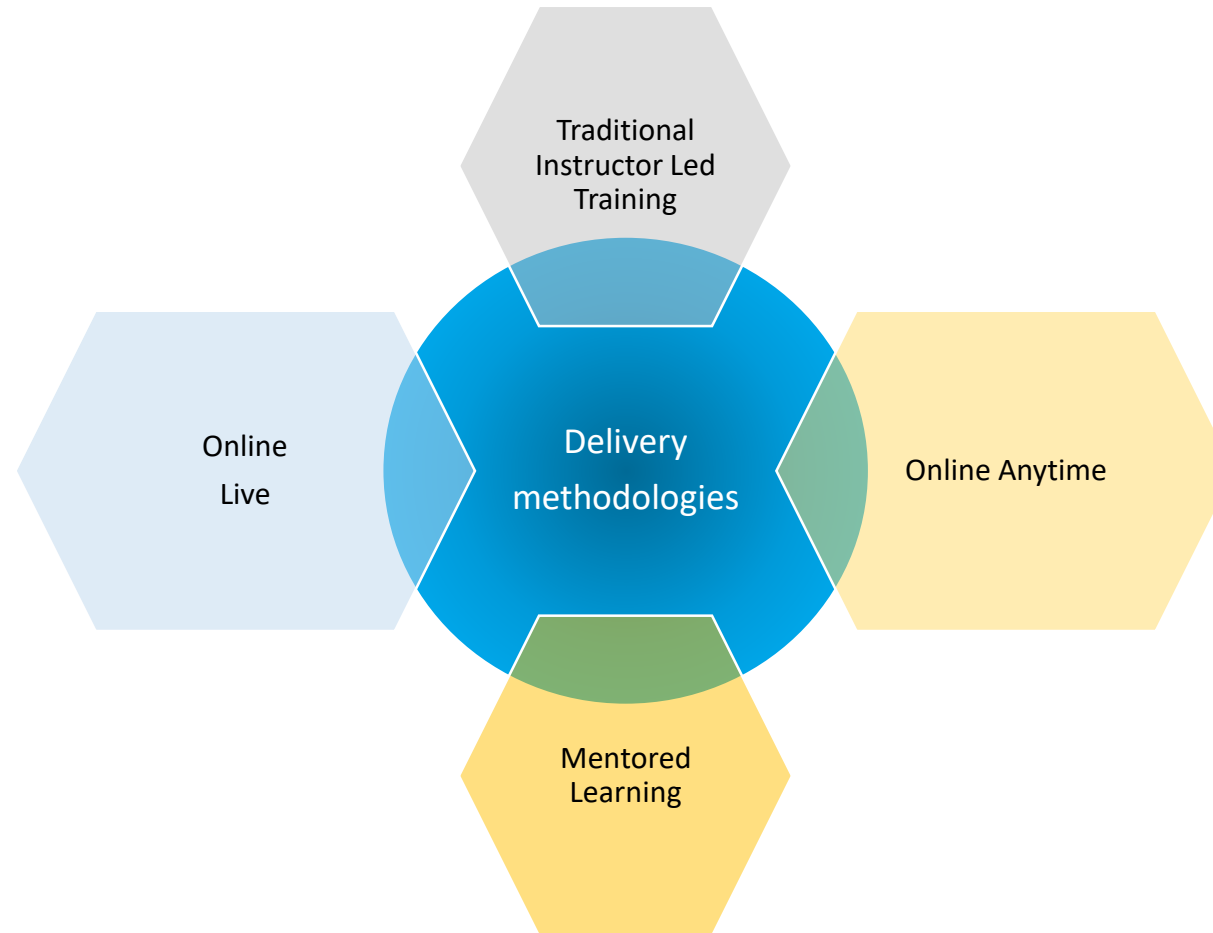
# Products

*Master franchise agreements with international brands for KSA and the Middle East region allows the company to offer training across verticals . Going forward, Training sector plans to leverage on the same business model to expand its products/ service offerings*

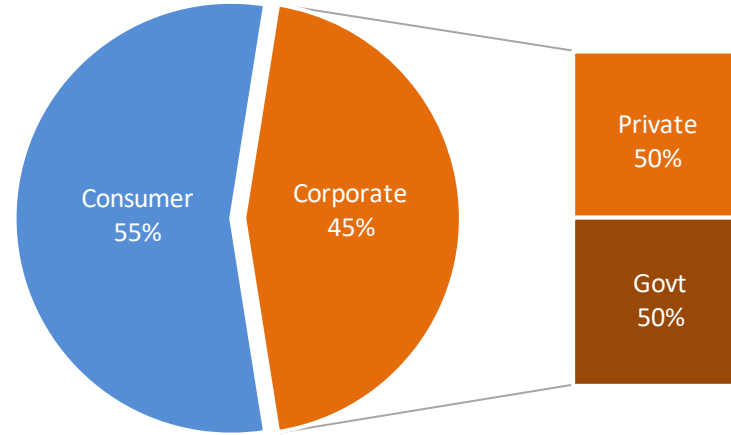


# Delivery Methodology

*Currently, Traditional Instructor Led Training (TILT) is the dominant delivery medium. However, given the market potential and increasing acceptance of online/ e-Learning medium, Training Sector is increasingly expanding its offerings in Online Anytime and Online Live to grow its market share*



# Our Valued Clients



# Geographic Markets

*Training Sector offers comprehensive range of product/services with wide geographic spread across the country, and is looking to expand its geographic footprint outside KSA predominantly, in the Middle East region to strengthen its market position*

## Saudi Arabia

Cities	Men	Ladies
Abha	Yes	Yes
Al-Ahsa		Yes
Al-Kharj		Yes
Al-Khobhar	Yes	Yes
Buraidh	Yes	Yes
Hail		Yes
Jeddah	Yes	Yes
Khamees		Yes
Madinah	Yes	Yes
Makkah	Yes	Yes
Riyadh (Rawdah)	Yes	
Riyadh (Mugarrazat)		Yes
Riyadh (Suwedi)	Yes	Yes

## Outside Saudi Arabia

Locations Outside KSA	Men	Ladies
Cairo	Mixed	
Dubai	Mixed	





# Competitive Landscape

*Training Sector does not perceive any of the players operating in Saudi market as its direct competitor due to market leadership position it enjoys and the variety of courses it offers across various verticals. However, below can be considered as the company's closest peers in the respective verticals*





# Education – International Schools Overview

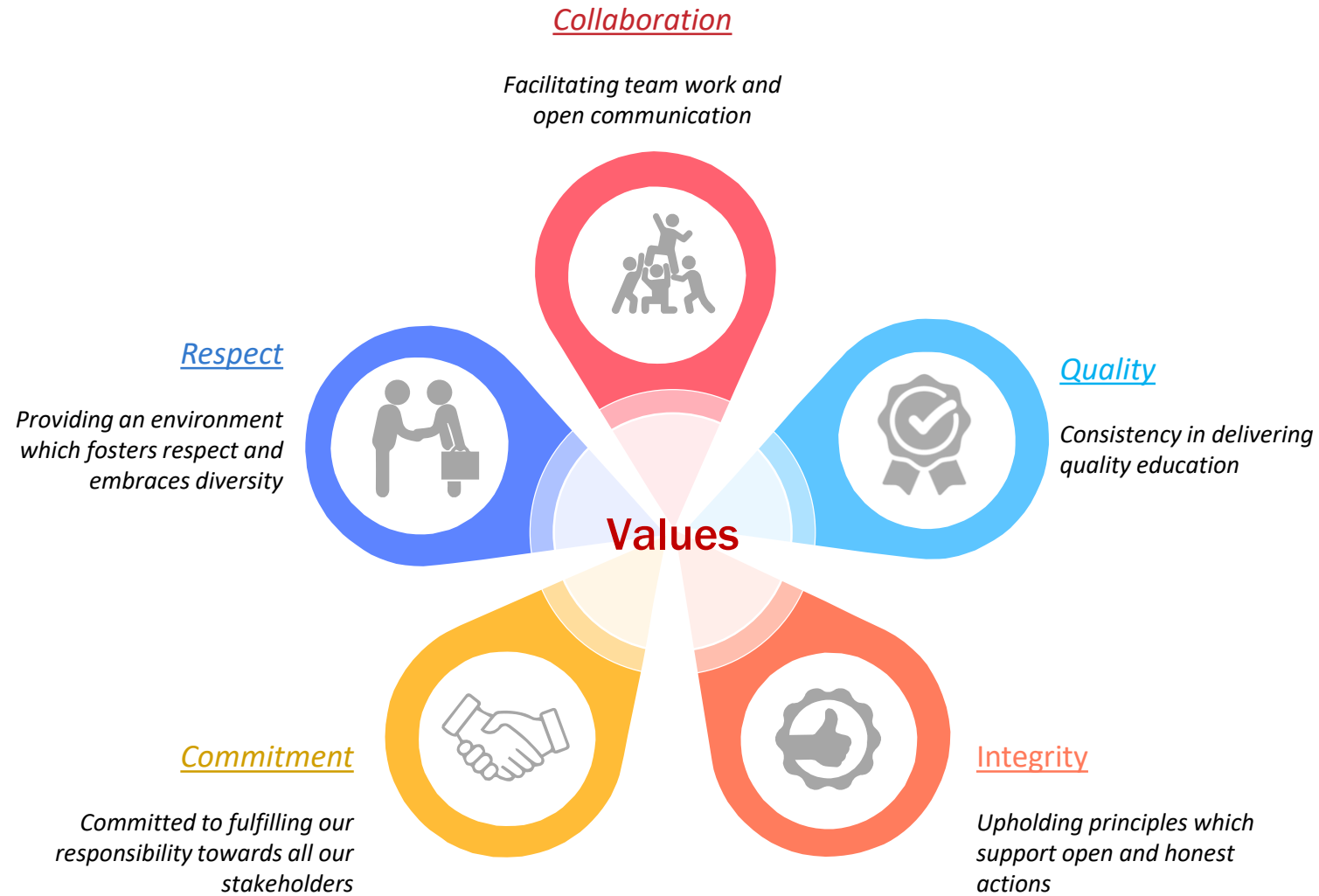
# Vision and Mission



*To empower students to think creatively, to value diversity, to pursue a passion for learning and to contribute in a positive way to society while continuing to embrace the values of society.*



# Values

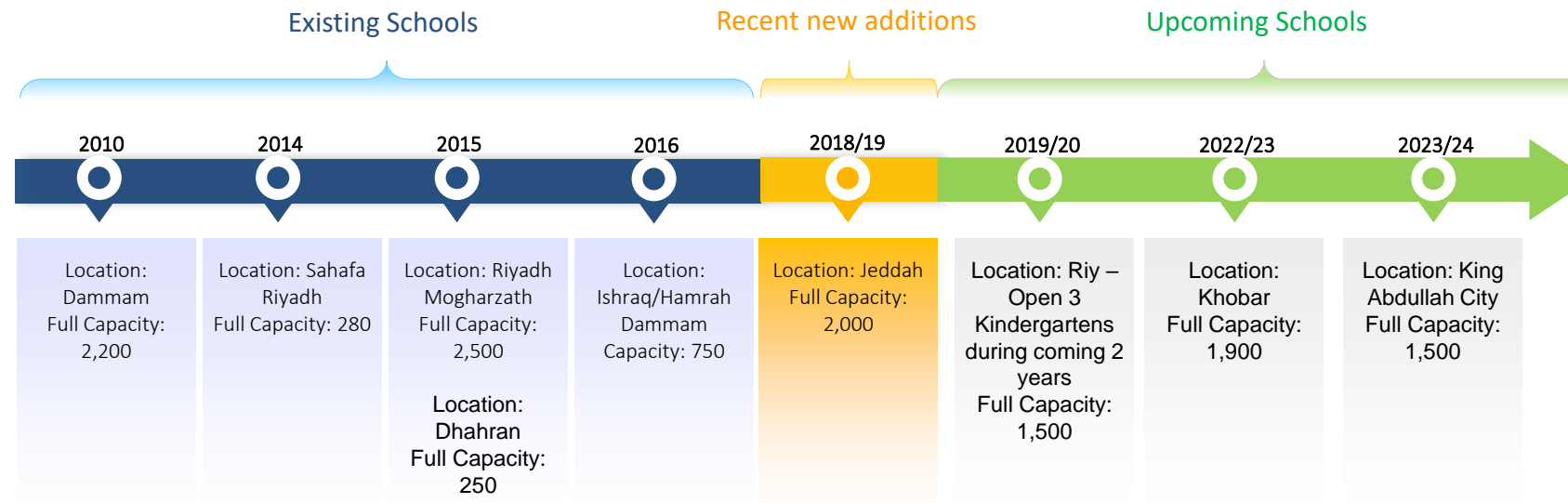




# Timeline – Schools

## Overview

- ▶ The Group operates a series of K-3 and K-12 schools and offers both Arabic and international curriculum
- ▶ Currently, the segment manages and operates following schools chain in Saudi Arabia
  - Rowad Al Khaleej International School
  - Baraem Rowad Al Khaleej International School
  - Pingu's Kindergarten





# Service

*Education Sector operates a chain of Kindergarten, K-3 & K-12 schools which offer a combination of Arabic and American Curriculum*

Industry

*Education*



Current Service Offerings

*K-3 schools (for children 4 to 8 years)*

*K-12 schools*

Target Market

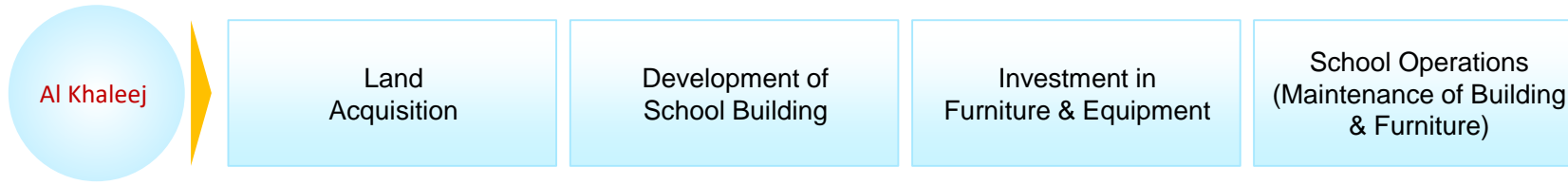
*Saudi families which fall in middle and high-income bracket and are interested in exposing their children to American curriculum while not compromising on their Arabic roots/ culture*

# Current Business Model

*Currently, Education Sector is following Owner-Operator and Land & Building business models*

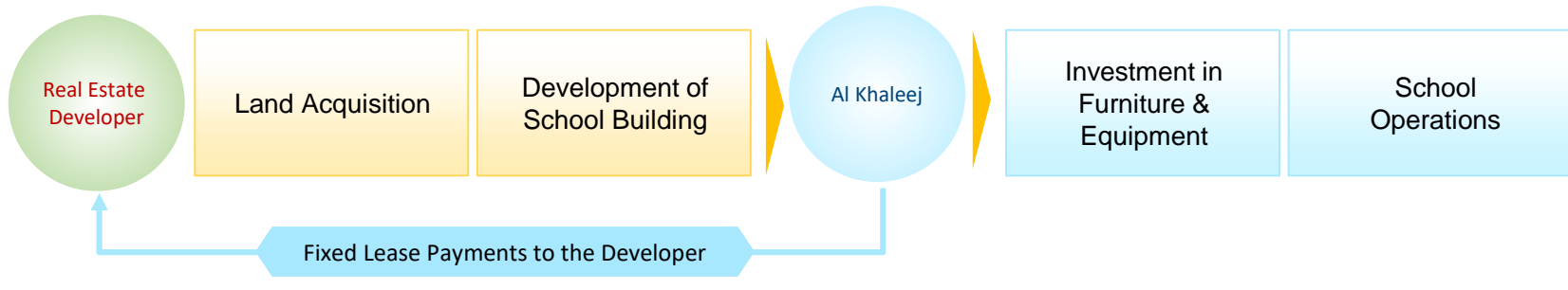
## Owner - Operator Model

Responsible for all activities from Land acquisition to school operations



## Land & Building Lease Model

Takes new school building on a long-term operating lease from real estate developers and manages school operations

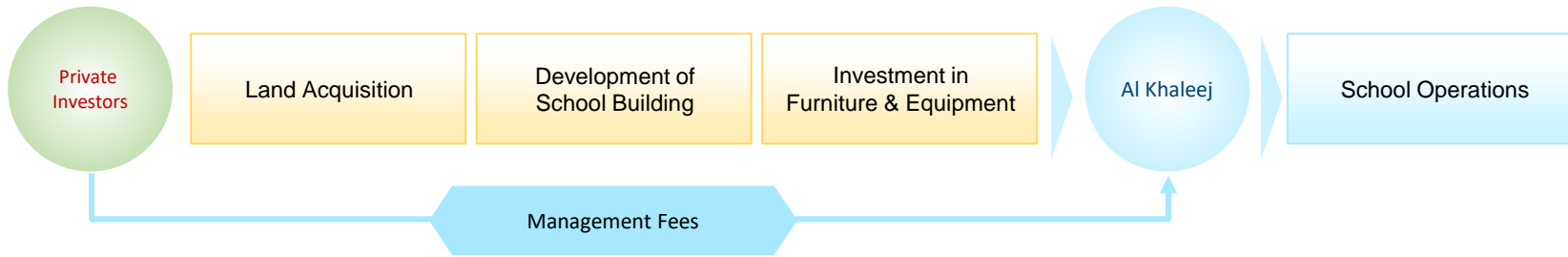


# New Business Model

*Education Sector is leveraging on its brand to explore new business models to further accelerate its growth and penetrate new markets by focusing on its core competency of operating schools*

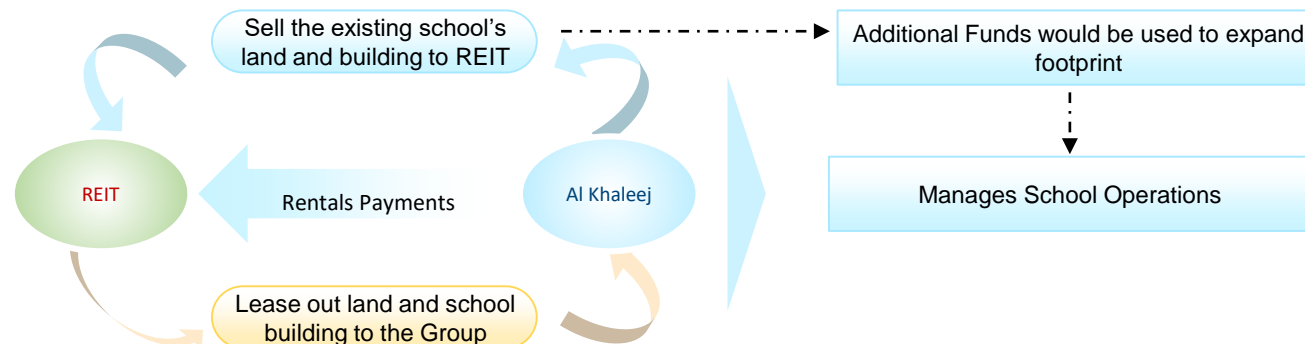
## Operator Model

Land and buildings are owned by a third party and the school operations are managed by the Group



## REIT Model

Sell existing portfolio of schools to REIT in order to unlock real estate value and free up capital for business purposes









# Geographic Markets

*Education Sector is present in three major cities namely, Riyadh, Dammam, & Jeddah, and is mulling to expand its geographic presence in Tier-2 and Tier-3 cities across KSA and other GCC/ regional markets*



# Competitive Landscape

## Key Players in K-12 Segment in Saudi Arabia

Company Name	Overview	Curricula	Accreditation
 <p>الحصان للتعليم ALHUSSAN EDUCATION</p>	Operates national & international schools and training centers	National Schools: Arabic Curriculum International schools: IGCSE-A Level	Ministry of Education, AdvancEd, CIS Accredited, Cambridge Assessment International Education, College Board
 <p>KINGDOM SCHOOLS</p>	Part of GEMS Global Network of schools and operates 7 school in Saudi Arabia	National Curriculum (Grade 10 to 12) & International Program from KG that leads to the American Diploma in Grades 9-12	Ministry of Education; AdvancEd
 <p>معارف للتعليم والتدريب Ma'arif For Education &amp; Training</p>	Operates Arabic & international schools from KG to high school and also runs international programs	British and American Curricula	Ministry of Education, AdvancED
 <p>مجمل الروادنية Arrowad Group المعرفة المتكاملة - Integrated Know-How</p>	Operates 6 schools across KSA, and also provides research and consulting services in areas education and strategic planning	Saudi National curricula, IGCSE and SAT curricula	Ministry of Education, Cambridge International Examination, AdvancED, College Board
 <p>مدارس المجموعة العالمية ISG INTERNATIONAL SCHOOLS GROUP</p>	Operates 8 schools across KSA	National Curriculum of England and Wales (I)GCSE	Ministry of Education
 <p>تدريس TADREES</p>	Invests in and operates 5 schools in KSA and also manages professional training and educational services institutions	British and American Curricula	Ministry of Education



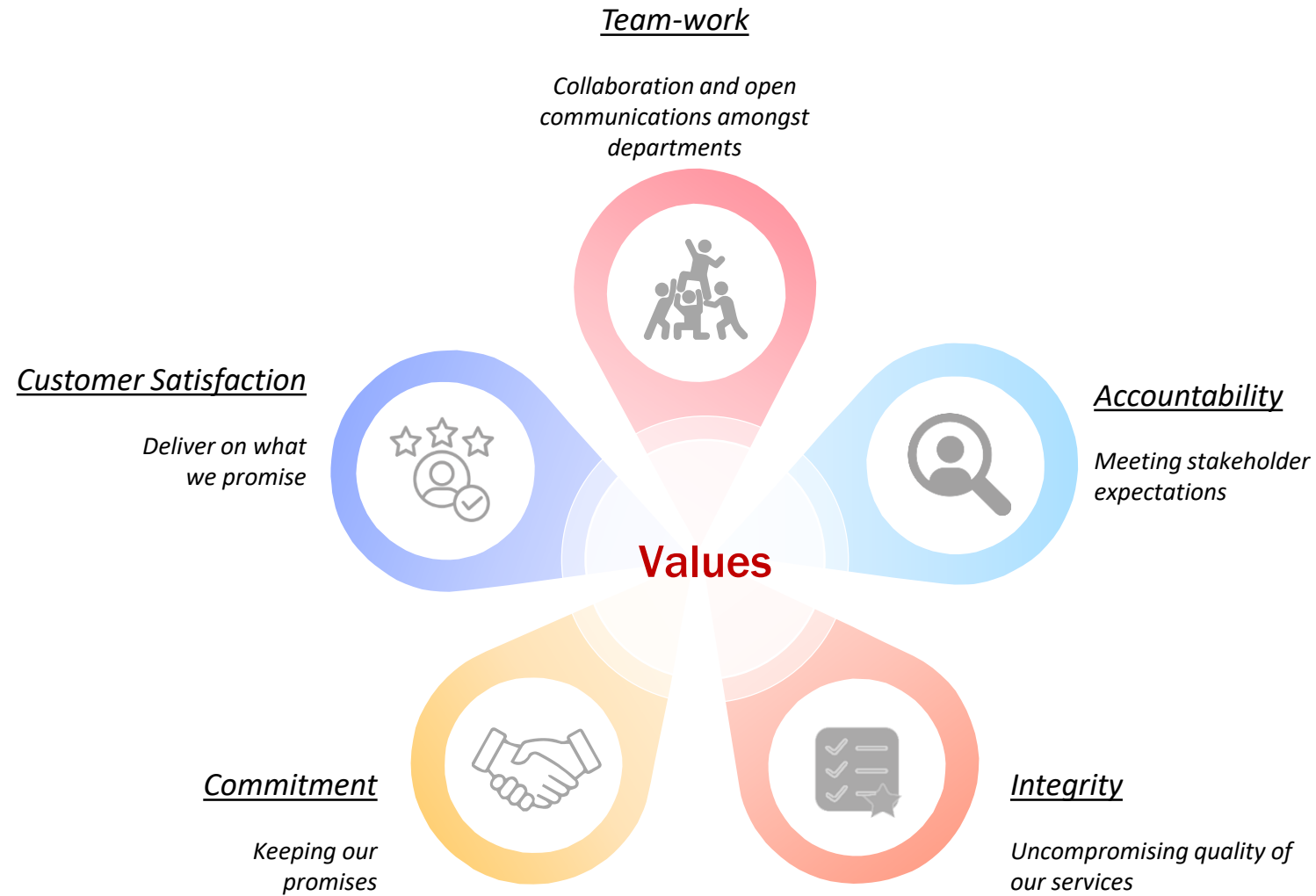


# Education – Universities Overview

# Vision and Mission



# Values



# Business Overview

*University Projects Division has the license to operate only in the Education sector, however, the division is considering opportunities to offer existing services in other sectors as well*

## Universities



# Service

*University Projects Division generally provides manpower and staffing services to universities for managing Preparatory Year Programs (PYPs), and is mulling to provide current service offerings to allied and other sectors such as Healthcare*

Industry

*Education Services*



Current  
Service  
Offerings

*Manages and runs all or part of Preparatory Year programs (English, IT, and Soft Skills) in some of Saudi Universities*



# Target Customers

Focuses on educational projects related to preparatory years in Saudi universities, where it manages and provides universities with professional teaching staff

Universities  
Projects



University of Tabuk



Qassim University



Majmaah University



Northern Border University



University of Hail



King Khalid University



University of Bisha

# Geographic Markets

*University Projects Division provides service offerings to Universities in Saudi Arabia*



# Competitive Landscape

*As the division operates only in Saudi Arabia, below can be considered as it's closest peers in the domestic market*



# BPO/Contact Center Overview



# Vision & Mission



## VISION

*To lead and dominate the BPO industry at a national, regional and global level, while providing the best working environment for ambitious youth*

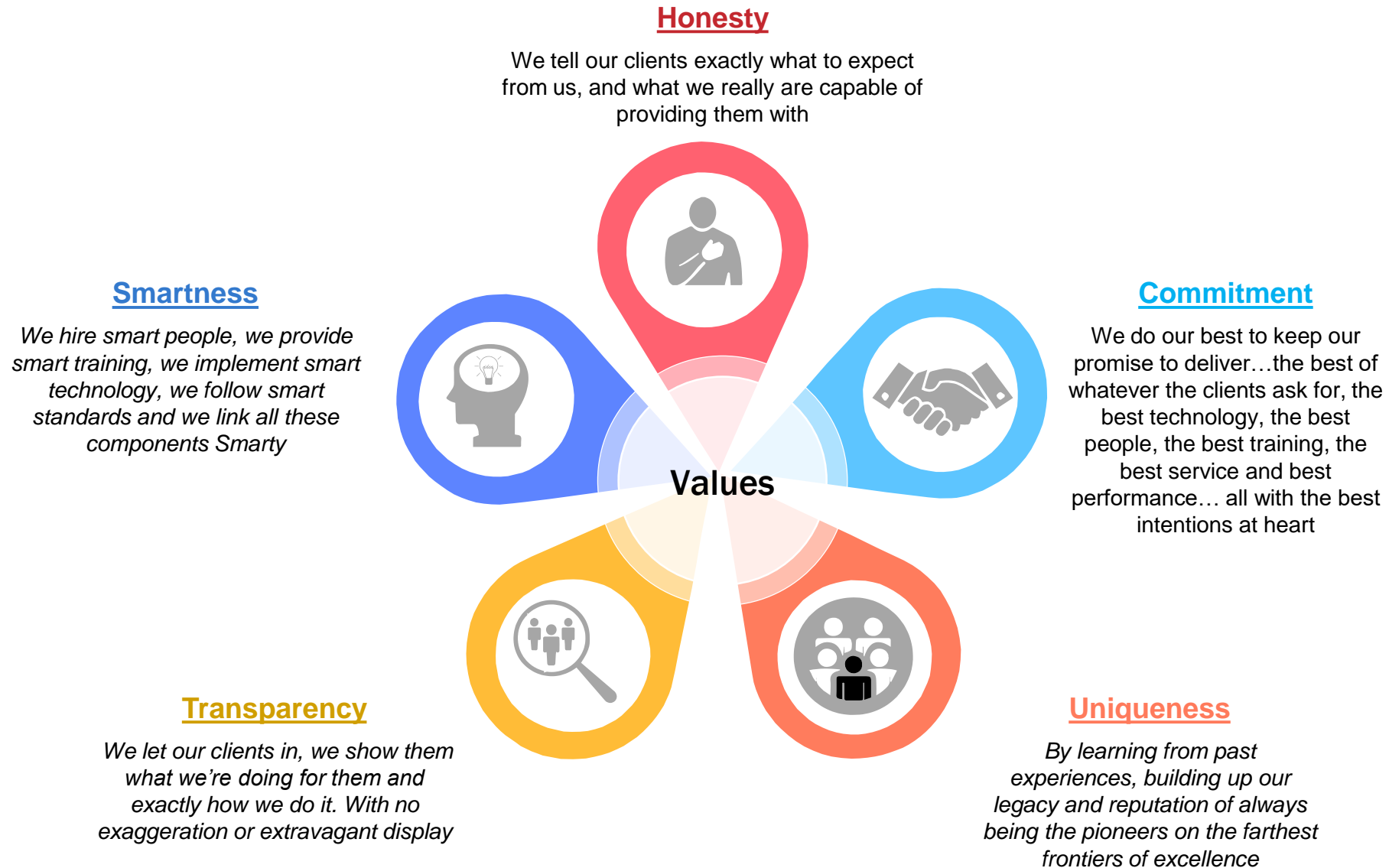
*To constantly provide BPO services in an exemplary manner, leading by example & continuously raise the bar towards excellence*



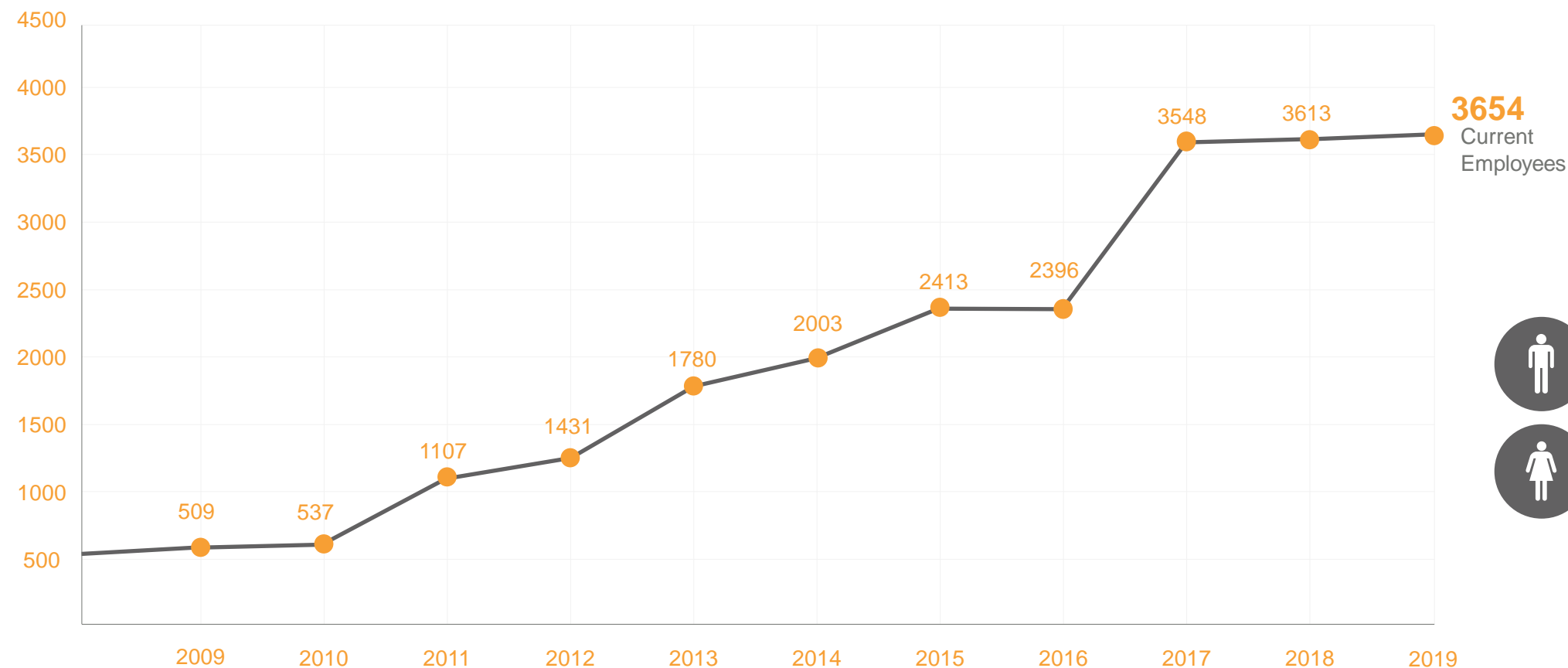
## MISSION



# Values



# Timeline – Contact Center



# Service

*Currently, Contact Center services constitute majority of revenues for Smart Link. Going forward, the Company intends to focus on growing Outsourced Manpower Provision and Business Process Outsourcing Services*

## Industry

**IT Services:  
Business Process Outsourcing**



## Current Business Activities



***Contact Center Services***

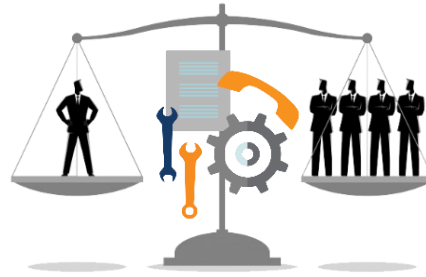
***Business Process Outsourcing Solutions***

***Outsource Manpower Provision***

# Services



**Out-sourced / In-housed contact center** development, operation and management.



**BPO, qualified staff provision, operation & management**



**Customer service Systems & Applications** development and integration solutions



**IT & Contact Center Enterprise Infrastructure** solutions implementation & management



**Customer services operation** strategy development, consultancy & assessment



**General/Advanced customer** interaction skills, technical support **Training**

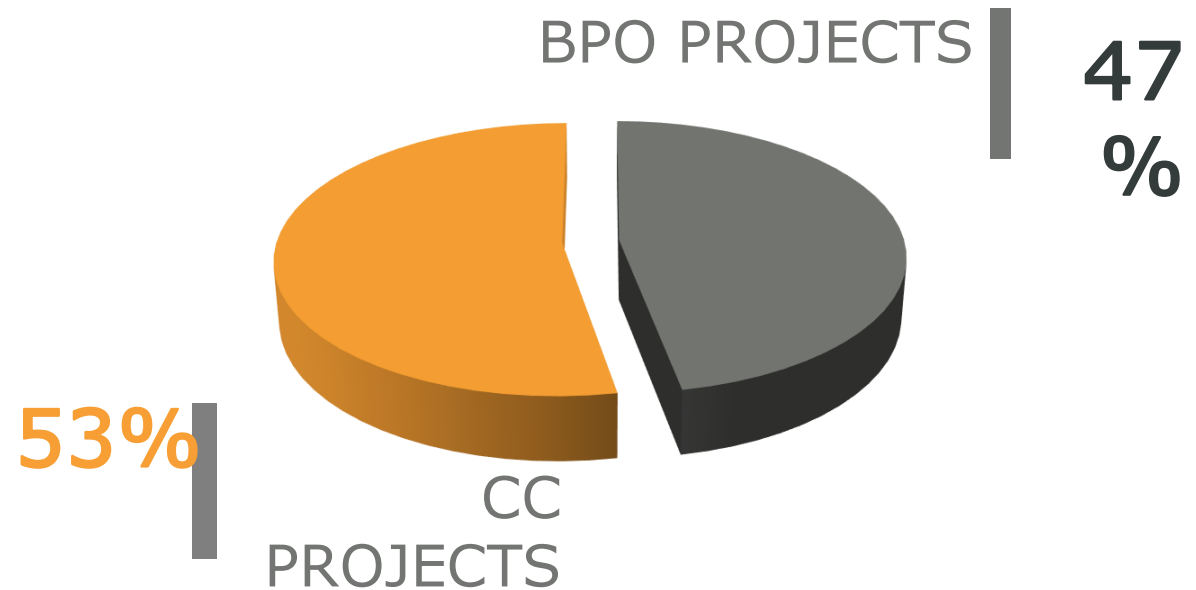
# Target Customers

## Operational Performance

Smart Link is a regional pioneer in various contact centre aspects as of technical, administrative, advisory and operations for both government and private business sectors

CLIENTS  
SERVED  
**+84** CLIENTS

CURRENT  
CLIENTS  
**60** CLIENTS





# Seats/Geographic Markets

*Smart Link enjoys wide presence across the Kingdom and plans to expand its reach both in the domestic and international markets*

## Saudi Arabia

- Ar'ar 150 Seats
- Dammam 600 Seats
- Jeddah 520 Seats
- Riyadh 2,400 Seats

## Egypt

- Cairo 100 Seats

## Seats

- Total Seats 3,770



# Competitors

*Smart Link is the largest standalone contact center service provider in Saudi Arabia and the broader Middle East region*

## Local

**SolexPlu**



**Extensya**



**CCC**



**Excellent Solutions  
Trading Co. Ltd.**



**Etisal International**

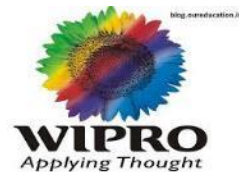


## International Peers

**TCS BPO**



**WIPRO BPO**



**SERCO**







# 3<sup>rd</sup> Quarter 2019 Results & Segment Analysis

## Executive Summary

- Total revenue as of Sept 30 2019 amounts to SR 624.2 million, compared to last year YTD Sept 2018 amounts to SR 585.9 million, an increase of 6.5% YOY.
- YTD Profit before Zakah for Sept 2019 amounts to SR 20.8 million compared to SR 16.9 million YTD Sept 30 2018, an increase of 23% YOY
- The increase in profits is mainly due to improvement in Training segment based on better performance for the current year.
- We expect to see improvement in Quarter 4 2019.
- The REIT transaction is finalized the final figures will be published in year end 2019 Financials



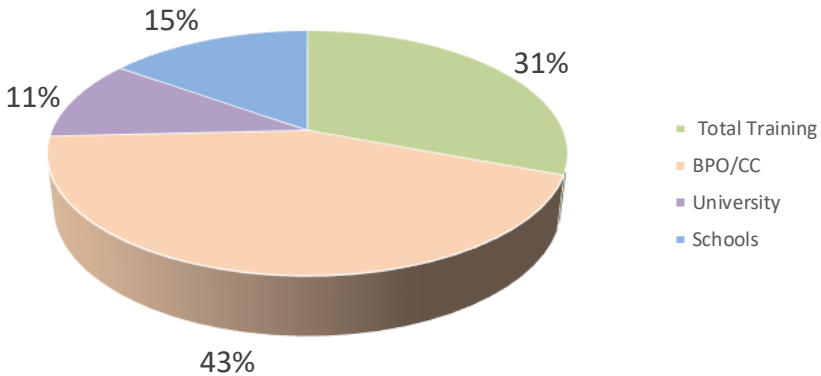
# ALKHALEEJ TRAINING AND EDUCATION COMPANY

PO BOX 295300, Riyadh 11351 - Kingdom of Saudi Arabia – [www.alkhaleej.com.sa](http://www.alkhaleej.com.sa)

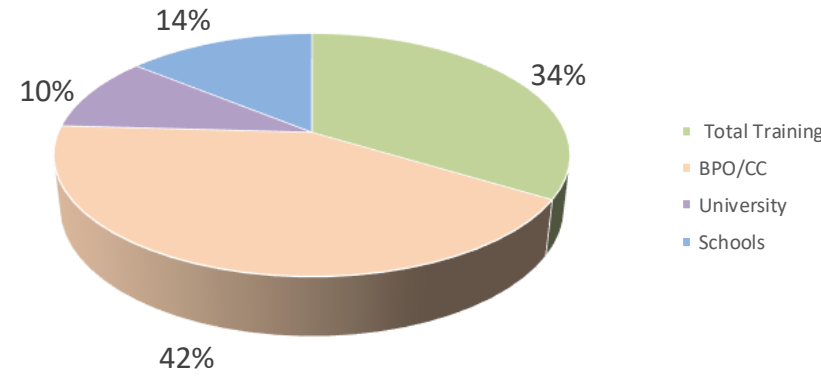


Sept 30 2019	Training				BPO/CC	University	Schools	Total
	Computer	Language	Fin & Mgst	Total Training				
Revenue	88,289,033	48,479,078	55,334,600	192,102,711	271,172,433	66,581,297	94,352,255	624,208,697
Depreciation	4,000,904	2,154,333	1,533,356	7,688,593	3,587,931	120,602	9,941,838	21,338,964
Profit before Zakah	8,687,864	763,368	2,192,370	11,643,602	12,501,413	1,395,590	(4,650,398)	20,890,208
Total assets	241,085,220	124,195,416	67,225,320	432,505,956	354,117,461	34,842,445	659,046,497	1,480,512,358
Total liabilities	41,663,938	21,463,241	46,851,113	109,978,292	103,723,305	33,468,835	657,701,529	904,871,961
Capital expenditure	8,261,689	4,448,602	614,251	13,324,542	15,148,671	400,987	15,576,189	44,450,388
Net margin before Zakah	10%	2%	4%	6%	5%	2%	-5%	3%

YTD 2019  
Revenue



YTD 2018  
Revenue



Sept 30 2018	Training				BPO/CC	University	Schools	Total
	Computer	Language	Fin & Mgst	Total Training				
Revenue	75,620,180	50,099,633	71,663,073	197,382,886	247,318,200	58,674,245	82,577,739	585,953,070
Depreciation	2,351,610	1,469,756	1,069,715	4,891,082	3,200,799	2,057,659	8,523,672	18,673,212
Profit before Zakah	(3,363,482)	(877,476)	8,739,321	4,498,363	12,514,824	4,088,984	(4,137,643)	16,964,528
Total assets	253,949,515	126,974,758	52,354,333	433,278,606	285,209,420	15,871,845	605,100,197	1,339,460,068
Total liabilities	75,495,053	37,747,527	29,161,814	142,404,394	47,212,530	4,718,441	598,258,379	792,593,744
Capital expenditure	6,909,894	3,549,698	1,811,217	12,270,809	5,849,251	1,095,415	7,854,361	27,069,836
Net margin before Zakah	-4%	-2%	12%	2%	5%	7%	-5%	3%



# 1 Training Sector

- This segment provides training in IT, English Language, Soft Skills, and other areas
- This segment is expected to continue growth at 5% in 2020 and 6% in 2021.
- 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.

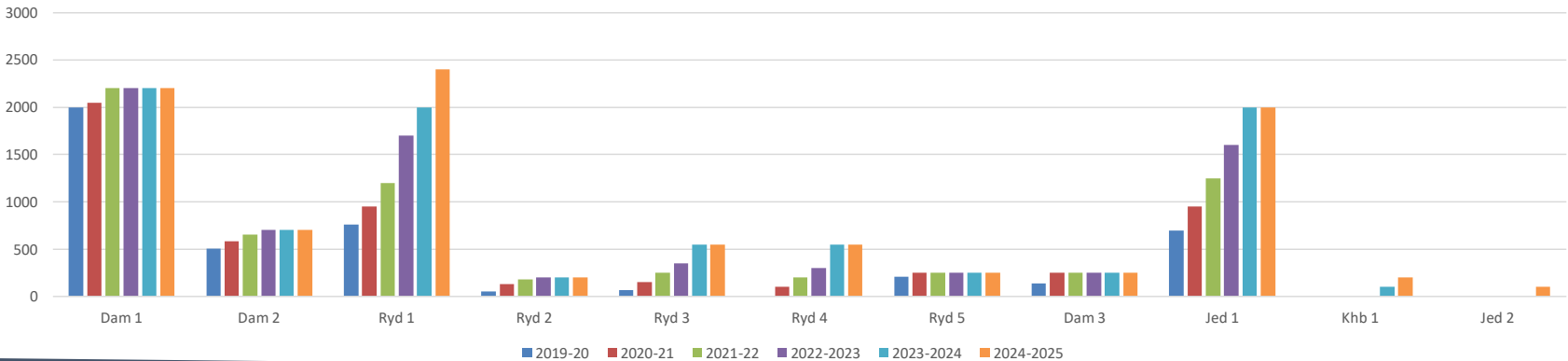
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# Education Sector - Schools

## Schools and Kindergartens

The company will follow the model of having developers build purpose-built K-12 schools and Al Khaleej Training and Education Company will lease and operate the school on long term basis

<i>Expected # of Students - Academic Year</i>	2019-20	2020-21	2021-22	2022-2023	2023-2024	2024-2025
Dammam 1	1,997	2,050	2,200	2,200	2,200	2,200
Dammam 2	504	580	650	700	700	700
Riyadh 1	757	950	1,200	1,700	2,000	2,400
Riyadh 2	52	130	180	200	200	200
Riyadh 3	65	150	250	350	550	550
Riyadh 4	0	100	200	300	550	550
KG-3 Format-Sahafa	207	250	250	250	250	250
KG-3 Format-Dhahran	136	250	250	250	250	250
School-Jeddah 1	694	950	1,250	1,600	2,000	2,000
School-Khobar 1	0	0	0	0	100	200
School-Jeddah 2	0	0	0	0	0	100
<b>TOTAL</b>	<b>4,412</b>	<b>5,410</b>	<b>6,430</b>	<b>7,550</b>	<b>8,800</b>	<b>9,400</b>

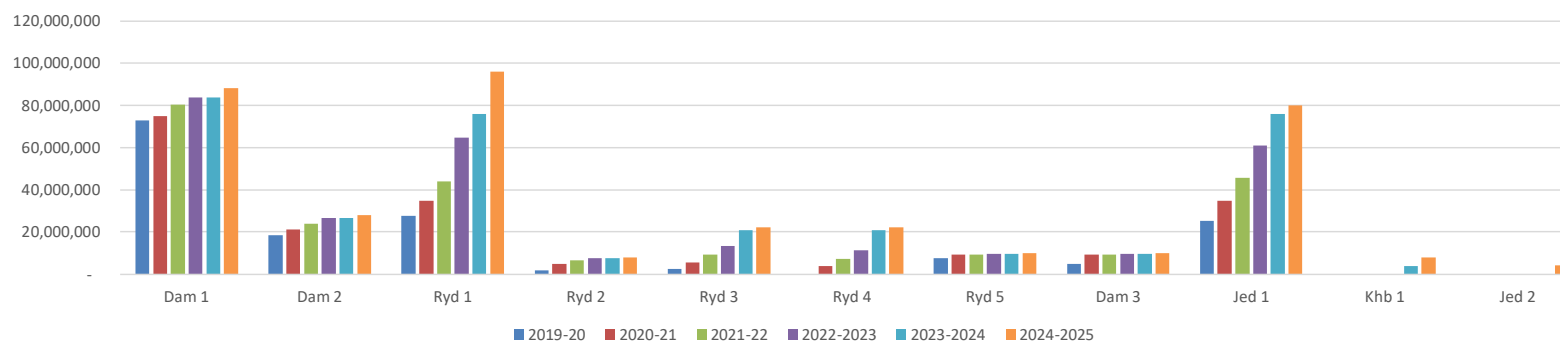


## 2 Education Sector - Schools

### International 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 2023/24.

<i>Expected Revenue - Academic Year</i>	2019-20	2020-21	2021-22	2022-2023	2023-2024	2024-2025
Dammam 1	72,890,500	74,825,000	80,300,000	83,600,000	83,600,000	88,000,000
Dammam 2	18,396,000	21,170,000	23,725,000	26,600,000	26,600,000	28,000,000
Riyadh 1	27,630,500	34,675,000	43,800,000	64,600,000	76,000,000	96,000,000
Riyadh 2	1,898,000	4,745,000	6,570,000	7,600,000	7,600,000	8,000,000
Riyadh 3	2,372,500	5,475,000	9,125,000	13,300,000	20,900,000	22,000,000
Riyadh 4	0	3,650,000	7,300,000	11,400,000	20,900,000	22,000,000
KG-3 Format-Sahafa	7,555,500	9,125,000	9,125,000	9,500,000	9,500,000	10,000,000
KG-3 Format-Dhahran	4,964,000	9,125,000	9,125,000	9,500,000	9,500,000	10,000,000
School-Jeddah 1	25,331,000	34,675,000	45,625,000	60,800,000	76,000,000	80,000,000
School-Khobar 1	0	0	0	0	3,800,000	8,000,000
School-Jeddah 2	0	0	0	0	0	4,000,000
<b>TOTAL</b>	<b>161,038,000</b>	<b>197,465,000</b>	<b>234,695,000</b>	<b>286,900,000</b>	<b>334,400,000</b>	<b>376,000,000</b>

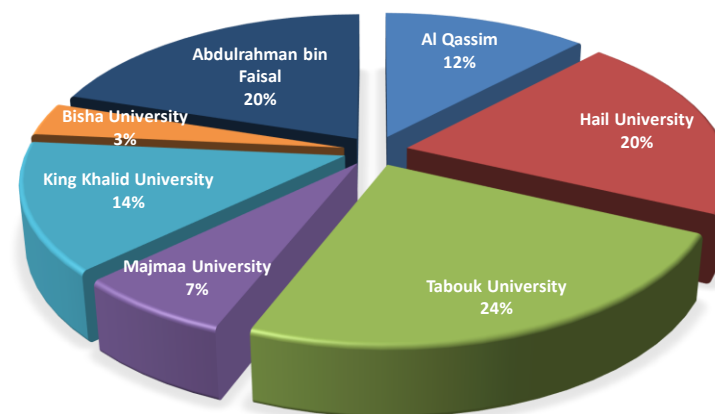


# 3 Educational Projects - Universities

**University Projects:- 18<sup>th</sup> year, a Preparatory Year Program launched by all Saudi Universities.**

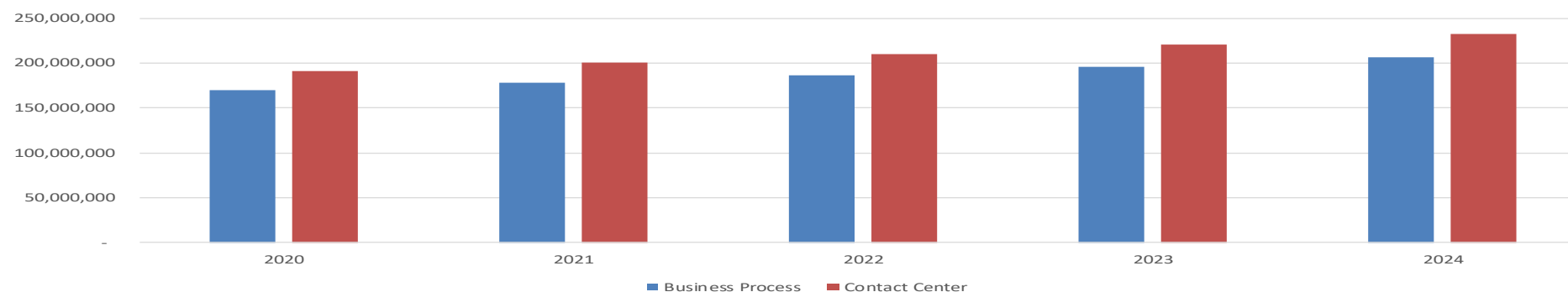
- Alkhaleej is running all or part of these programs (English, IT, and Soft Skills).
- This sector is showing improvement as we received new projects:

2020	Revenue <u>95 Million</u>
2021	Revenue <u>100 Million</u>
2022	Revenue <u>110 Million</u>



## 4 BPO/Contact Center

- The sector has managed to achieve required growth in 2019 and we expect to see sustainable growth over the forecast period
- As present, we have 3,770 seats and 3,700+ agents
- A great source of Saudization in the Company
- Expect this Sector to grow 7-10% YOY 2020, 2021 and 2022





**END OF PRESENTATION**