

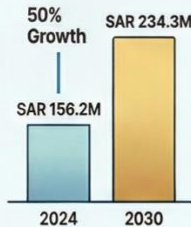
# Business Prospectus

## The Riyadh Bus Digital Ad Network: A Vision 2030 Investment Opportunity

### The Unmissable Market Opportunity



**50% Growth in Saudi Digital Ad Market by 2030**



**Massive Reach Across the Capital**  
Leveraging 672 buses across 54 routes and 2,145 stations daily.



**Fuelled by Vision 2030 & the 2034 World Cup**  
Capitalising on economic diversification and unprecedented global event demand.

### Financial Outlook: Clear Path to Growth (10-Year)

	Conservative	Base Case	Optimistic
Cumulative Revenue	SAR 778M	<b>SAR 1,330M</b>	SAR 1,825M
EBITDA	SAR 310M	<b>SAR 680M</b>	SAR 1,025M
Payback Period	6.2 Years	<b>4.1 Years</b>	3.1 Years



### A De-Risked, High-Return Investment



**Exceptional 24% Internal Rate of Return**

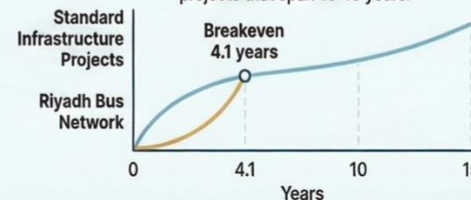
This significantly exceeds the typical 8-13% benchmark for infrastructure projects.

**Revenue Secured from Day One**

Backed by a SAR 583.2 million advertising lease agreement with Al Arabia.

### Rapid 4.1-Year Payback Period

Far outperforms standard infrastructure projects that span 10-15 years.



# **Riyadh Bus Digital Advertising Network**

## **A Strategic Investment in Saudi Arabia's Digital Out-of-Home Advertising Future**

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**Document Classification:** Confidential Investment Memorandum

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**Prepared for:** Prospective Investors and Strategic Partners

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## Executive Summary

The Riyadh Bus Digital Advertising Network represents a transformative investment opportunity to establish a state-of-the-art LED digital advertising platform across the Kingdom's largest urban bus fleet. This venture directly addresses the strategic imperative of monetizing premier public infrastructure while creating a powerful new media channel aligned with Saudi Arabia's Vision 2030 economic diversification objectives.

## The Opportunity

The project transforms the existing Riyadh Bus network—comprising **672 buses** across **54 routes** serving **2,145 stations**—into a comprehensive digital out-of-home advertising ecosystem capable of generating substantial, sustainable revenue streams.

### Key Financial Metrics

Metric	Conservative	Base Case	Optimistic
<b>Total Capital Investment</b>	SAR 230M	SAR 255M	SAR 280M
<b>10-Year Cumulative Revenue</b>	SAR 778M	SAR 1,330M	SAR 1,825M
<b>10-Year EBITDA</b>	SAR 310M	SAR 680M	SAR 1,025M
<b>EBITDA Margin</b>	40%	51%	56%
<b>Net Present Value (@ 10%)</b>	SAR 95M	SAR 285M	SAR 465M
<b>Internal Rate of Return</b>	14%	24%	32%
<b>Payback Period</b>	6.2 Years	4.1 Years	3.1 Years

## Strategic Recommendation

**Proceed immediately with Phase 1 implementation**, focusing on establishing the corporate structure and selecting key technology partners. The compelling combination of Vision 2030 alignment, proven operational partnership, superior financial returns, and de-risked deployment creates an investment case that warrants decisive action.

### Investment Highlights

#### 1. Exceptional Financial Returns

- **24% Internal Rate of Return** (Base Case) significantly exceeds typical infrastructure investment benchmarks of 8-12%
- **4.1-year payback period** outperforms standard infrastructure projects spanning 10-15 years
- **>95% probability of positive NPV** confirmed through Monte Carlo simulation analysis

#### 2. Strong Operational Foundation

- Built upon **SAPTCO's 45+ years** of transit expertise
- Leverages **RATP Development's** global best practices
- PTC generated **SAR 704M revenue** in 9M 2025 (23% YoY growth)

#### 3. De-Risked Deployment

- Utilizes existing, state-of-the-art transit infrastructure
- No construction, right-of-way, or network planning challenges
- SAR 563.2M advertising lease agreement with Al Arabia provides revenue certainty

#### 4. Vision 2030 Alignment

- Supports economic diversification objectives
- Advances smart city initiatives
- Enables public-private partnership model

#### 5. Growing Market Opportunity

- Saudi DOOH market projected to reach SAR 234.3M by 2030
- 2034 FIFA World Cup will accelerate premium advertising demand
- Riyadh's unprecedented urban development creates advertising goldmine

### Market Opportunity

#### Digital Out-of-Home Advertising Landscape

The Saudi Arabia digital out-of-home (DOOH) advertising market presents a compelling investment opportunity:

Market Metric	Value
<b>2024 Market Value</b>	SAR 156.2 million
<b>2030 Projected Value</b>	SAR 234.3 million
<b>Growth Rate</b>	Exceeds traditional advertising segments

#### Market Drivers

1. **Economic Transformation:** Vision 2030 investments in tourism, entertainment, and commercial development
2. **Demographic Advantage:** Affluent, digitally sophisticated, brand-receptive population
3. **Major Events:** 2034 FIFA World Cup will drive unprecedented advertising demand
4. **Infrastructure Modernization:** King Abdulaziz Project creates premium advertising platform

## Competitive Advantages

- **No platform fragmentation** unlike digital advertising
- **No ad-blocking concerns** inherent to physical displays
- **Social amplification** from public space viewing
- **Extended dwell times** (20–45-minute average bus journey)
- **High-frequency exposure** across city-wide routes

## Business Overview

### The Three-Pillar Solution

#### *Pillar 1: Advanced LED Digital Advertising Platform*

**Interior Displays:** - High-resolution 1920×1080 LED screens - 10-second rotation cycles - Captive audience targeting during 20-45 minute journeys - 43” main displays + 32” secondary displays per bus

**Exterior Displays:** - Side panels: 2.5m × 1m LED (IP65 rated) - Rear displays: 1.5m × 1m LED - High-brightness: >5,000 nits for daylight visibility - Weather-resistant: -10°C to 50°C operational range

**Station Infrastructure:** - Large-format LED video walls at premium hubs - Digital kiosks at major stations - Standard displays at 1,645 locations

#### *Pillar 2: Zero-Capital Financing Structure*

- **Equipment financing:** SAR 210,000 per bus for complete LED installation
- **Islamic-compliant structures** available through development finance institutions
- **Receivables factoring:** 85-90% advances on advertising contracts
- Full ownership retention with minimal upfront capital

### *Pillar 3: Risk-Protected Cash Flow*

- **SAR 563.2M advertising lease agreement** with Al Arabia (Arabian Contracting Services Company)
- **Default insurance coverage** through international underwriters
- **Professional credit assessment** and collection services
- **Bank-arranged sinking fund** (SAR 40-50M) for debt service guarantee

### **Revenue Streams**

Revenue Source	Conservative	Base Case	Optimistic
Exterior Bus Advertising	SAR 15-25M	SAR 35-50M	SAR 60-70M
Interior Bus Advertising	SAR 5-10M	SAR 15-25M	SAR 25-35M
Station Advertising	SAR 20-40M	SAR 35-55M	SAR 50-70M
Sponsorships & Naming Rights	SAR 5-15M	SAR 15-20M	SAR 20-30M
<b>Total Annual (Year 5)</b>	<b>SAR 85M</b>	<b>SAR 125M</b>	<b>SAR 150M</b>

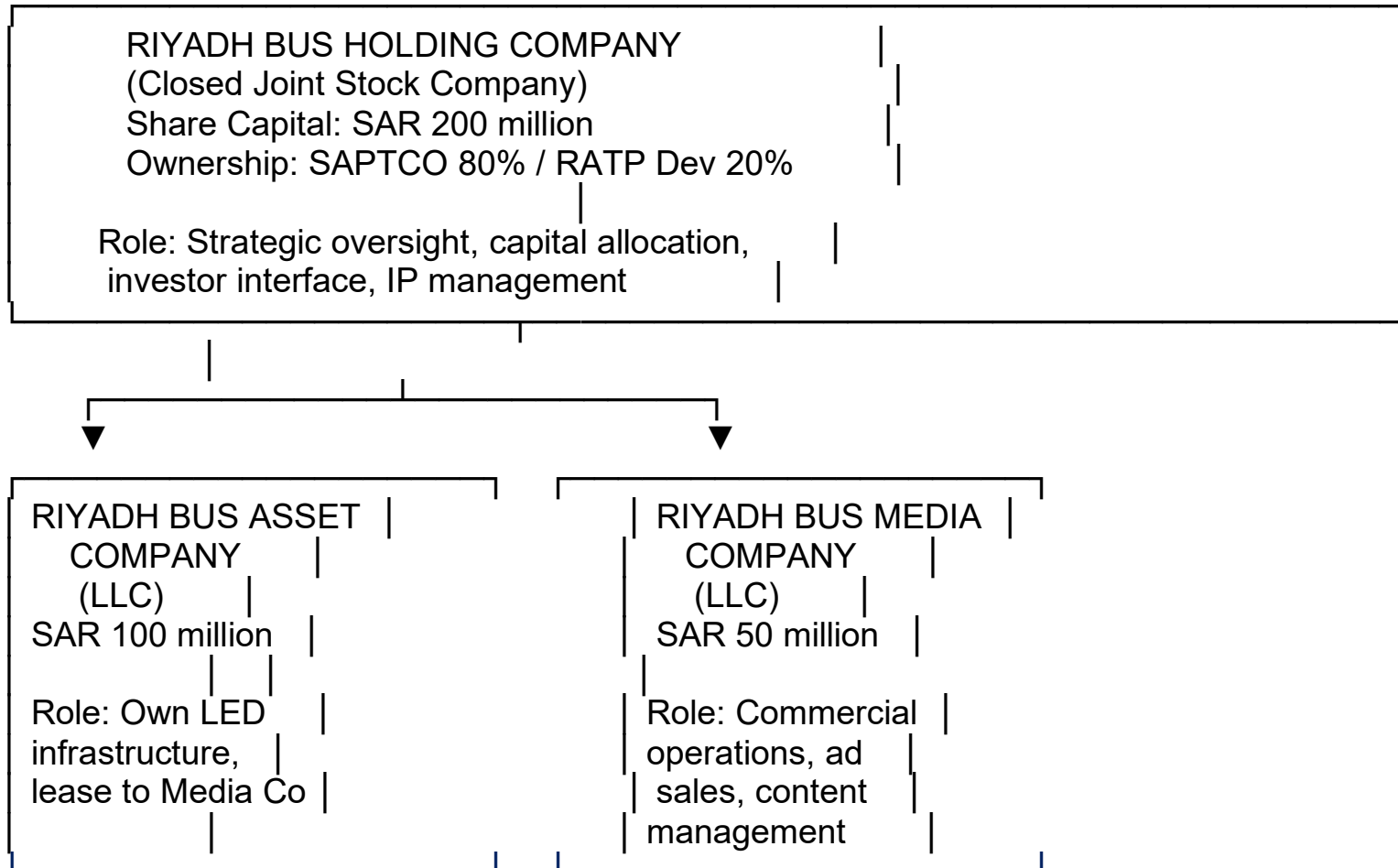
### **Corporate Structure**

#### **Parent Company Foundation**

**Saudi Public Transport Company (SAPTCO)** - Established by Royal Decree in 1979 - Publicly-traded Saudi Joint Stock Company - Total Assets: SAR 4,059 million - Share Capital: SAR 1,250 million

**Public Transportation Company (PTC)** - Joint Venture: SAPTCO (80%) + RATP Development (20%) - Operator of King Abdulaziz Project for Public Transport - 9M 2025 Revenue: SAR 704 million (+23% YoY) - Total Assets: SAR 2,654 million

## Proposed Three-Entity Structure





## Benefits of This Structure

1. **Risk Segregation:** Assets insulated from operational liabilities
  2. **Financing Flexibility:** Assets can serve as collateral without encumbering operations
  3. **Operational Agility:** Media company can adapt quickly to market dynamics
  4. **Clean Governance:** Clear accountability and decision-making authority
  5. **Future Optionality:** Facilitates potential partial sales or strategic partnerships
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## Financial Projections

### Capital Investment Requirements

Investment Category	Amount (SAR M)	% of Total
Exterior Bus LED Displays	90-110	39.2%
Interior Bus LED Displays	35-45	15.7%
Bus Station Infrastructure	75-95	33.3%
Content Management Systems	20-30	9.8%
Contingency Reserve	5	2.0%
<b>Total Investment</b>	<b>230-280</b>	<b>100%</b>

### Ten-Year Revenue Projections (SAR Millions)

Year	Conservative	Base Case	Optimistic
1	18	25	32
2	42	58	75
3	62	88	115
4	78	110	145
5	88	125	168
6	92	135	185
7	95	142	195
8	97	148	205
9	98	150	210
10	98	150	212
<b>10-Year Total</b>	<b>778</b>	<b>1,330</b>	<b>1,825</b>

### Profitability Trajectory

Metric	Year 2	Year 3	Year 4	Year 5
EBITDA Margin	37.5%	46.8%	52.4%	53.6%
Operating Margin	10.1%	28.6%	38.7%	41.7%
Net Profit Margin	1.8%	23.5%	35.2%	39.3%
ROE	0.7%	12.6%	21.9%	23.5%

### Risk-Adjusted Expected NPV

Scenario	Probability	NPV	Weighted NPV
Conservative	25%	SAR 95M	SAR 23.75M
Base Case	50%	SAR 285M	SAR 142.50M
Optimistic	25%	SAR 723M	SAR 180.75M
<b>Expected NPV</b>			<b>SAR 347.0M</b>

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### Implementation Roadmap

#### Phase 1: Foundation & Corporate Setup (Months 1-6)

**Corporate Formation:** - Legal establishment of three-entity structure - Shareholder agreements and governance documentation - Regulatory filings with SAGIA and Ministry of Commerce - Banking relationships and financing commitments

**Technology Partner Selection:** - Formal RFP process with Planar, Leyard, and other vendors - Technical capability and warranty evaluation - Total cost of ownership analysis - Reference checks with comparable global installations

**Pilot Planning:** - Selection of 50 buses and 10 stations for test deployment - Route prioritization based on ridership and visibility - Technical specifications finalization

#### Phase 2: Procurement & Pilot Deployment (Months 7-12)

**Pilot Deployment:** - LED installation on 50 buses and 10 stations - Technical and operational procedure validation - Initial revenue generation and model validation - Advertiser reference account development

**Full Network Rollout (4 Waves):** - Wave 1-4: ~155 buses each - Quality control and continuous improvement - Parallel sales team recruitment (12-15 professionals)

## Phase 3: Commercialization & Expansion (Months 13-18)

**Sales Organization:** - Full sales team deployment - Rate card and media kit development - Agency relationship building - Multi-segment targeting (national brands, government, tourism, local)

**Revenue Optimization:** - Dynamic pricing implementation - Real-time campaign reporting - Station naming rights and route sponsorships

## Phase 4: Full Operation & Optimization (Month 19+)

**Mature Operations:** - Yield management optimization - Operational efficiency initiatives - Technology refresh program (SAR 5M annual reserve from Year 5) - Strategic partnership development

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## Risk Management

### Comprehensive Risk Framework

Risk Category	Probability	Impact	Mitigation Strategy
<b>Technology Obsolescence</b>	20-30%	SAR 50-80M	SAR 5M annual refresh reserve; modular designs
<b>Regulatory Compliance</b>	Low	Medium	Dedicated compliance team; proactive GARM engagement
<b>Market Fluctuation</b>	Medium	Medium	Diversified advertiser portfolio; long-term contracts
<b>Cybersecurity</b>	Low-Medium	High	Network segmentation; encryption; cyber insurance
<b>Advertiser Default</b>	Low	Medium	Default insurance; credit assessment; factoring

## Insurance Program

Coverage Type	Recommended Limit	Purpose
Business Interruption	SAR 30-40M	Lost advertising revenue protection
Equipment Breakdown	SAR 250M	Full replacement cost coverage
Credit Default	As required	Advertiser payment failure protection
Public Liability	SAR 50M	Third-party claims
Cyber Liability	SAR 20M	Data breach and system restoration

## Bank-Arranged Sinking Fund

- **Target Size:** SAR 40-50 million
  - **Purpose:** Guarantee debt service continuity
  - **Coverage:** 18 months of debt service under stressed conditions
  - **Management:** Independent bank trustee
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# Strategic Recommendations

## Immediate Actions

### 1. Proceed with Phase 1 Implementation

- Establish corporate structure
- Initiate technology partner RFP process
- Finalize insurance program

### 2. Adopt Three-Entity Structure

- Optimize governance and risk segregation
- Facilitate future financing flexibility
- Enable strategic optionality

### 3. Engage Technology Partners

- Competitive procurement with Planar and Leyard
- Emphasis on reliability and Saudi climate adaptation
- Long-term service and warranty agreements

### 4. Implement Financial Safeguards

- Establish bank-arranged sinking fund
- Secure comprehensive insurance coverage
- Finalize receivables factoring arrangements

## Why Invest Now

- **First-Mover Advantage:** Establish market leadership before competition emerges
  - **Vision 2030 Momentum:** Benefit from unprecedented government support for modernization
  - **2034 FIFA World Cup:** Position for premium advertising demand surge
  - **Proven Platform:** Leverage PTC's operational success and infrastructure investment
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## Conclusion

The Riyadh Bus Digital Advertising Network represents a rare investment opportunity combining:

- **Exceptional Returns:** 24% IRR with 4.1-year payback
- **Strategic Alignment:** Direct support for Vision 2030 objectives
- **De-Risked Execution:** Built on proven infrastructure and partnerships
- **Long-Term Value:** Sustainable, high-margin revenue for decades

The window of opportunity to establish market leadership is time limited.

Early action captures first-mover advantages in advertiser relationships, operational learning, and market positioning.

**The recommendation is clear: Proceed immediately with Phase 1 to capitalize on this compelling investment opportunity.**