The Business Case: Digital Advertising on Riyadh's Public Buses

1. The Big Idea: What is This Project All About?

At its heart, the project has a simple but powerful concept: to install modern, high-definition LED advertising screens on Riyadh's new fleet of public buses and at its newly built bus stations.

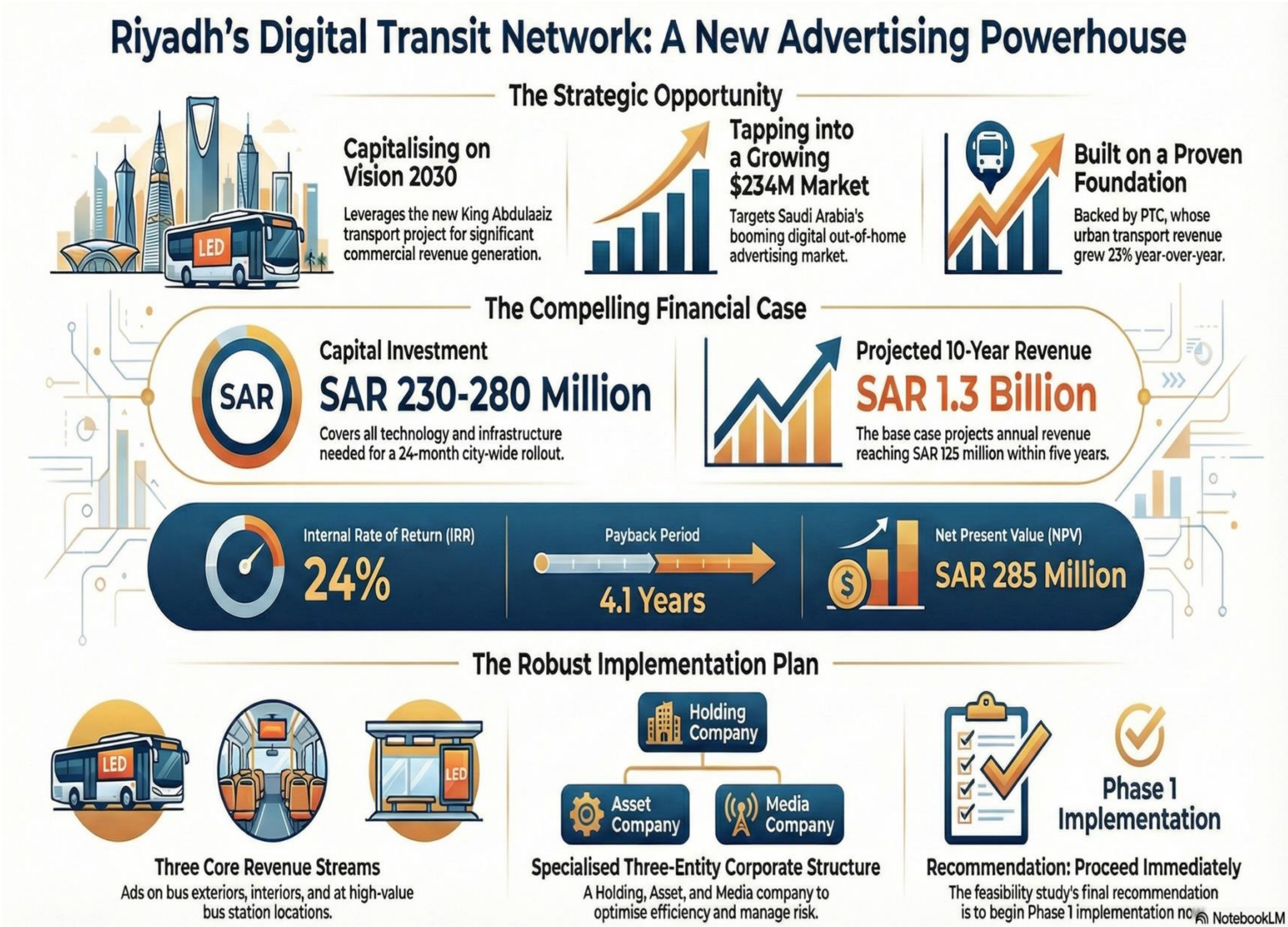
This isn't just about placing a few advertisements: it's about creating a city-wide digital media network from the ground up.

This idea gains its strength from its connection to two massive, nation-building initiatives:

- **Saudi Vision 2030:** This is the Kingdom's ambitious blueprint for the future, focused on diversifying the economy and modernizing its cities. This advertising project directly supports that vision by leveraging new public infrastructure to create a new, modern commercial industry.

- **The King Abdulaziz Project for Public Transport:** This project has created a brand-new, comprehensive bus network across Riyadh. The launch of this network is the key that unlocks the opportunity. It provides a massive, pre-built platform—hundreds of buses and stations—perfect for deploying a new advertising business.

For any new business, this kind of alignment is critical. Tying a project to government-backed mega-projects significantly reduces risk and creates a powerful "tailwind," making it far more attractive than a standalone concept.


Riyadh's Digital Transit Network: A New Advertising Powerhouse
The Strategic Opportunity
Capitalising on Vision 2030
Leverages the new King Abdulaaiz transport project for significant commercial revenue generation.
LED
Tapping into a Growing $234M Market
Targets Saudi Arabia's booming digital out-of-home advertising market.
Built on a Proven Foundation
Backed by PTC, whose urban transport revenue grew 23% year-over-year.
The Compelling Financial Case
SAR
Capital Investment
SAR 230-280 Million
Covers all technology and infrastructure needed for a 24-month city-wide rollout.
Projected 10-Year Revenue
SAR 1.3 Billion
The base case projects annual revenue reaching SAR 125 million within five years.
Internal Rate of Return (IRR)
24%
Payback Period
4.1 Years
Net Present Value (NPV)
SAR 285 Million
The Robust Implementation Plan
LED
LED
Three Core Revenue Streams
Ads on bus exteriors, interiors, and at high-value bus station locations.
Holding Company
Asset Company
Media Company
Specialised Three-Entity Corporate Structure
A Holding, Asset, and Media company to optimise efficiency and manage risk.
Phase 1 Implementation
Recommendation: Proceed Immediately
The feasibility study's final recommendation is to begin Phase 1 implementation no
NotebookLM

2. The Foundation: Who Are the Key Players?

A great idea needs a strong team to execute it. This project is backed by two significant players, giving it a solid base of financial strength and operational expertise.

- **Saudi Public Transport Company (SAPTCO):** This is the parent company and the Kingdom's main operator of mass transit. As a publicly traded joint stock company (meaning it is a large, established corporation whose shares are bought and sold on the stock exchange, subjecting it to significant public and regulatory oversight), it has significant scale and a long history of managing large-scale transportation networks across Saudi Arabia.

- **Public Transportation Company (PTC):** This is the subsidiary company responsible for running the Riyadh bus project itself. It is structured as a strategic joint venture, which is a smart way to combine local and international expertise:
    - **80%** is owned by SAPTCO.
    - **20%** is owned by RATP Development, a renowned French transit expert with global experience.

This backing isn't just on paper; PTC has a proven track record of financial success. For the first nine months of 2025, its urban transport revenue was **SAR 704 million**. This represented an impressive **22.9% (nearly 23%) growth** from the SAR 573 million earned in the same period of 2024, proving the underlying bus network is a healthy and growing business. To put this in perspective, PTC's urban transport assets—the buses and infrastructure—are valued at a massive **SAR 2,654 million**. This stability provides an excellent launchpad for the new advertising venture to build its own revenue streams.

3. The Money Engine: How Will the Project Earn Revenue?

Before we look at the specific channels, it’s important to understand the market context.

This project isn't just leveraging a bus network; it's tapping into a booming industry. The Saudi digital out-of-home advertising market is projected to reach $234.3 million by 2030, with a growth rate that significantly exceeds global averages. This means the venture is catching a rising tide, which is a key indicator of potential success.

The business will generate income by selling advertising space across three distinct channels. Each channel offers advertisers a unique way to reach potential customers.

Exterior Bus Advertising

These ads turn each bus into a "mobile billboard." As buses travel along high traffic routes all day, they expose brands to a vast and diverse audience of drivers, pedestrians, and residents across the entire city.

Interior Bus Advertising

The screens inside the buses target a "captive audience."

Passengers are on their journey for an average of 20-45 minutes, giving them ample time to notice and engage with the ads displayed. This is a prime opportunity for more detailed or interactive content.

Bus Station Advertising

This is potentially the most valuable revenue stream. The ads are placed in fixed, high-traffic locations where people are waiting. This "dwell time" makes people more likely to watch and absorb advertising messages, making these locations highly desirable for premium brands.

The combined potential of these streams is significant, as shown in the table below.

Projected Annual Revenue Streams

Revenue Source	Estimated Annual Earnings
Exterior & Interior Bus Ads	SAR 20 million to SAR 60 million
Station Advertising & Sponsorships	SAR 25 million to SAR 55 million

Note: The figure for bus ads combines the estimated annual revenue for both interior and exterior screens, reflecting a range from the base case projections to more optimistic scenarios under favorable market conditions.

To manage these different revenue streams effectively and minimize risk, the business plan proposes a clever corporate structure.

4. The Game Plan: How Will the Company Be Structured?

Instead of creating one large, complex company, the plan calls for a specialized three-part structure.

This is a common strategy in large infrastructure projects because it separates different functions, making each one more efficient and easier to manage.

Think of it as a team with three distinct roles:

1. **Riyadh Bus Holding Company (The "Brain")** This is the strategic head of the entire operation. Its job is to provide oversight, approve major investments, and arrange the financing needed to get the project off the ground. It will hold the share capital of **SAR 200 million**, and its ownership will mirror PTC's structure (80% SAPTCO / 20% RATP) to maintain strategic alignment.
2. **Riyadh Bus Assets Company (The "Owner")** This company's sole function is to own all the physical equipment—the thousands of LED screens, computer servers, and network gear. It then leases this equipment to the operating company. This protects the valuable assets and makes financing simpler. Its proposed share capital is **SAR 100 million**.
3. **Riyadh Bus Media Company (The "Doer")** This is the company that handles the day-to-day business of advertising. Its team is responsible for selling ad space, managing the content that appears on the screens, and building relationships with clients and advertising agencies. Its proposed share capital is **SAR 50 million**.

This smart structure provides a clear plan for execution.

5. The Numbers: Investment vs. Return

The business case, it all comes down to two questions:

"How much does it cost?" and

“How much can it make?" This section breaks down the core financials of the project.

5.1. The Investment: What Will It Cost to Launch?

The total capital investment required to purchase and install all the technology is estimated to be between **SAR 230-280 million**. This investment will be spread out over a 24-month launch period.

Here is a breakdown of the major costs:

- **Exterior Bus Screens:** SAR 90-110 million
- **Interior Bus Screens:** SAR 35-45 million
- **Bus Station Screens & Infrastructure:** SAR 75-95 million
- **Content Management & Network Systems:** SAR 20-30 million

5.2. The Payoff: What Are the Expected Profits?

Once the system is up and running, it is projected to generate substantial revenue. The following table shows the "Base Case" or most likely scenario for revenue growth over the first decade.

Year	Projected Revenue (Base Case, SAR Millions)
1	25
2	58
3	88
4	110
5	125
10	150

To understand if these revenues make the initial investment worthwhile, investors look at a few key metrics. Here are the project's key performance indicators (KPIs), explained in simple terms:

- **Payback Period:** This is the time it takes for the project to earn back the initial money invested. For this venture, the payback period is just **4.1 years**, which is quite fast for a large infrastructure project.
- **Internal Rate of Return (IRR):** Think of this as the project's annual rate of profit or growth. The projected IRR is **24%**. In the world of corporate investments, anything over 10-15% is often considered good, so 24% is a very attractive return.
- **Net Present Value (NPV):** This metric calculates the total profit a project is expected to generate over its entire life, converted into today's money. In simple terms, it tells us what all the future profits are worth if you had them in your hand today, after accounting for the initial investment. With a projected NPV of **SAR 285 million**, the venture is expected to create significant value far beyond its initial cost.

6. The Verdict: Is This a Good Business Idea?

After reviwing the plan, the players, and the numbers, what's the final call? The business case is overwhelmingly positive.

The project is built on the strong financial and operational foundation of PTC's successful bus network. It has a clear and logical plan to generate revenue from multiple streams, and the financial projections are very compelling. The high IRR and positive NPV indicate that the venture is not just profitable, but a powerful value-creating opportunity.

For these reasons, the final recommendation from the feasibility study is clear: proceed with **"Phase 1 planning and corporate structure establishment immediately."**

Ultimately, this project serves as a perfect example of modern business strategy: identifying and leveraging an existing, high-value asset—in this case, a city-wide transportation network—to build an entirely new and profitable enterprise.