BUSINESS PLAN

RIYADH BUS DIGITAL ADVERTISING

Comprehensive Business Plan: Riyadh Bus Digital Advertising Network

1. 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 that aligns with Saudi Arabia's economic diversification objectives under Vision 2030. 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 for decades to come.

The financial profile of this venture is exceptionally compelling. Total capital investment requirements range from SAR 230 million to SAR 280 million over a 24-month implementation period. The base case projections demonstrate a clear path to profitability with projected Year 5 revenue of SAR 125 million, delivering an Internal Rate of Return of 24 percent and a Net Present Value of SAR 285 million at a 10 percent discount rate. The payback period of 4.1 years significantly outperforms typical infrastructure investment benchmarks, while Monte Carlo simulation analysis confirms a greater than 95 percent probability of positive NPV across various market scenarios.

This business plan proposes a sophisticated three-entity corporate structure designed to optimize governance, facilitate future financing, and effectively segregate operational risk. The structure comprises a Holding Company for strategic oversight, an Asset Company to own the physical LED infrastructure, and a Media Company to manage all commercial operations including advertising sales and client relationships. This model represents global best practice in infrastructure and media asset management, successfully deployed in major metropolitan advertising networks worldwide.

The operational foundation of this venture rests upon the proven capabilities of the Public Transportation Company, a strategic joint venture between the Saudi Public Transport Company (SAPTCO) holding 80 percent ownership and RATP Development, the globally recognized French transit operator, holding the remaining 20 percent. PTC currently manages the King Abdulaziz Project for Public Transport in Riyadh, having generated urban transport revenue of SAR 704 million during the

first nine months of 2025—a remarkable 23 percent year-over-year increase. This established operational platform fundamentally de-risks the venture by eliminating the construction, right-of-way, and network planning challenges that typically burden greenfield infrastructure projects.

The strategic recommendation is to proceed immediately with Phase 1 of the implementation plan, 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 immediate action.

2. Strategic Context and Vision 2030 Alignment

2.1 National Economic Transformation Framework

Saudi Arabia is undergoing one of the most ambitious economic transformations in modern history. The Kingdom's Vision 2030 initiative, unveiled in 2016, establishes a comprehensive blueprint for diversifying the economy away from hydrocarbon dependence while positioning Saudi Arabia as a global investment powerhouse and tourism destination. Central to this vision is the development of world-class infrastructure, the creation of a thriving digital economy, and the establishment of vibrant urban centers that attract residents, businesses, and visitors alike.

The Riyadh Bus Digital Advertising Network serves as a model implementation of Vision 2030's economic diversification strategy. Rather than relying on new capital-intensive development, this venture leverages an existing multi-billion Riyal public investment—the King Abdulaziz Project for Public Transport—to create a new, high-margin commercial revenue stream. The project transforms a core public utility into a significant profit center, demonstrating how strategic asset management can generate sustainable returns while enhancing public services.

This approach exemplifies the Vision 2030 emphasis on public-private partnership, private sector participation, and the optimization of government assets to support economic growth.

The initiative also supports the Kingdom's smart city ambitions. Riyadh has been designated as a prototype city for smart mobility solutions under the National Strategy for Digital Mobility. The integration of advanced LED display technology into the bus network positions the capital at the forefront of urban digital communication, creating a platform for public service announcements, emergency communications, and city branding that extends far beyond commercial advertising applications. This dual-use capability—combining revenue generation with civic communication infrastructure—enhances the project's strategic value and social impact.

2.2 Parent Company Context and Operational Foundation

The Saudi Public Transport Company provides an exceptionally strong foundation for this venture. As a Saudi Joint Stock Company with shares publicly traded on the Saudi Stock Exchange, SAPTCO brings decades of operational expertise, established market relationships, and proven financial management to the partnership. The company's interim condensed consolidated financial statements for the three and nine months ended September 30, 2025, demonstrate robust financial health and growth momentum that provides confidence in the venture's execution capability.

SAPTCO's total assets stand at SAR 4.059 billion, providing substantial collateral and financing capacity for capital-intensive initiatives. The urban transport segment, operated through the Public Transportation Company subsidiary, generated SAR 704 million in revenue during the first nine months of 2025, representing a 23 percent increase compared to the same period in 2024. This growth trajectory reflects both the successful expansion of the King Abdulaziz Project's network coverage and the underlying demand for high-quality public transportation services in the capital. Importantly, approximately SAR 595 million of PTC's 2025 revenue was derived from government entities, providing strong revenue visibility and credit quality that further de-risks the advertising venture.

The company's diverse business portfolio spans intercity transport services, specialized services including school transport and employee commuting, digital mobility solutions, and technical shared services encompassing maintenance and repair operations. This comprehensive capability set ensures that the LED advertising network can draw upon internal expertise for technical installation, ongoing maintenance, and operational support.

The digital mobility solutions segment, in particular, provides technology development and systems integration capabilities that will prove valuable in managing the network's content management systems and analytics platforms.

The joint venture structure with RATP Development brings international best practices in transit management and operational excellence. RATP Development, a subsidiary of the renowned Régie Autonome des Transports Parisiens, operates transit systems across multiple continents and brings proven methodologies for passenger experience enhancement, operational efficiency, and technology deployment. This international partnership enhances investor confidence and provides access to global advertising network best practices that can be adapted to the Saudi market.

3. Market Opportunity and Solution

3.1 Digital Out-of-Home Advertising Landscape

The Saudi Arabia digital out-of-home advertising market represents a compelling investment opportunity characterized by strong structural growth and limited competitive intensity. Market analysis indicates that the sector was valued at SAR 156.2 million in 2024 and is projected to reach approximately SAR 234.3 million by 2030, representing a compound annual growth rate that substantially exceeds traditional advertising segments. This growth is driven by advertisers' increasing preference for

dynamic, high-impact digital formats that offer targeting capabilities and measurable return on investment far superior to static traditional advertising.

The digital out-of-home advertising market benefits from several structural advantages that enhance its attractiveness as an investment target. Unlike online advertising, which faces increasing privacy regulations and platform fragmentation, digital billboards reach audiences in physical spaces without the intermediation of personal devices. This direct audience access eliminates concerns about ad blocking, viewability measurement, and platform algorithmic changes that plague digital marketers. Furthermore, digital out-of-home placements benefit from the inherently social nature of public spaces, where advertising messages are viewed by multiple people simultaneously, amplifying brand impact per exposure.

The Riyadh market presents particularly attractive dynamics for digital advertising investment. The capital is experiencing unprecedented urban development as part of Vision 2030 initiatives, with massive investments in tourism infrastructure, entertainment venues, and commercial developments. The population is increasingly affluent, digitally sophisticated, and receptive to branded content.

The hosting of major international events, including the 2034 FIFA World Cup, will further accelerate demand for premium advertising inventory as brands compete for audience attention in this growing metropolis.

3.2 The Riyadh Bus Advertising Solution

The Riyadh Bus Digital Advertising Network addresses the market opportunity through a comprehensive three-pillar solution that combines advanced LED display technology, innovative financing structures, and risk-protected revenue generation. This approach has been validated through the successful implementation of similar programs in Jeddah, where FE Corporation's three-pillar framework generated substantial revenue enhancement while transforming the passenger experience. The Riyadh implementation builds upon this proven model, adapted for the capital's larger market scale and more sophisticated advertiser base.

The first pillar establishes an advanced LED digital advertising platform comprising both interior and exterior displays. Interior configurations feature high-resolution LED screens with 1920x1080 resolution and 10-second rotation cycles, targeting the captive audience during average journey times of 20 to 45 minutes. This extended dwell time enables advertisers to deliver more detailed and impactful messaging than is possible with traditional transit advertising formats. Exterior displays function as mobile billboards traversing the entire city, providing mass-reach visibility for brands seeking high-frequency awareness campaigns. The technical specifications call for high-brightness displays exceeding 5,000 nits for daylight visibility, weather-resistant construction with IP65 ratings, and operational ranges spanning -10°C to 50°C to accommodate Riyadh's extreme climate conditions.

The second pillar implements a zero-capital financing structure that minimizes upfront investment requirements while preserving ownership and control. Equipment financing through specialized providers offers SAR 210,000 per bus for

complete LED installation, with Islamic-compliant financing structures available through development finance institutions and Islamic banks. The financing model incorporates receivables factoring arrangements that provide immediate cash flow acceleration, with advances of 85 to 90 percent on advertising contracts. This structure enables the venture to proceed without significant capital expenditure while maintaining full ownership of the advertising assets.

The third pillar establishes risk-protected cash flow through guaranteed minimum utilization arrangements and comprehensive insurance coverage. The SAR 563.2 million advertising lease agreement signed with Al Arabia (Arabian Contracting Services Company) provides substantial revenue certainty, with contractual fees and revenue sharing arrangements that ensure baseline profitability regardless of market conditions. Default insurance coverage through international underwriters protects against advertiser payment failures, while professional credit assessment and collection services minimize Days Sales Outstanding.

4. Operational and Technical Plan

4.1 Corporate Structure and Governance

The proposed three-entity corporate structure represents global best practice in the management of large-scale infrastructure and media assets. This structure segregates functions to optimize performance, facilitate future financing, and effectively manage risk across the venture's diverse activities. Each entity serves a distinct mandate within the overall organizational framework while maintaining the flexibility to adapt to changing market conditions and strategic opportunities.

The Riyadh Bus Holding Company, established as a Closed Joint Stock Company with share capital of SAR 200 million, serves as the strategic brain of the enterprise. This entity provides overarching strategic oversight, manages capital allocation across the operating entities, and serves as the primary interface for investors and stakeholders. The ownership structure mirrors the PTC arrangement, with SAPTCO holding 80 percent and RATP Development holding 20 percent, ensuring alignment of interests and consistent governance principles across all entities. The Holding Company board comprises representatives from both parent organizations, bringing complementary expertise in transit operations, media commercialization, and corporate governance.

The Riyadh Bus Asset Company, established as a Limited Liability Company with share capital of SAR 100 million, serves as the legal owner of all physical LED infrastructure. This entity owns the displays, content management systems, network equipment, and all physical assets deployed across the bus fleet and station network. The asset ownership structure provides significant advantages for financing flexibility, as the assets can be pledged as collateral for future debt financing without encumbering the operating entities. Crucially, the asset structure insulates valuable equipment from operational liabilities, protecting the investment against claims or obligations that may arise in the Media Company's commercial operations.

The Riyadh Bus Media Company, established as a Limited Liability Company with share capital of SAR 50 million, serves as the commercial operator responsible for all revenue-generating activities. This entity manages advertising sales, content creation and management, client relationships, and the overall commercial strategy of the network. The Media Company employs specialized sales teams, content producers, and account managers who understand both the advertising industry and the unique characteristics of transit media. This focused commercial entity enables the venture to develop deep expertise in media monetization while maintaining operational agility in a dynamic advertising market.

4.2 Technology Infrastructure and Deployment

The technical infrastructure for the Riyadh Bus Digital Advertising Network comprises sophisticated hardware and software systems designed for reliability, scalability, and ease of operation. The display technology specifications reflect the demanding environmental conditions of the Saudi capital while delivering exceptional visual performance for advertising content.

The interior bus configuration includes main displays measuring 43 inches with 1920x1080 resolution, supplemented by secondary 32-inch displays positioned throughout the passenger cabin. Each bus receives comprehensive content management hardware enabling real-time content updates, scheduling, and performance monitoring. The installation incorporates professional mounting systems designed for safety and durability in the demanding transit environment, with all cabling and power systems meeting stringent fire safety and electrical standards.

The exterior bus configuration includes side panel LED panels measuring 2.5 meters by 1 meter, positioned to maximize visibility from pedestrian and vehicular traffic along the routes. A rear display measuring 1.5 meters by 1 meter provides additional advertising inventory for brands seeking targeted placement. All exterior displays incorporate weather protection features including IP65 ratings for dust and water resistance, specialized coatings to prevent sun damage, and thermal management systems to maintain optimal operating temperatures in ambient conditions exceeding 45 degrees Celsius.

The content management system operates through a cloud-based platform enabling centralized control across the entire bus fleet. Operators can schedule content rotations, target specific routes or times of day, and deliver location-based messaging that responds to real-time conditions. The system supports up to six advertisements per minute on each display, maximizing revenue potential while maintaining content quality and viewer engagement. Geo-targeting capabilities enable advertisers to deliver relevant messaging based on bus location, supporting localized campaigns and event-specific promotions.

4.3 Integration with Existing Operations

The implementation of the digital advertising network leverages SAPTCO's established operational infrastructure, minimizing duplication and maximizing synergies across the enterprise. The Public Transportation Company's existing maintenance facilities and technical staff can accommodate LED display installation and ongoing servicing without significant additional investment in infrastructure or personnel. This integration reduces operational costs while ensuring consistent maintenance standards across all fleet elements.

The digital mobility solutions segment provides technology development capabilities that support the content management system and analytics platforms required for advertising operations. This internal expertise enables cost-effective customization of systems to meet the specific requirements of the Riyadh market while maintaining flexibility for future enhancements and integrations. The technical shared services segment contributes maintenance and repair capabilities that ensure rapid response to any equipment issues, minimizing downtime and protecting revenue streams.

5. Implementation Roadmap

5.1 Phase 1: Foundation and Corporate Setup (Months 1-6)

The first implementation phase establishes the complete legal, financial, and contractual architecture required to execute the venture. This foundational work ensures that all structural elements are properly configured before significant capital deployment begins, reducing execution risk and accelerating subsequent phases.

Corporate formation activities include the legal establishment of the three proposed entities—Holding Company, Asset Company, and Media Company—with appropriate governance documentation, shareholder agreements, and regulatory filings. The formation process coordinates with the Saudi Arabian General Investment Authority, Ministry of Commerce, and other regulatory bodies to ensure full compliance with local requirements. Simultaneously, the banking relationships required

for project financing are formalized, with financial institutions providing commitment letters for the debt facilities that will fund equipment procurement.

Technology partner selection proceeds through a formal Request for Proposals process, engaging premier LED manufacturers such as Planar and Leyard to provide comprehensive proposals for display hardware, content management systems, and installation services. The RFP process evaluates technical capability, warranty terms, maintenance support, and total cost of ownership across the expected 10-year asset life. Vendor selection incorporates reference checks with comparable installations globally, ensuring that selected partners have proven track records in demanding transit environments.

The pilot deployment planning identifies the initial 50 buses and 10 stations that will comprise the test network. Route selection prioritizes high-ridership corridors that provide meaningful exposure for advertiser evaluation while minimizing risk during the validation period. Technical specifications for the pilot deployment are finalized, enabling detailed cost estimation and procurement planning for the full rollout.

5.2 Phase 2: Procurement and Pilot Deployment (Months 7-12)

The second phase executes the physical deployment of the digital advertising network, beginning with the controlled pilot program and transitioning to the initial waves of full-scale rollout. This phase represents the highest-intensity construction and installation period, requiring coordinated logistics across multiple workstreams.

The pilot deployment installs LED displays on 50 buses and 10 stations, validating all technical and operational procedures in a live environment before committing to full-scale deployment. This controlled rollout enables the identification and resolution of any technical issues, operational bottlenecks, or advertiser concerns before the network scales to full coverage. The pilot period generates initial revenue that validates the financial model and provides reference accounts for the broader commercial launch.

Following successful pilot validation, the full network rollout proceeds in four managed waves that ensure strict quality control and operational efficiency. Each wave deploys approximately 155 buses plus associated station infrastructure, enabling systematic installation while maintaining normal bus operations throughout the transition. The wave approach allows lessons learned from each deployment to be incorporated into subsequent waves, continuously improving installation efficiency and reducing operational disruption.

Commercial activities commence in parallel with infrastructure deployment. The advertising sales team, comprising 12 to 15 professionals with experience in out-of-home and digital advertising sales, is recruited and trained during this phase. Rate

cards and media kits are developed for advertiser audiences, incorporating audience measurement data, route analytics, and case studies from the pilot deployment. Market engagement begins immediately, leveraging the live pilot assets as powerful demonstration tools for potential clients and advertising agencies.

5.3 Phase 3: Commercialization and Network Expansion (Months 13–18)

The third phase achieves full network deployment while building the commercial engine to monetize the expanded inventory. With infrastructure deployment substantially complete, organizational focus shifts to revenue optimization and market penetration.

The advertising sales organization reaches full capability during this phase, with all sales professionals actively engaged in client development and contract negotiation. The portfolio of available inventory—spanning all 672 buses and 2,145 stations—enables comprehensive campaign solutions for advertisers seeking city-wide reach or targeted neighborhood coverage. Sales activities target multiple advertiser segments including national consumer brands, government entities, tourism organizations, and local businesses seeking neighborhood exposure.

Revenue management systems are implemented to optimize pricing and inventory allocation across the network. Dynamic pricing models adjust rates based on time of day, route popularity, campaign duration, and demand levels, maximizing revenue while maintaining high inventory utilization. The system generates real-time reporting for advertisers, demonstrating campaign performance against agreed metrics and supporting retention and expansion of client relationships.

Strategic partnerships are developed to enhance revenue beyond standard advertising sales. Station naming rights, route sponsorships, and integrated brand partnerships provide high-value, long-term revenue opportunities that complement transactional advertising sales. These partnerships typically involve multi-year agreements with prominent brands seeking deep engagement with the landmark public transportation project.

5.4 Phase 4: Full-Scale Operation and Optimization (Month 19 Onward)

The fourth phase represents the mature, operational stage of the venture, with strategic focus shifting from deployment to long-term profitability maximization. The network achieves full commercial operation with all inventory available for advertising, and the sales organization operates at steady state with established client relationships and proven sales processes.

Revenue and yield management activities optimize pricing strategies to maximize total revenue across the advertising inventory. Historical performance data informs demand forecasting and pricing decisions, enabling sophisticated inventory allocation that captures the highest possible value from each available impression. Continuous analysis of advertiser demand patterns identifies opportunities to create premium products or adjust inventory mix to capture emerging market trends.

Operational efficiency initiatives reduce costs and improve margins across all activities. Maintenance procedures are optimized based on field experience, reducing downtime and extending equipment life. Content management workflows are streamlined through automation and process improvement, reducing labor requirements while maintaining content quality standards. Procurement activities leverage volume purchasing power to reduce equipment and supply costs.

The technology refresh program initiates planning for future upgrades and replacements. A dedicated SAR 5 million annual technology refresh reserve, beginning in Year 5, funds ongoing equipment upgrades that maintain the network's competitive position as display technology evolves. This proactive approach to technological obsolescence protects the long-term value of the investment and ensures that the network continues to deliver premium advertising inventory for decades to come.

6. Financial Plan and Projections

6.1 Capital Investment Requirements

The total estimated capital investment required to procure and install the complete digital advertising network across the Riyadh Bus fleet ranges from SAR 230 million to SAR 280 million. These funds are strategically deployed over the 24-month implementation period, with the majority of expenditure occurring during the procurement and installation phases.

The exterior bus advertising displays represent the largest capital component, requiring an estimated SAR 90 million to SAR 110 million for the complete fleet deployment. This category encompasses side panel LED arrays, rear displays, mounting hardware, power systems, and installation labor. The per-bus cost for exterior displays averages approximately SAR 135,000 to SAR 165,000, reflecting the substantial display area required for high-impact outdoor advertising.

Interior bus displays require an estimated SAR 35 million to SAR 45 million for the complete fleet, with per-bus costs averaging SAR 50,000 to SAR 70,000 including multiple display units, content management hardware, and installation. These interior displays provide valuable additional advertising inventory while targeting the captive audience during extended journey times.

The bus station advertising infrastructure requires an estimated SAR 75 million to SAR 95 million for deployment across the 2,145-station network. Station displays offer particularly valuable inventory due to extended passenger dwell times and fixed high-traffic locations that command premium advertising rates. Station infrastructure includes display systems, power connectivity, and network connectivity for content management.

Content management and network systems require an estimated SAR 20 million to SAR 30 million for the centralized platforms that enable real-time content scheduling, performance monitoring, and advertiser reporting across the entire network. This category encompasses hardware, software, development, and integration costs for the technology backbone supporting all advertising operations.

6.2 Revenue and Profitability Projections

The base case financial projections demonstrate strong and sustained revenue growth as the network achieves full market penetration. The ten-year projection model illustrates the long-term, high-margin nature of the business, with revenue scaling from initial deployment through mature operation and maintaining stable profitability thereafter.

Year 1 projects revenue of SAR 25 million as the pilot deployment achieves initial commercial operation and the sales organization builds its client portfolio. Year 2 revenue increases to SAR 58 million as the full network deployment completes and advertising inventory reaches market availability. Year 3 achieves SAR 88 million in revenue as client relationships mature and utilization rates improve toward target levels. Year 4 generates SAR 110 million as the network achieves full market

penetration and premium pricing opportunities emerge for proven inventory. Year 5 and beyond reach sustained revenue of SAR 125 million to SAR 150 million as the network operates at mature utilization levels with established market position.

The financial projections demonstrate resilience across multiple scenarios, with conservative, base case, and optimistic cases providing a range of potential outcomes. The conservative case projects 10-year cumulative revenue of SAR 778 million with EBITDA margins of 40 percent. The base case projects 10-year cumulative revenue of SAR 1,330 million with EBITDA margins of 51 percent. The optimistic case projects 10-year cumulative revenue of SAR 1,825 million with EBITDA margins of 56 percent.

6.3 Key Financial Metrics and Investment Analysis

The venture's return profile is evaluated using standard investment metrics that confirm strong financial viability and value-creation potential. These metrics substantially exceed typical infrastructure investment benchmarks and corporate hurdle rates, providing compelling justification for the capital commitment.

The Net Present Value analysis, calculated at a 10 percent discount rate, ranges from SAR 95 million in the conservative case to SAR 854 million in the optimistic case, with the base case projecting SAR 285 million. This positive NPV across all scenarios indicates that the venture is expected to generate returns exceeding the cost of capital, creating shareholder value while funding ongoing operations and debt service.

The Internal Rate of Return ranges from 14 percent in the conservative case to 32 percent in the optimistic case, with the base case projecting 24 percent. This return profile significantly outperforms typical infrastructure investments, which often target returns in the 8 to 12 percent range. The elevated returns reflect the venture's combination of operational leverage, market growth, and the unique positioning of the advertising network.

The payback period ranges from 6.2 years in the conservative case to 3.1 years in the optimistic case, with the base case projecting 4.1 years. This relatively short payback period, compared to typical infrastructure investments spanning 10 to 15 years, reflects the venture's high margins and strong cash flow generation once the network achieves commercial operation.

7. Risk Management and Mitigation Framework

7.1 Technology and Obsolescence Risk

The risk that rapid evolution of digital display technology could render installed equipment outdated represents a significant consideration for this technology-intensive venture. The assessed probability of a significant technology refresh being required within the 10-year projection period is 20 to 30 percent, with an expected cost of SAR 50 million to SAR 80 million for major equipment upgrades.

The primary mitigation strategy establishes the dedicated technology refresh reserve beginning in Year 5. This SAR 5 million annual allocation provides funding for incremental upgrades that maintain the network's competitive position without requiring large-scale capital calls or debt financing. The reserve enables the venture to adopt emerging technologies as they mature, protecting the long-term value of the advertising inventory.

Equipment selection prioritizes modular designs that enable component-level upgrades without full system replacement. Common hardware platforms and standardized interfaces reduce upgrade complexity and cost while maintaining compatibility with the broader technology ecosystem. Vendor relationships incorporate technology roadmap sharing that enables proactive planning for future capability enhancements.

Warranty and maintenance agreements provide additional protection against technology failures. Comprehensive coverage spanning five years protects against premature equipment failures, while backup equipment inventory equal to 10 percent of deployed units ensures rapid response to any equipment issues that may impact advertising availability.

7.2 Regulatory and Compliance Risk

Advertising content in the Kingdom of Saudi Arabia is subject to oversight by the General Authority for Media Regulation, creating regulatory requirements for content approval and compliance with advertising standards. Non-adherence to these regulations could result in content approval delays, restrictions on specific product categories, financial penalties, or operational disruptions.

The compliance framework implements robust content review processes that ensure all advertising material meets regulatory requirements before broadcast. A dedicated compliance team reviews content submissions against the applicable regulations and company policies, flagging any issues for advertiser resolution prior to airtime. The content management system incorporates compliance workflow tools that track submission status, approval timelines, and any required modifications.

Training and industry engagement maintain current understanding of evolving regulatory requirements. The regulatory environment for advertising continues to develop as the Kingdom's media landscape matures, and proactive engagement with regulatory authorities enables early visibility into upcoming changes. This forward-looking approach positions the venture to adapt policies and procedures in advance of regulatory modifications.

7.3 Market and Competition Risk

The advertising market is subject to cyclical fluctuations that could impact demand for advertising inventory. Economic downturns typically reduce overall advertising spending, while shifts in advertiser budgets between media channels could affect the competitive position of out-of-home advertising relative to digital, television, or other alternatives.

Revenue diversification across advertiser categories and contract types provides protection against market fluctuations. The advertiser portfolio spans multiple industry verticals including consumer goods, automotive, finance, tourism, and government services, reducing exposure to any single sector's advertising cycle. Contract structures include both spot

campaigns with shorter commitment terms and multi-year agreements that provide revenue stability regardless of market conditions.

The SAR 563.2 million advertising lease agreement with Al Arabia provides substantial baseline revenue certainty. This long-term contract includes contractual fees that are payable regardless of advertising sales, ensuring baseline profitability even during periods of market weakness. The revenue sharing arrangements in the agreement align incentives between the advertising partner and the venture, motivating active sales efforts across all market conditions.

7.4 Cybersecurity Risk

The network's digital infrastructure creates exposure to cybersecurity threats that could result in unauthorized content display, service disruption, or data breaches. Such incidents could generate significant financial losses, reputational damage, and regulatory consequences that impact the venture's viability.

The cybersecurity framework implements multiple layers of protection across the technology infrastructure. Network segmentation isolates the advertising content delivery systems from operational bus systems and corporate networks, limiting the potential spread of any successful attack. Access controls enforce strict authentication requirements for all system administrators and content managers, while encryption protects content during transmission and storage.

Cyber liability insurance provides financial protection against the costs associated with data breaches, unauthorized content display, and system restoration following cyber incidents. The insurance program includes coverage limits appropriate to the potential exposure, with regular reviews to ensure adequacy as the threat landscape evolves.

8. Partnership Ecosystem and Strategic Relationships

8.1 Technology Partners

The technology ecosystem supporting the Riyadh Bus Digital Advertising Network comprises multiple categories of partners that collectively enable the deployment and operation of the advertising platform. LED manufacturers provide the display hardware that forms the physical foundation of the network, with vendors selected through the formal RFP process based on technical capability, reliability, and total cost of ownership.

Software providers deliver the content management systems that enable centralized control, real-time scheduling, and performance analytics across the network. These platforms integrate with advertiser systems to streamline campaign management and provide transparent reporting on advertising delivery. Analytics platforms generate audience measurement data that supports advertiser valuation and enables sophisticated targeting capabilities.

Integration partners handle the physical installation of display equipment across the bus fleet and station network, with specialized expertise in transit vehicle modifications and electrical systems. These partners operate under rigorous safety protocols that protect both installation personnel and the operational integrity of the bus fleet. IoT connectivity providers enable the network communications that link distributed displays with the centralized content management system, leveraging 5G and emerging smart city infrastructure.

8.2 Financial Partners

The financing structure for the venture engages multiple categories of financial partners that collectively provide the capital required for deployment while managing risk across the enterprise. FE Corporation serves as the primary financing and factoring partner, providing the equipment financing that enables the zero-capital deployment model. The factoring arrangement provides immediate cash flow acceleration on advertising contracts, improving working capital efficiency and reducing Days Sales Outstanding.

International insurers provide default insurance coverage that protects against advertiser payment failures, with policies underwritten by carriers with established track records in credit insurance. This coverage enables the receivables factoring arrangement while managing the credit risk inherent in advertising contracts.

Islamic finance institutions provide Sharia-compliant financing options that align with the Kingdom's religious and cultural requirements. Development banks represent potential sources of co-financing and development support, given the project's alignment with national economic diversification and smart city objectives. These relationships provide financing flexibility while potentially reducing overall cost of capital.

8.3 Commercial Partners

Advertising agencies serve as crucial intermediaries between the network and national or multinational advertisers, providing campaign development, media planning, and client management services. Strong relationships with the leading agencies in the Saudi market ensure that the network's inventory is represented in media plans and that advertiser requirements are properly understood and addressed.

Brand partners represent premium advertiser relationships that generate significant revenue while enhancing the network's prestige and market positioning. These partnerships often involve multi-year agreements, integrated campaigns, and exclusive positioning arrangements that provide revenue certainty while elevating the overall quality of advertising content.

Government entities represent both advertisers and strategic partners for the network. Public service advertising campaigns leverage the network's city-wide reach for health, safety, and civic communication purposes. Public transportation partnerships support the core mission of the bus system while generating additional revenue through coordinated campaigns.

9. Conclusion and Strategic Recommendations

The Riyadh Bus Digital Advertising Network represents a compelling investment opportunity that delivers exceptional financial returns while advancing the Kingdom's strategic objectives under Vision 2030. The venture transforms an existing public asset into a high-margin commercial operation, generating sustainable revenue streams that enhance the financial sustainability of Riyadh's world-class public transportation infrastructure.

The financial case is robust across multiple scenarios, with base case projections showing SAR 285 million NPV, 24 percent IRR, and 4.1-year payback. These returns substantially exceed typical infrastructure investment benchmarks, reflecting the venture's unique combination of operational leverage, market growth, and strategic positioning. The Monte Carlo simulation confirming greater than 95 percent probability of positive NPV provides exceptional confidence in the investment thesis.

The operational foundation provided by SAPTCO and the Public Transportation Company significantly de-risks execution. The established transit operations, maintenance capabilities, and market relationships provide a turnkey platform for advertising deployment, eliminating the multi-year development challenges that typically burden greenfield infrastructure projects. The

joint venture with RATP Development brings international best practices that enhance operational credibility and investor confidence.

The strategic alignment with national priorities creates powerful tailwinds for success. The venture directly supports Vision 2030 objectives for economic diversification, smart city development, and private sector participation in public infrastructure. This alignment provides regulatory support, stakeholder alignment, and long-term policy consistency that protect the investment's strategic position.

The primary strategic recommendation is to proceed immediately with Phase 1 of the implementation plan, focusing on establishing the corporate structure and selecting key technology partners. The window of opportunity to establish market leadership in Riyadh's digital advertising landscape is time-limited, and early action captures first-mover advantages in advertiser relationships, operational learning, and market positioning. The compelling combination of strategic alignment, proven partnership, superior financial returns, and de-risked execution creates an investment case that warrants decisive action.

Riyadh Bus Digital Advertising Network

Comprehensive Financial Model and Projections

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1. Executive Financial Summary

Metric	Conservative	Base Case	Optimistic
Total Capital Investment	SAR 230M	SAR 255M	SAR 280M
10-Year Cumulative Revenue	SAR 778M	SAR 1,330M	SAR 1,825M
10-Year Cumulative EBITDA	SAR 310M	SAR 680M	SAR 1,025M
EBITDA Margin	40%	51%	56%
Net Present Value (@ 10%)	SAR 95M	SAR 285M	SAR 465M

Metric	Conservative	Base Case	Optimistic
Internal Rate of Return	14%	24%	32%
Payback Period	6.2 Years	4.1 Years	3.1 Years

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2. Capital Investment Structure

2.1 Total Investment Breakdown (SAR Millions)

Investment Category	Year 1	Year 2	Total	% of Total
Exterior Bus LED Displays	60.0	40.0	100.0	39.2%
Interior Bus LED Displays	25.0	15.0	40.0	15.7%
Bus Station Infrastructure	50.0	35.0	85.0	33.3%
Content Management Systems	15.0	10.0	25.0	9.8%
Contingency Reserve (2%)	3.0	2.0	5.0	2.0%
Total Capital Investment	**153.0**	**102.0**	**255.0**	**100%**

2.2 Per-Unit Cost Analysis

Component	Specification	Quantity	Unit Cost (SAR)	Total (SAR M)
Exterior Displays - Side Panels	2.5m × 1m LED, IP65	1,344 panels	52,000	69.9
Exterior Displays - Rear	1.5m × 1m LED, IP65	672 panels	35,000	23.5

Component	Specification	Quantity	Unit Cost (SAR)	Total (SAR M)
Interior Main Display	43” LED, 1920×1080	1,344 units	15,000	20.2
Interior Secondary Display	32” LED, 1920×1080	1,344 units	12,000	16.1
Station Digital Kiosks	Premium locations	500 units	120,000	60.0
Station Standard Displays	Standard locations	1,645 units	15,000	24.7
CMS Hardware	Central servers	10 units	500,000	5.0
CMS Software Licenses	Enterprise platform	1 system	12,000,000	12.0
Network Infrastructure	5G/LTE connectivity	Fleet-wide	8,000,000	8.0
Installation & Integration	Labor & materials	Complete	10,600,000	10.6
Contingency	2% reserve	-	-	5.0
Total				**255.0**

2.3 Financing Structure

Source	Amount (SAR M)	% of Total	Terms
Equity Investment	100.0	39.2%	Share capital contribution
Murabaha Financing	125.0	49.0%	5-year term, SIBOR + 1.75%
Equipment Leasing	30.0	11.8%	48-month lease, SAR 625K/month
Total Financing	**255.0**	**100%**	

Debt Service Schedule (SAR Millions):

Year	Opening Balance	Principal	Interest	Total Payment	Closing Balance
1	125.0	15.0	8.8	23.8	110.0
2	110.0	20.0	7.7	27.7	90.0
3	90.0	22.0	6.3	28.3	68.0
4	68.0	25.0	4.8	29.8	43.0

Year	Opening Balance	Principal	Interest	Total Payment	Closing Balance
5	43.0	43.0	3.0	46.0	0.0
Total		**125.0**	**30.6**	**155.6**	

3. Revenue Model and Projections

3.1 Advertising Inventory Analysis

Asset Type	Units	Displays/Unit	Total Displays	Daily Slots	Annual Slots
Bus Exterior - Side	672	2	1,344	12	4,380
Bus Exterior - Rear	672	1	672	12	4,380
Bus Interior	672	4	2,688	144	52,560
Station Premium	500	1	500	24	8,760
Station Standard	1,645	1	1,645	24	8,760
Total Inventory			**6,849**		

3.2 Pricing Strategy (SAR per Day)

Inventory Type	Tier 1 (Premium)	Tier 2 (Standard)	Tier 3 (Economy)	Avg. Rate
Bus Exterior - Side	800	600	400	600
Bus Exterior - Rear	500	350	200	350
Bus Interior	150	100	60	100
Station Premium	1,500	1,200	900	1,200
Station Standard	400	300	200	300

3.3 Revenue Projections - Best Case Scenario (SAR Millions)

Revenue Stream	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Bus Exterior Advertising	12.0	35.0	52.0	68.0	78.0	82.0	85.0	88.0	90.0	92.0
Bus Interior Advertising	8.0	22.0	32.0	42.0	48.0	51.0	53.0	55.0	56.0	58.0
Station Advertising	10.0	28.0	42.0	55.0	63.0	67.0	70.0	72.0	74.0	76.0
Sponsorships & Naming Rights	2.0	6.0	10.0	15.0	18.0	20.0	22.0	23.0	24.0	25.0
Data & Analytics Services	0.5	2.0	4.0	6.0	8.0	10.0	12.0	13.0	14.0	15.0
Total Revenue	**32.5**	**93.0**	**140.0**	**186.0**	**215.0**	**230.0**	**242.0**	**251.0**	**258.0**	**266.0**

3.4 Utilization Rate Assumptions

Year	Bus Exterior	Bus Interior	Station Premium	Station Standard	Blended Rate
1	25%	30%	35%	20%	27%
2	50%	55%	60%	45%	52%
3	65%	70%	75%	60%	67%
4	78%	82%	85%	72%	79%
5	85%	88%	90%	80%	86%
6-10	88%	90%	92%	85%	89%

4. Operating Cost Structure

4.1 Annual Operating Expenses (SAR Millions)

Cost Category	Y1	Y2	Y3	Y4	Y5	Y6-Y10 (Avg)
Personnel Costs						
- Sales Team (15 FTE)	4.5	5.0	5.5	6.0	6.5	7.0
- Operations Team (20 FTE)	3.0	3.5	4.0	4.5	5.0	5.5
- Management (8 FTE)	2.5	2.8	3.0	3.2	3.5	4.0
- Technical Support (12 FTE)	2.0	2.5	3.0	3.2	3.5	4.0
Subtotal Personnel	**12.0**	**13.8**	**15.5**	**16.9**	**18.5**	**20.5**
Technology & Infrastructure						

Cost Category	Y1	Y2	Y3	Y4	Y5	Y6-Y10 (Avg)
- Content Management Platform	2.0	2.5	3.0	3.5	4.0	4.5
- Connectivity (5G/LTE)	3.0	3.5	4.0	4.2	4.5	5.0
- Software Licenses	1.5	2.0	2.5	2.8	3.0	3.5
Subtotal Technology	**6.5**	**8.0**	**9.5**	**10.5**	**11.5**	**13.0**
Maintenance & Operations						
- Equipment Maintenance	3.0	5.0	6.5	7.5	8.0	9.0
- Spare Parts & Inventory	1.0	2.0	2.5	3.0	3.5	4.0
- Power & Utilities	2.0	3.5	4.5	5.0	5.5	6.0
Subtotal Maintenance	**6.0**	**10.5**	**13.5**	**15.5**	**17.0**	**19.0**
Sales & Marketing						
- Advertising & Promotion	2.0	3.0	4.0	4.5	5.0	5.5
- Agency Commissions (15%)	4.9	14.0	21.0	27.9	32.3	35.0
- Client Entertainment	0.5	1.0	1.5	2.0	2.5	3.0
Subtotal Sales & Marketing	**7.4**	**18.0**	**26.5**	**34.4**	**39.8**	**43.5**
Administrative & Other						
- Office & Facilities	1.5	2.0	2.5	3.0	3.5	4.0
- Insurance	2.5	3.0	3.5	4.0	4.5	5.0
- Professional Services	1.5	2.0	2.5	3.0	3.5	4.0
- Regulatory Compliance	0.5	0.8	1.0	1.2	1.5	2.0
Subtotal Administrative	**6.0**	**7.8**	**9.5**	**11.2**	**13.0**	**15.0**
Total Operating Expenses	**37.9**	**58.1**	**74.5**	**88.5**	**99.8**	**111.0**

4.2 Cost as Percentage of Revenue

Metric	Y1	Y2	Y3	Y4	Y5	Y6-Y10
Personnel %	36.9%	14.8%	11.1%	9.1%	8.6%	8.4%

Metric	Y1	Y2	Y3	Y4	Y5	Y6-Y10
Technology %	20.0%	8.6%	6.8%	5.6%	5.3%	5.3%
Maintenance %	18.5%	11.3%	9.6%	8.3%	7.9%	7.8%
Sales & Marketing %	22.8%	19.4%	18.9%	18.5%	18.5%	17.8%
Administrative %	18.5%	8.4%	6.8%	6.0%	6.0%	6.1%
Total OpEx %	**116.6%**	**62.5%**	**53.2%**	**47.6%**	**46.4%**	**45.5%**

5. Profitability Analysis

5.1 Income Statement Projections (SAR Millions) - Best Case

Line Item	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Total Revenue	32.5	93.0	140.0	186.0	215.0	230.0	242.0	251.0	258.0	266.0
Operating Expenses	(37.9)	(58.1)	(74.5)	(88.5)	(99.8)	(105.0)	(108.0)	(112.0)	(115.0)	(118.0)
EBITDA	(5.4)	34.9	65.5	97.5	115.2	125.0	134.0	139.0	143.0	148.0
Depreciation	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)	(25.5)
EBIT	(30.9)	9.4	40.0	72.0	89.7	99.5	108.5	113.5	117.5	122.5
Interest Expense	(8.8)	(7.7)	(6.3)	(4.8)	(3.0)	0.0	0.0	0.0	0.0	0.0

Line Item	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
EBT	(39.7)	1.7	33.7	67.2	86.7	99.5	108.5	113.5	117.5	122.5
Zakat (2.5%)	0.0	(0.0)	(0.8)	(1.7)	(2.2)	(2.5)	(2.7)	(2.8)	(2.9)	(3.1)
Net Income	**(39.7)**	**1.7**	**32.9**	**65.5**	**84.5**	**97.0**	**105.8**	**110.7**	**114.6**	**119.4**

5.2 Margin Analysis

Margin	Y1	Y2	Y3	Y4	Y5	Y6-Y10 Avg
Gross Margin	-16.6%	37.5%	46.8%	52.4%	53.6%	54.5%
EBITDA Margin	-16.6%	37.5%	46.8%	52.4%	53.6%	54.5%
Operating Margin	-95.1%	10.1%	28.6%	38.7%	41.7%	44.8%
Net Profit Margin	-122.2%	1.8%	23.5%	35.2%	39.3%	43.6%

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6. Cash Flow Analysis

6.1 Cash Flow Statement (SAR Millions)

Cash Flow Item	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Operating Activities										
Net Income	(39.7)	1.7	32.9	65.5	84.5	97.0	105.8	110.7	114.6	119.4
Add: Depreciation	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5
Changes in Working Capital	(5.0)	(8.0)	(6.0)	(5.0)	(3.0)	(2.0)	(1.5)	(1.0)	(1.0)	(1.0)

Cash Flow Item	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Net Operating Cash Flow	**(19.2)**	**19.2**	**52.4**	**86.0**	**107.0**	**120.5**	**129.8**	**135.2**	**139.1**	**143.9**
Investing Activities										
Capital Expenditures	(153.0)	(102.0)	(5.0)	(5.0)	(10.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Technology Refresh Reserve	0.0	0.0	0.0	0.0	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Net Investing Cash Flow	**(153.0)**	**(102.0)**	**(5.0)**	**(5.0)**	**(15.0)**	**(10.0)**	**(10.0)**	**(10.0)**	**(10.0)**	**(10.0)**
Financing Activities										
Equity Investment	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Murabaha Drawdown	125.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment Lease	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Principal Repayment	(15.0)	(20.0)	(22.0)	(25.0)	(43.0)	0.0	0.0	0.0	0.0	0.0
Lease Payments	(7.5)	(7.5)	(7.5)	(7.5)	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Distribution	0.0	0.0	0.0	(20.0)	(30.0)	(50.0)	(60.0)	(70.0)	(75.0)	(80.0)
Net Financing Cash Flow	**232.5**	**(27.5)**	**(29.5)**	**(52.5)**	**(73.0)**	**(50.0)**	**(60.0)**	**(70.0)**	**(75.0)**	**(80.0)**
Net Cash Flow	**60.3**	**(110.3)**	**17.9**	**28.5**	**19.0**	**60.5**	**59.8**	**55.2**	**54.1**	**53.9**
Opening Cash Balance	0.0	60.3	(50.0)	(32.1)	(3.6)	15.4	75.9	135.7	190.9	245.0
Closing Cash Balance	60.3	(50.0)	(32.1)	(3.6)	15.4	75.9	135.7	190.9	245.0	298.9

6.2 Free Cash Flow Analysis

Metric	Y1	Y2	Y3	Y4	Y5	Y6-Y10 Total
Operating Cash Flow	(19.2)	19.2	52.4	86.0	107.0	668.5
Less: CapEx	(153.0)	(102.0)	(5.0)	(5.0)	(10.0)	(25.0)
Free Cash Flow	**(172.2)**	**(82.8)**	**47.4**	**81.0**	**97.0**	**643.5**
Cumulative FCF	(172.2)	(255.0)	(207.6)	(126.6)	(29.6)	613.9

7. Investment Returns Analysis

7.1 Net Present Value Calculation (SAR Millions)

Year	Free Cash Flow	PV Factor @ 10%	Present Value	Cumulative PV
0	(100.0)	1.000	(100.0)	(100.0)
1	(72.2)	0.909	(65.6)	(165.6)
2	(82.8)	0.826	(68.4)	(234.0)
3	47.4	0.751	35.6	(198.4)
4	81.0	0.683	55.3	(143.1)
5	97.0	0.621	60.2	(82.9)
6	110.5	0.564	62.3	(20.6)
7	119.8	0.513	61.5	40.9
8	125.2	0.467	58.5	99.4
9	129.1	0.424	54.7	154.1
10	133.9	0.386	51.7	205.8
Terminal Value	1,339.0	0.386	516.9	722.7
NPV				**SAR 722.7M**

7.2 Internal Rate of Return Analysis

IRR Calculation Summary: - Best Case IRR: **32%** - Base Case IRR: **24%** - Conservative Case IRR: **14%**

7.3 Payback Period Analysis

Year	Cumulative Cash Flow	Remaining to Recover
0	(100.0)	100.0
1	(172.2)	172.2

Year	Cumulative Cash Flow	Remaining to Recover
2	(255.0)	255.0
3	(207.6)	207.6
4	(126.6)	126.6
5	(29.6)	29.6
6	80.9	0.0

Payback Period: 5.3 Years (Best Case)

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8. Balance Sheet Projections

8.1 Pro Forma Balance Sheet (SAR Millions)

Line Item	Y1	Y2	Y3	Y4	Y5
ASSETS					
Current Assets					

Line Item	Y1	Y2	Y3	Y4	Y5
Cash & Equivalents	60.3	10.0	27.9	56.4	75.4
Trade Receivables	8.1	23.3	35.0	46.5	53.8
Prepaid Expenses	2.0	3.0	4.0	5.0	5.5
Total Current Assets	**70.4**	**36.3**	**66.9**	**107.9**	**134.7**
Non-Current Assets					
Property & Equipment (Net)	229.5	306.0	285.5	265.0	249.5
Intangible Assets	15.0	12.0	9.0	6.0	3.0
Technology Refresh Reserve	0.0	0.0	0.0	0.0	5.0
Total Non-Current Assets	**244.5**	**318.0**	**294.5**	**271.0**	**257.5**
TOTAL ASSETS	**314.9**	**354.3**	**361.4**	**378.9**	**392.2**
LIABILITIES					
Current Liabilities					
Trade Payables	5.0	8.0	10.0	12.0	13.0
Accrued Expenses	4.0	6.0	8.0	9.0	10.0
Current Portion - Murabaha	20.0	22.0	25.0	43.0	0.0
Current Portion - Lease	7.5	7.5	7.5	7.5	0.0
Total Current Liabilities	**36.5**	**43.5**	**50.5**	**71.5**	**23.0**
Non-Current Liabilities					
Murabaha Financing	90.0	68.0	43.0	0.0	0.0
Equipment Lease	15.0	7.5	0.0	0.0	0.0
Deferred Revenue	3.0	5.0	7.0	8.0	9.0
Total Non-Current Liabilities	**108.0**	**80.5**	**50.0**	**8.0**	**9.0**
TOTAL LIABILITIES	**144.5**	**124.0**	**100.5**	**79.5**	**32.0**
EQUITY					

Line Item	Y1	Y2	Y3	Y4	Y5
Share Capital	210.0	210.0	210.0	210.0	210.0
Accumulated Profit/(Loss)	(39.6)	20.3	50.9	89.4	150.2
Total Equity	**170.4**	**230.3**	**260.9**	**299.4**	**360.2**
TOTAL LIABILITIES & EQUITY	**314.9**	**354.3**	**361.4**	**378.9**	**392.2**

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9. Sensitivity Analysis

9.1 Revenue Sensitivity

Scenario	Revenue Change	NPV Impact	IRR Impact
Utilization +10%	+SAR 130M (10yr)	+SAR 95M	+4.5%
Utilization -10%	-SAR 130M (10yr)	-SAR 85M	-3.8%
Pricing +15%	+SAR 200M (10yr)	+SAR 145M	+6.2%
Pricing -15%	-SAR 200M (10yr)	-SAR 125M	-5.5%

9.2 Cost Sensitivity

Scenario	Cost Change	NPV Impact	IRR Impact
OpEx +20%	+SAR 220M (10yr)	-SAR 160M	-5.2%
OpEx -10%	-SAR 110M (10yr)	+SAR 80M	+2.8%
CapEx +15%	+SAR 38M	-SAR 42M	-2.1%
Interest Rate +2%	+SAR 15M	-SAR 12M	-0.8%

9.3 Break-Even Analysis

Metric	Value
Revenue Break-Even (Annual)	SAR 75.0M

Metric	Value
Utilization Break-Even	42%
Price per Slot Break-Even	SAR 285/day
Operating Break-Even (Monthly)	SAR 6.25M

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10. Key Financial Ratios and Metrics

10.1 Profitability Ratios

Ratio	Y2	Y3	Y4	Y5	Industry Benchmark
ROE	0.7%	12.6%	21.9%	23.5%	15-20%
ROA	0.5%	9.1%	17.3%	21.5%	8-12%
ROIC	1.2%	14.8%	25.2%	32.8%	12-18%

10.2 Liquidity Ratios

Ratio	Y2	Y3	Y4	Y5	Target
Current Ratio	0.83	1.32	1.51	5.86	>1.5
Quick Ratio	0.77	1.25	1.44	5.62	>1.0
Cash Ratio	0.23	0.55	0.79	3.28	>0.5

10.3 Leverage Ratios

Ratio	Y2	Y3	Y4	Y5	Target
Debt/Equity	0.42	0.29	0.17	0.00	<0.5
Debt/EBITDA	2.77	1.15	0.52	0.00	<3.0
Interest Coverage	1.22	6.35	15.0	29.9	>3.0

10.4 Efficiency Ratios

Ratio	Y2	Y3	Y4	Y5	Target
Asset Turnover	0.26	0.39	0.49	0.55	>0.4
Receivables Days	91	91	91	91	<90
Revenue per Employee	SAR 1.69M	SAR 2.55M	SAR 3.38M	SAR 3.91M	>SAR 2M

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11. Scenario Comparison Summary

11.1 Ten-Year Summary by Scenario

Metric	Conservative	Base Case	Optimistic
Total Revenue	SAR 778M	SAR 1,330M	SAR 1,913M
Total EBITDA	SAR 310M	SAR 680M	SAR 1,025M
Total Net Income	SAR 185M	SAR 490M	SAR 785M
Total Free Cash Flow	SAR 280M	SAR 614M	SAR 935M
NPV @ 10%	SAR 95M	SAR 285M	SAR 723M
IRR	14%	24%	32%
Payback Period	6.2 years	4.1 years	3.1 years
Cumulative Dividends	SAR 150M	SAR 385M	SAR 550M

11.2 Risk-Adjusted Returns

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
Expected NPV			**SAR 347.0M**

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12. Appendices

Appendix A: Key Assumptions

Category	Assumption	Value
Discount Rate	WACC	10%
Terminal Growth Rate	Long-term	3%
Depreciation Period	LED Equipment	10 years
Inflation Rate	Annual	2.5%
Tax Rate	Zakat	2.5%
Working Capital	% of Revenue	25%
Bad Debt Provision	% of Revenue	1.5%
Technology Refresh	Annual Reserve	SAR 5M

Appendix B: SAPTCO Financial Context

Metric (9M 2025)	Value	YoY Change
Urban Transport Revenue	SAR 704M	+23%
Total Assets	SAR 4,059M	+5.3%
Government Revenue	SAR 595M	+39%
Murabaha Financing	SAR 1,438M	+15%
Net Profit	SAR 28.6M	+37%

Appendix C: Market Benchmarks

Metric	DOOH Industry	This Project
EBITDA Margin	35-45%	54%
Operating Margin	25-35%	42%
Asset Utilization	60-70%	86%
Revenue/Display	SAR 15-25K	SAR 31K
IRR Expectation	12-18%	24-32%

Document End

This financial model is based on best-case projections and market assumptions as of December 2025. Actual results may vary based on market conditions, operational execution, and regulatory environment.