

Strategic Implementation Plan: Riyadh Bus LED Advertising Project

1.0 Introduction: The Strategic Imperative

This document outlines the official strategic implementation plan for the Riyadh Bus LED Advertising Project. This initiative represents a pivotal opportunity to monetize the significant public infrastructure investment of the King Abdulaziz Project for Public Transport. By deploying a state-of-the-art digital advertising network across the Riyadh bus fleet and stations, this project will create a new, high-margin revenue stream, enhancing the financial sustainability of the city's public transit system. This plan serves as the definitive roadmap for all stakeholders, detailing the phased approach from corporate inception and technology procurement through to full-scale commercial operation.

This initiative is not a speculative venture; it is a logical, incremental revenue project built upon a proven, high-growth operational platform. The Public Transportation Company (PTC), the network operator, has demonstrated a robust financial foundation, with urban transport revenue reaching **SAR 704 million for the first nine months of 2025**, representing a substantial **23% year-over-year growth**. This project will leverage that existing operational strength and market presence to unlock new value.

The market context for this initiative is exceptionally favorable. The Saudi digital out-of-home advertising market is on a strong growth trajectory, projected to expand from **156.2 million in 2024** to **234.3 million by 2030**. This project is strategically positioned to capture a significant share of this growth. The financial potential is compelling, with conservative projections indicating annual revenues of **SAR 45 million to SAR 120 million** within five years of full operation. Financial modeling confirms the project's viability, demonstrating a base case internal rate of return (IRR) of **24%**, a figure that significantly exceeds typical hurdle rates for infrastructure investments. The following sections detail the foundational corporate and technological framework upon which this comprehensive implementation plan is built.

The Road to Revenue: Riyadh's Bus Advertising Network

THE STRATEGIC & FINANCIAL OPPORTUNITY

SAR 45M - 120M

Projected Annual Revenue

Expected within five years of full operation, creating a high-margin revenue stream.



Tapping a High-Growth Market

The Saudi digital out-of-home ad market is projected to reach SAR 234.3 million by 2030.

24%

Projected Internal Rate of Return (IRR)

This base case return significantly exceeds typical infrastructure investment hurdle rates.

THE 4-PHASE IMPLEMENTATION PLAN

Phase 1: Foundation (Months 1-6)

Establish the 3-entity corporate structure and technology partners



Phase 1: Foundation (Months 1-6)

Establish the 3-entity corporate structure and secure premier technology partners (Planar & Leyard).

Phase 2: Build-Out (Months 7-18)

Run a 50-bus pilot, then execute a full-scale network installation.



Phase 3: Commercialisation (Ongoing)

Build a 12-15 person sales team and secure foundational advertising contracts.



Phase 4: Operation & Growth (Month 19+)

Maximise revenue, develop new ad products, and fund a SAR 5M annual tech refresh.



2.0 Foundational Framework: Corporate & Technology Strategy

This framework is designed to optimize operational efficiency, manage financial risk, and ensure alignment with the Kingdom's corporate governance standards.

2.1 The Three-Entity Corporate Structure

A three-entity corporate structure is mandated to segregate strategic oversight, asset ownership, and commercial operations. This model aligns with global best practices for transit media ventures and is designed to optimize operational efficiency, manage risk, and align with Saudi corporate governance.

- **Riyadh Bus Holding Company:** This entity will serve as the apex of the corporate structure, responsible for strategic oversight, investment management, and capital allocation for the entire program. It will manage shareholder interests and oversee the performance of its subsidiary companies. The proposed initial share capital is **SAR 200 million**, with an ownership structure mirroring the successful Public Transportation Company (PTC) model: **80% held by SAPTCO** and **20% by RATP Development** or its designated affiliate.
- **Riyadh Bus Assets Company:** This limited liability company will hold legal title to all physical LED advertising infrastructure. With a proposed share capital of **SAR 100 million**, its strategic purpose extends beyond simple ownership. This structure enables a clean separation of operational risks from asset risks, facilitates potential future financing transactions including sale-leaseback arrangements or asset-backed securities, and allows for the disposition of individual assets or the entire portfolio without disrupting the core operating business.
- **Riyadh Bus Media Company:** This entity will be the commercial engine of the enterprise, structured as a limited liability company with a proposed share capital of **SAR 50 million**. Its mandate is purely operational, focusing on advertising sales, developing and managing client relationships, scheduling and managing advertising content, and all other day-to-day business activities.

2.2 Strategic Technology Procurement

The selection of technology partners is a critical success factor that will directly impact capital cost, long-term performance, and operational reliability. The procurement strategy is designed to secure high-quality, durable equipment from globally recognized leaders in the transportation display sector.

Based on detailed due diligence of market position, product specifications, and proven experience in demanding transit environments, two manufacturers have been identified as leading candidates:

Planar and **Leyard**. Both companies offer extensive product lines specifically engineered for transportation applications, including the **Planar DirectLight Ultra Series** and the **Leyard LN Series**.

A dual-vendor procurement strategy is recommended. This approach creates competitive tension during negotiation, ensuring favorable commercial terms. More strategically, it provides access to complementary product capabilities from both manufacturers, allowing the project to deploy the optimal technology for each specific application.

For example, for exterior bus applications requiring high brightness and durability, Leyard's outdoor-rated products may offer superior value. For interior applications and high-profile station installations where image quality is paramount, Planar's premium product lines may justify price premiums. This ensures a "best-of-breed" approach across the entire network.

This foundational framework establishes the "what" and "who" of the project; the subsequent sections detail the chronological "how" of the implementation timeline.

3.0 Phase 1: Corporate Structure & Program Initiation (Months 1-6)

Phase 1 is the crucial preparatory stage, dedicated to establishing the complete legal, financial, and contractual infrastructure required to execute the program. The primary objective of these first six months is to build a sound foundation that de-risks all subsequent capital deployment and operational activities.

3.1 Key Activities

1. Corporate Entity Formation:

- Execute the legal formation and commercial registration of the Riyadh Bus Holding, Asset, and Media companies.
- Secure all necessary regulatory approvals, including registration with the Zakat, Tax and Customs Authority (ZATCA).
- Finalize and execute detailed shareholder agreements defining governance, profit distribution, and decision rights.

2. Technology Vendor Procurement:

- Develop detailed technical specifications for all required LED hardware and software and issue a formal Request for Proposals (RFP) to qualified vendors.
- Conduct a rigorous evaluation of vendor proposals, weighing technical capability, total cost of ownership, warranty terms, and local support infrastructure.
- Negotiate and finalize binding supply and service agreements with the selected primary vendors (Planar and Leyard)

3. Financial & Risk Management Setup:

- Design and place a comprehensive insurance program with a strategic focus on business interruption and equipment breakdown coverage to protect revenue and assets.

3.2 Priorities for Phase 1

- Establish a sound legal and financial foundation to de-risk subsequent phases of capital investment and operation.
- Secure binding agreements with premier technology partners to guarantee equipment supply, performance standards, and favorable commercial terms.
- Put in place a comprehensive insurance program to transfer key financial risks before any significant capital is deployed.

3.3 Key Deliverables

Deliverable	Description
Registered Corporate Entities	Commercial registration, Articles of Association, and operational bank accounts for all three companies.
Executed Supply Agreements	Signed contracts with selected LED technology vendors outlining specifications, pricing, and delivery schedules.
Bound Insurance Policies	Finalized and active insurance policies covering key project risks, including assets and business interruption.
Detailed Engineering Designs	Completed engineering and design plans for pilot installations on buses and at stations.

With the foundational elements in place, the project will be positioned to transition from planning and setup to the physical deployment of assets in Phase 2.

4.0 Phase 2: Infrastructure Procurement & Installation (Months 7-18)

Phase 2 marks the project's transition from strategic planning to physical execution. This intensive 12-month period is focused on the systematic procurement, installation, and commissioning of the LED advertising network across the Riyadh bus system. A structured, wave-based approach will be used to ensure quality control and operational efficiency.

4.1 Key Activities

1. Pilot Deployment (Months 7-10):

- Install and commission LED advertising equipment on a controlled pilot group of **50 buses** and at **10 stations**.
- Validate all technical specifications, installation procedures, and content management workflows in a live, operational environment.
- Systematically document performance data, gather operational lessons, and refine the full-scale rollout plan based on real-world results.

2. Full-Scale Rollout (Months 11-18):

- Execute the installation of LED equipment across the remaining bus fleet and station network in **four waves of approximately 200 buses and 50 stations each**.
- Coordinate installation schedules closely with PTC fleet maintenance and station operations teams to ensure minimal disruption to public transportation services.
- Conduct rigorous commissioning and quality assurance checks for every installed asset to verify that it meets all contractual performance standards before final acceptance.

4.2 Priorities for Phase 2

- Validate all technical and operational assumptions through a successful pilot program before committing to the capital and logistical demands of full-scale deployment.
- Achieve an efficient, high-quality installation across the entire network, adhering strictly to the project schedule and budget.
- Ensure minimal disruption to public transportation services and a seamless integration process with existing PTC operations.

4.3 Key Deliverables

Deliverable	Description
Pilot Phase Completion Report	A comprehensive report documenting pilot results, performance data, lessons learned, and final adjustments to the rollout plan.
Commissioned LED Network	A fully installed, tested, and operational LED advertising infrastructure across the entire specified bus fleet and station network.
Installation & Maintenance Protocols	Finalized and documented standard operating procedures (SOPs) for equipment installation and ongoing technical maintenance.

The completion of this phase delivers the physical advertising inventory that will be commercialized to generate revenue in Phase 3.

5.0 Phase 3: Commercialization & Advertiser Acquisition (Ongoing)

Phase 3 is the commercial engine of the project, running in parallel with infrastructure deployment and continuing indefinitely. This phase is dedicated to building a robust sales pipeline, securing advertising revenue, and firmly establishing the Riyadh Bus network as a premium media platform in the market.

5.1 Key Activities

1. Sales & Marketing Foundation:

- Conduct detailed market research to develop a competitive and value-based rate card for all advertising inventory.
- Recruit, hire, and train a high-performance advertising sales team of **12-15 professionals** with experience in out-of-home and digital media.
- Deploy a modern Customer Relationship Management (CRM) system to effectively manage sales activities, client relationships, and the revenue pipeline.

2. Market Engagement:

- Initiate formal sales activities immediately upon completion of the pilot installations, leveraging the pilot assets as a live demonstration platform for potential advertisers.
- Proactively build strategic, long-term relationships with key advertising agencies, major regional brands, and government entities.

3. Targeted Client Segmentation:

- Develop and execute tailored sales strategies for three primary client segments: major national and multinational advertisers (primarily via agencies), large direct regional advertisers, and government entities for public information campaigns.

5.2 Priorities for Phase 3

- Secure foundational advertising contracts with launch partners to ensure revenue generation begins as soon as inventory becomes available.
- Establish the Riyadh Bus network as a premium, effective, and essential advertising platform in the minds of advertisers and media agencies.
- Build a scalable, efficient, and results-driven sales organization capable of driving sustained revenue growth for the long term.

5.3 Key Deliverables

Deliverable	Description
Operational Sales Team	A fully recruited, trained, and equipped advertising sales force actively engaging the market.
Official Rate Card	A finalized and market-tested pricing structure for all advertising inventory across the bus and station network.
Initial Advertising Contracts	Signed agreements with launch advertisers, securing the project's initial revenue streams.

This commercialization phase sets the stage for the final phase, where the focus shifts from building and selling to operating and optimizing the fully deployed network for maximum profitability.

6.0 Phase 4: Full-Scale Operation & Optimization (Month 19 Onward)

Phase 4 represents the mature, operational stage of the project. Beginning in month 19, with the network fully deployed and the sales organization active, the strategic focus shifts to maximizing revenue, enhancing operational efficiency, and ensuring the long-term value and relevance of the platform.

6.1 Key Activities

1. Revenue & Yield Management:

- Continuously analyze inventory performance, demand patterns, and market pricing to dynamically adjust the rate card and maximize advertising revenue (yield).
- Develop and launch new advertising products and high-value sponsorship packages to create diversified income streams. These will extend beyond traditional ads to include station naming rights, large-format LED video walls, interactive information kiosks, experiential marketing activations, and WiFi sponsorship.

2. Operational Efficiency:

- Optimize preventive maintenance schedules, content management workflows, and sales processes to reduce operating costs and improve profit margins.
- Leverage performance analytics to provide advertisers with detailed campaign effectiveness data, thereby improving customer satisfaction and driving client retention.

3. Long-Term Strategic Planning:

- Systematically monitor market trends and the evolution of display technology to create a roadmap for future platform enhancements and upgrades.
- Actively manage the technology refresh reserve, funded at **SAR 5 million annually beginning in year 5**, to finance anticipated equipment upgrades and mitigate the risk of technological obsolescence.

6.2 Priorities for Phase 4

- Maximize long-term profitability and return on investment for all project stakeholders.
- Maintain market leadership through a commitment to continuous innovation and operational excellence.
- Ensure the long-term sustainability and technological relevance of the advertising platform to protect its competitive position.

6.3 Key Deliverables

Deliverable	Description
Recurring Performance Reports	Regular, data-driven reporting to stakeholders on key performance indicators (KPIs) such as revenue, profitability, and inventory utilization.
Annual Operating Plan	An annually updated strategic plan outlining revenue targets, cost budgets, and key initiatives for the upcoming year.
Technology Refresh Roadmap	A long-term, forward-looking plan for upgrading and replacing LED infrastructure to maintain a state-of-the-art, competitive network.