



## Contact Us

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**Investment Opportunity**

*In*

**Platinum Global Transformation**

*An upcoming Edtech Company with  
operations planned in India & KSA*

*September 2020*

## Investment Opportunity

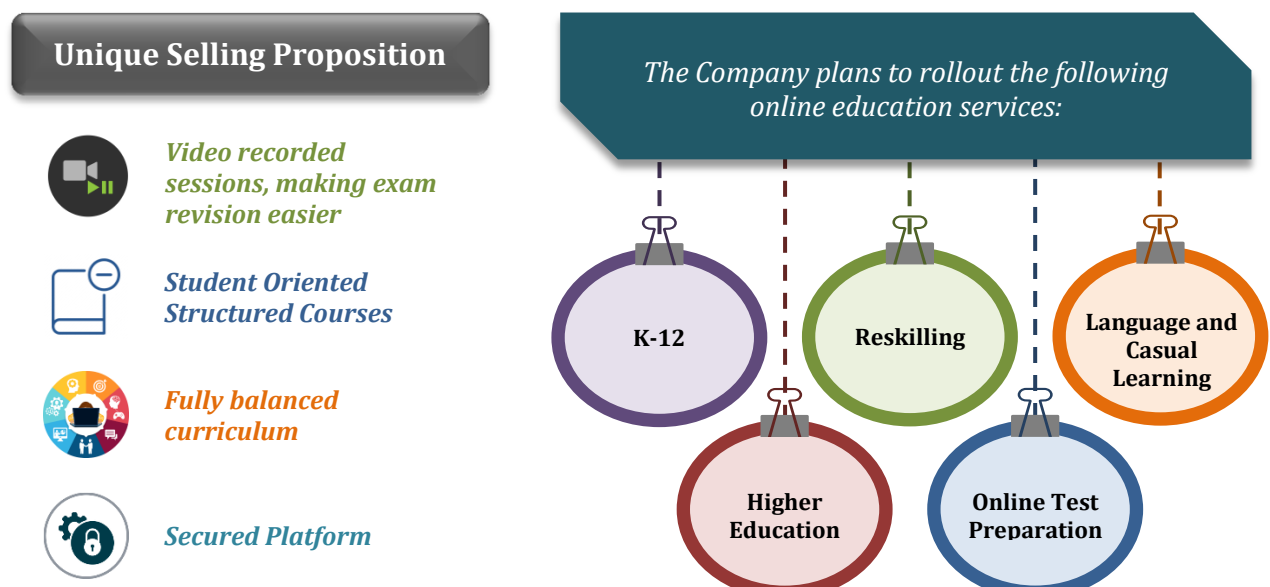
- Platinum Peak Company ('PPC') and Nawazinda Telecom Technology ('NTT') are an established name in the Engineering & Construction and Telecommunication sector. NTT and PPC are stepping into a new online education venture by the name 'Platinum Global Transformation'. Platinum Global Transformation ('PGT' or the 'Company') plans to tap the Edtech sector in India as well as Saudi Arabia
- The Company will develop & operate an online learning platform to facilitate online/electronic education by conducting live classes for students in India and Saudi Arabia in strategic partnership with reputed foreign schools and universities
  - Based on the current market dynamics and ongoing COVID pandemic situation, it is the best time to indulge in online education ventures in markets like India and Saudi where there is huge demand for quality education
  - Although, the online education sector has set foot in the Indian/KSA market but it is yet to bloom in a full-fledged manner to catch up with the demand, which morphs into current scenario of higher demand and unfulfilled supply
- Investment in the Company is expected to generate attractive returns for an investor. **Collective Revenues** of the Company for **India and Saudi** business are expected to reach **SR2,452.6 million and SR1,059.9 million in 5 Years**, respectively
  - In the coming years, the Company expects to register consistent growth based on favourable market dynamics and government influence

## The Transaction

- With a view to capture a sizeable market share in a rapidly growing online education market, the Company seeks investment for the new venture alongside investment from NTT and PPC. The investment will be mainly used for marketing the Company's services and supporting CAPEX

## Overview of the Company

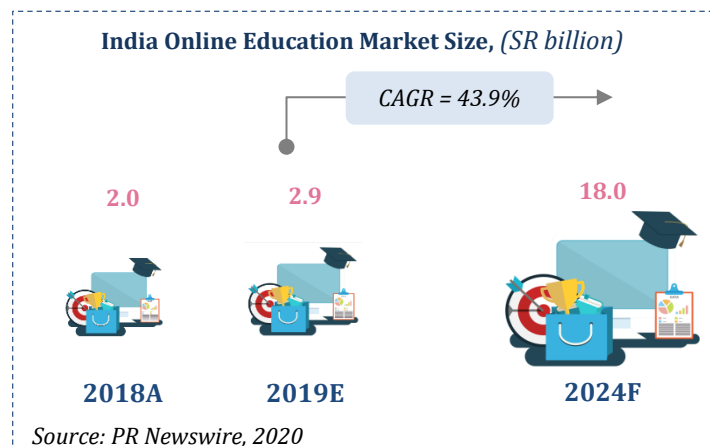
- The Company plans to launch its online education services in India and Saudi in 2020. The Company shall be headquartered at India. It will operate through various branches located in the UK and Saudi Arabia
- In the initial phase, the Company intends to start with the K-12 online school (from kindergarten to 12<sup>th</sup> grade) and later on tap other segments like higher education, online test preparation, reskilling, and language & casual learning



## Opportunities in the Online Education market in India and Saudi Arabia

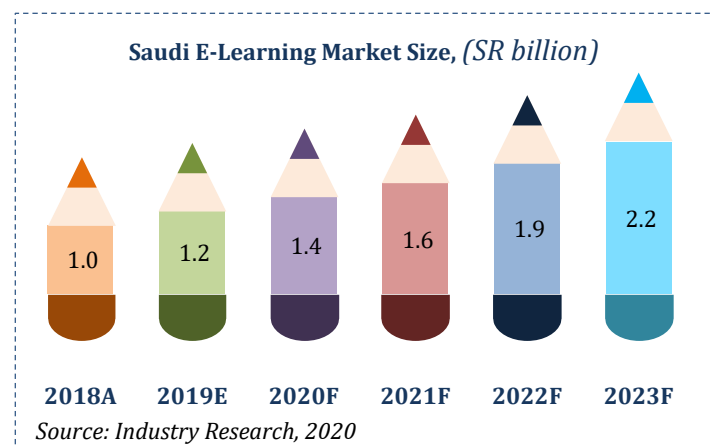
### ❖ India Online Education Market

- The online education market in India reached SR2.0 billion in 2018 from SR0.9 billion in 2016, growing at a **CAGR of ~47% during 2016-2018**
  - Technology introduction enhanced the acceptance of alternative learning methods in India
- Going forward, the market is projected to grow at a **CAGR of 43.9% during 2019-2024 to reach SR18.0 billion by 2024 from SR2.9 billion in 2019** driven by ease of learning, a wide range of study materials, improvement in product offering and changes in the business model
- By 2024, **Primary and secondary supplemental education is expected to capture the major chunk (34.4%)** of the Indian online education market, followed by online test preparation (26.3%), reskilling and certification (26.0%), higher education (11.3%), and language and casual learning (2.1%)



### ❖ Saudi E-Learning Market

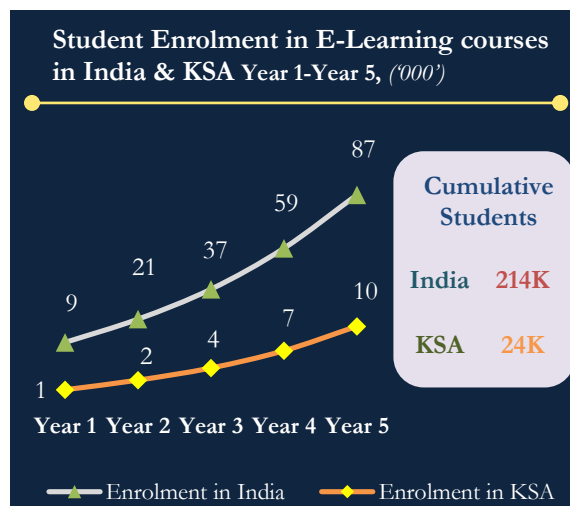
- Over the past few years, Saudi Arabia e-learning market has shown remarkable growth, **reaching SR1.0 billion in 2018**
- The growth is mainly backed by the entrance of international players into the market and offering innovative technology services to meet the rising demand of the population
  - In terms of segmentation, **higher education accounted for the majority share** of the e-learning market, **followed by the K-12 segment**
- Going forward, the Saudi e-learning market is expected to grow at a healthy **CAGR of 16.4% during 2019-2023 to reach SR2.2 billion by 2023** from SR1.2 billion in 2019
  - Increasing per capita income, adoption of new technology, and growing demand for skilled trainers are anticipated to boost the market demand in the coming years



Backed by its strong management and favorable market dynamics, the top line and profitability of PGT is expected to grow at a faster rate in the coming years

## Projected Financial Performance

- The Company plans to roll out only K-12 business in the initial 2 years of operation in India and Saudi Arabia
- From 3<sup>rd</sup> year onwards, the Company will commence all segments, i.e., reskilling, online test preparations, higher education, and language and casual learning programs along with offering K-12 program
- The Company is estimated to generate the majority of revenues from K-12 business by year 5, followed by reskilling and higher education
- In 5 years, the Company is expected to enrol a total of 214K and 24K students from India and KSA, respectively
- The Company is expected to **fetch ~4 times more fee per student** from **Saudi Arabia** when **compared** with the per-student fee **from India** business
  - The Company's average **fees per subscriber per annum** for various courses are around **SR11,500 and SR44,000 for India and Saudi Arabia region**, respectively
- The total cumulative revenues of the Company are projected **to reach SR3,512.5 million in 5 years**
  - India is a price sensitive market where student volume will drive the business while Saudi business will be a low volume high price market
- In the initial phase of the projected performance, the profit margins are expected to take a hit on account of higher operating expenses, including marketing cost, administration, technical staff & management salaries, etc. Later on, **EBITDA margin** of **India and Saudi Arabia** is projected to stabilize by year 5 at **~9% and ~12%**, respectively
- Within a short span of operations, the Company will turn profitable (in year 2). It will generate a total of **SR134.7 million and SR116.4 million in net profits** (NP margin ~7% and ~11%) on **revenues of SR2,452.6 million and SR1,059.9 million** in 5 years for **India and Saudi Arabia**, respectively



## Forecasted Financial Highlights (SR million), Year 1 – Year 5

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Cumulative Values
Revenues (India)	88.3	214.8	403.2	682.7	1,063.6	2,452.6
Revenues (KSA)	46.2	100.3	176.4	288.9	448.1	1,059.9
<b>Total Revenues (combined)</b>	<b>134.4</b>	<b>315.1</b>	<b>579.6</b>	<b>971.6</b>	<b>1,511.7</b>	<b>3,512.5</b>
<i>Y-o-Y Growth (combined)</i>	-	134.4%	83.9%	67.6%	55.6%	NA
Net Profit (India)	(5.5)	7.2	18.7	40.8	73.4	134.7
Net Profit (KSA)	3.2	10.0	19.4	32.0	51.8	116.4
<b>Net Profit (combined)</b>	<b>(2.3)</b>	<b>17.2</b>	<b>38.0</b>	<b>72.8</b>	<b>125.2</b>	<b>251.1</b>
<i>Net Profit Margin</i>	-1.7%	5.5%	6.6%	7.5%	8.3%	7.1%

## Return Analysis

### PGT Return Analysis (SR million), Year 0 – Year 5

Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Exit Multiple						7.0x
Cash Flow from Operations	(9.0)	(7.7)	24.0	45.5	84.8	144.2
<b>Terminal Value</b>						<b>1,009.5</b>
Project Cost	(11.0)	(11.0)	-	-	-	-
Cash Flow from Operations	(9.0)	(7.7)	24.0	45.5	84.8	144.2
(-) Capital Expenditure	(1.1)	(2.0)	(2.1)	(2.9)	(2.7)	(3.2)
Terminal Cash	-	-	-	-	-	246.4
Terminal Value	-	-	-	-	-	1,009.5
<b>Free Cash Flow to the Project</b>	<b>(21.1)</b>	<b>(20.7)</b>	<b>21.9</b>	<b>42.5</b>	<b>82.2</b>	<b>1,397.0</b>
<b>Cumulative Cash Flow</b>	<b>(21.1)</b>	<b>(41.8)</b>	<b>(19.9)</b>	<b>22.7</b>	<b>104.9</b>	<b>1,501.8</b>

- Considering an **exit multiple of 7x** on **cash flow from operations of SR144.2 million** in year 5 and **terminal cash after setting aside SR5.0 million** for the day to day business activities, the **valuation** of the Company is **estimated at SR1.3 billion** by the end of year 5
- PGT is anticipated to generate **around 57x times of return on its invested amount (SR22.0 million)**
- Notably, the Company plans to create an entirely new market by offering online school services from reputed institutes in a market like India and Saudi, where great demand for these services exist. Hence, investment in the Company provides high growth potential, giving individual investors a chance to balloon their modest commitment into a sizeable fortune. PGT will generate an excellent **return (~57x) on investment** as:
  - ✓ The amount invested by the Company is **comparatively low** (smaller investment takes less time to multiply), high revenue per **active subscriber (>SR12,800 in year 1)**, **low cost of content creation** (curriculum will be sourced from the corresponding university), novel business proposition, **high demand supply gap**, experienced management, no interest burden due to all equity financing, **long investment horizon period (>5 years)**, etc.

Based on such impressive statistics, where **Project-IRR (134.0%) exceeds the cost of capital (25%)**, it can be summarized that the investment is economically highly feasible. The prospective investors are expected to earn attractive returns from their investments in PGT

