

# English Language Center in Assir

## INVESTMENT OPPORTUNITY SCORECARD

### EDUCATION

August 2022



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## English Language Center in Assir

High Potential

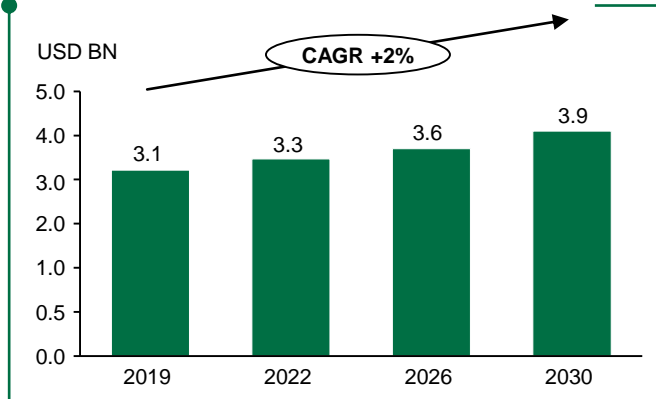
Moderate Potential

Low Potential

**OPPORTUNITY'S DESCRIPTION:** Opportunity to invest in KSA education sector by establishing English Language Center in Assir

### DEMAND

#### MARKET SIZE, USD BN



#### INVESTMENT HIGHLIGHTS\*

- Expected investment size of USD 8 - 10 Mn
- Expected IRR: 8 – 10%
- Payback Period: 5 – 7 Years
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)

### INVESTMENT OVERVIEW

#### VALUE PROPOSITION

- English serves as the primary foreign language in Saudi Arabia
- English language institutions in KSA are still at its nascency with a few domestic and international institutions catering to the increasing demands of Saudi citizens
- Assir Province aims to become a global destination with current infrastructural development
- Rijal Almaa Village in Assir joins the World's UNESCO Heritage list.
- Assir province has been nominated as a global culinary region for 2024 to qualify for an award from the International Institute of Gastronomy, Culture, Arts and Tourism.
- Opportunity to capitalize upon the government's focus on becoming a global destination and to be more aligned with skills gaps and the needs of the labour market.

#### KEY DEMAND DRIVERS

- Openness to the world and changing regulatory landscape in Saudi Arabia are bound to further fuel the demand of English language
- Growing preference for a multilingual workforce by MNCs set up in KSA
- Change in government policy of delegating students abroad to learn English
- Assir Development strategy aims to attract around 4M visitors by 2030.
- 4 PIF projects, estimated capital SAR 34BB to start construction by 2025
- Presence of Al Souda Development Company is an engine for tourism and leisure sectors and a catalyst for economic growth.

### MARKET OVERVIEW

#### MARKET READINESS AND COMPETITOR ANALYSIS

- Increased globalization and demands from multinational corporations for English proficiency has made English language institutions lucrative
- Limited institution with limited courses and capability exist in the Kingdom

#### PROVIDER LANDSCAPE



<sup>1</sup>Non-exhaustive list

#### GLOBAL TRENDS

- English is the operating system of the world and improves employability: The global English Language Learning market is projected to grow at a CAGR of 17.1% increasing from \$9.9bn in 2018 to \$22bn in 2024
- Advancement in technology and the pandemic has accelerated blended learning – a mix of face-to-face learning and online sessions

\*Financial considerations are preliminary and can change according to the nature of the work on the project.

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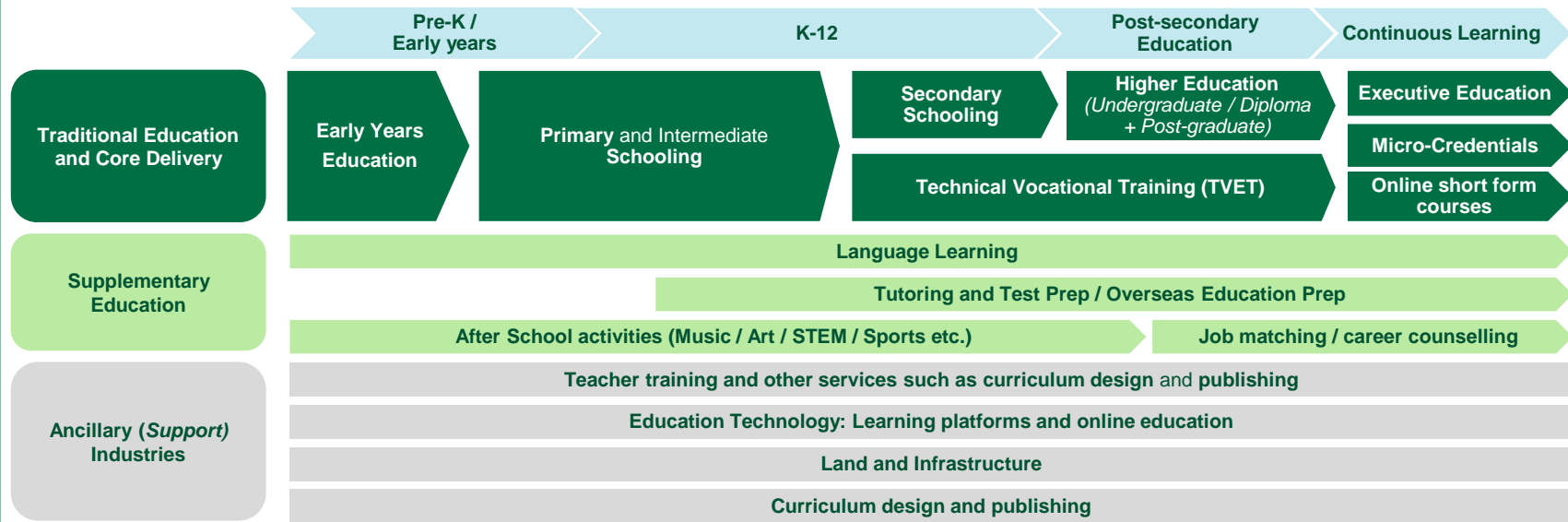
### SUPPLY

#### SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- The ability to diversify the English Language providers to enhance the global presence of the province.
- Low cost of construction, labour wages and utility fees to support low capital and operating expense for the investor and enable extending geographic footprint within the Kingdom

#### VALUE CHAIN ANALYSIS



#### KEY STAKEHOLDERS



### ENABLING FACTORS

#### ENABLERS

- 100% foreign direct ownership allowed
- Tax (VAT) exemption in tuition fees for KSA nationals
- Facilitate the issuance of the operational and academic staff visa
- King Khalid university as a potential location
- Presence of mega projects in the region

#### COST OF DOING BUSINESS IN KSA

Factor	Ranking Amongst Regional Peers
Ease of getting credit (0 – 100)	50
Construction Costs (Indexed to US, % 0 is cheapest)	74
Electricity tariffs	\$48 /MWh
Productivity adjusted wages	\$3.3 /hour
Global Entrepreneurship Index (1 – 100)	48

Bottom 25% | Top 75% | Top 50% | Top 25%

# DEFINITIONS

#	SCORECARD SECTION	DEFINITION
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Demand drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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