

Corporate Presentation

December 2017

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A leading travel & tourism company

with a balanced portfolio of trusted brands that
consistently exceed customer expectations

Adjusting to a shifting landscape

Despite being the largest travel & tourism company in Saudi Arabia, ATG is constantly monitoring emerging market trends and opportunities

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TRENDS

- Travelers increasingly discerning
- Industry facing pressure on mark-ups
- Online increasingly important sales channel
- Government spending decline

OPPORTUNITIES

- Capitalize on the competitive advantages inherent in its size and history
- Leadership role in travel management services
- Admired Saudi company – aligned with Vision 2030
- Delivering growth and strong cash flow

Travel & Tourism Value Chain

We will be selective about where in the sector we will deliver value

LOGISTICS & INFRASTRUCTURE



- Infrastructure Providers
- Logistics

INTERMEDIARY



- Traditional travel agent
- Online travel agent
- DMC

SERVICE DELIVERY



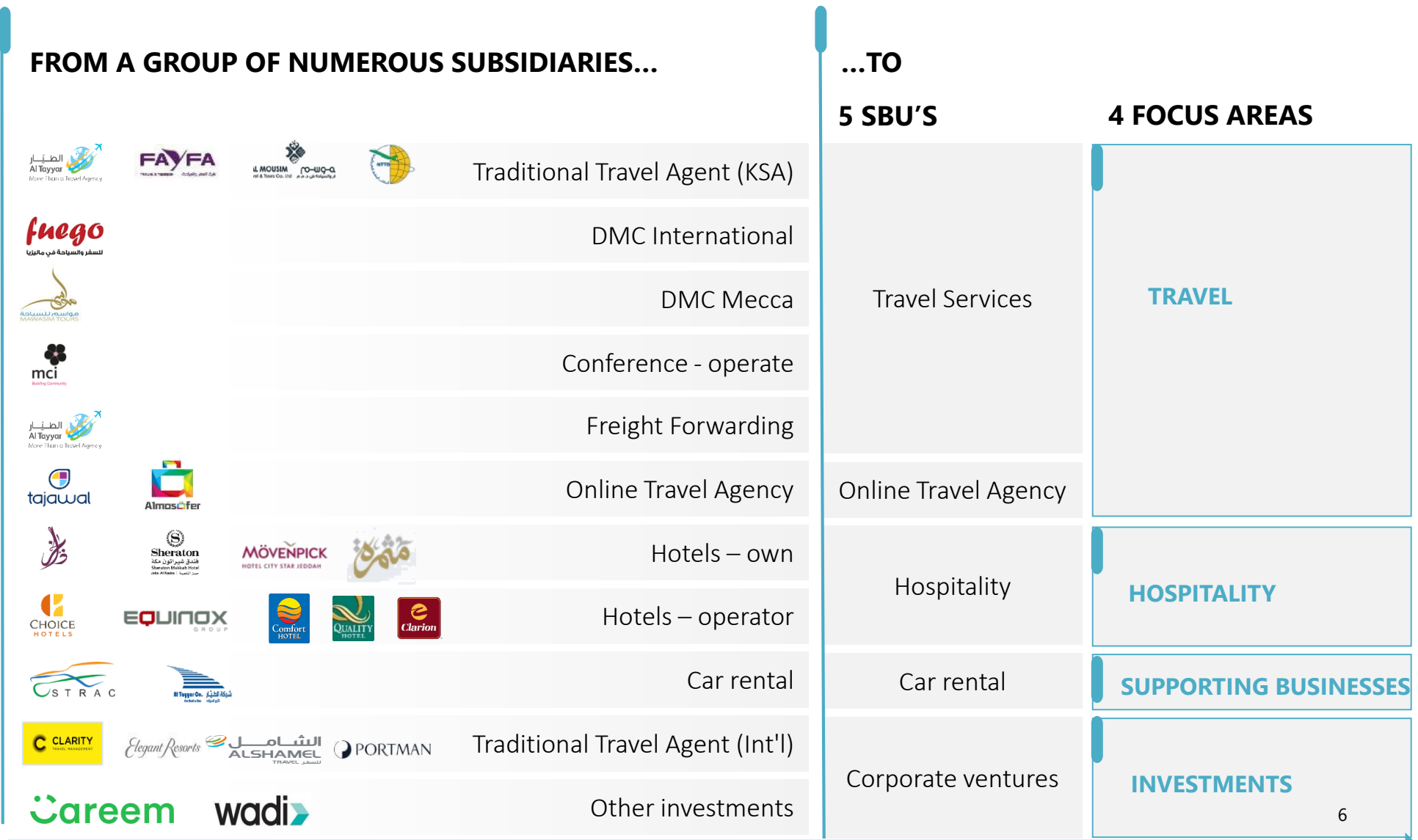
- Documentation
- Local Travel
- Accommodation
- Transportation
- Entertainment
- Excursions

KEY: ATG Focus Area

Al Tayyar has a well balanced commercial portfolio to succeed in the travel & tourism industry, specifically along intermediary and service delivery activities

Operational Consolidation

To best capitalize on market opportunities, we are organizing operations around four core commercial focus areas



Positioning for the Future

We know where we want to be by 2020 and are implementing the strategic initiatives required to get us there transform, diversify and balance

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TODAY

General

- Business-to-government (B2G)
- Concentrated revenue source
- Traditional travel agency
- Hospitality owner

Travel Services

- Leading ticket agent in Middle East
- Targeting offline sales, corporate accounts

Online

- New market player
- No profitability

Hospitality

- 5 operational hotels including 2 direct assets
- Entering mid-market segment
- Launch Development Fund

STRATEGIC INITIATIVES

General

- Reorganize of main business areas
- Upgrade of technological capabilities

Travel Services

- Reconfigure the traveler experience w/ focus on leisure customers
- Invest in tech platforms
- Increase focus on Hajj & Umrah

Online

- Scale up technology capability
- Enter new markets with potential to build market share

Hospitality

- List REIT 2018
- Maximize cash flow from direct assets
- Leverage the Choice Hotel brands to grow mid-market segment

TOMORROW: 2020

General

- B2G and B2C
- Diversification of revenue source
- Balanced portfolio
- Technology-focused

Travel Services

- Leading omni-travel service
- Holiday "advisor"
- Hajj & Umrah (inbound travel)

Online

- Leading service provider in MENA
- Profitable in core markets and growing in new markets
- New products and expand market share

Hospitality

- Optimizing the balance sheet
- Own and operate 6,000 keys in mid-market
- Diversified net income from different assets – include Development Fund

Hospitality

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Al Tayyar Travel Group

is leveraging its legacy business to successfully reposition the Company through a balanced asset portfolio offering stable cash-flows and risk-adjusted returns

Hospitality: Overview

ATG will deliver stable cash flows by capitalizing on the growth of Saudi Arabia's tourism sector via the development and operation of mid-market hotels in the GCC

AT A GLANCE

2	5	1,880	SAR 4 ^{bn}
Cities	Hotels	Rooms	Book value

OBJECTIVE

- Provide stable cashflow to fund working capex
- Invest in under-served mid-market hotels
- Optimize balance sheet, push for higher returns on equity

APPROACH

- Locate hotels in high density areas and/or major cities
- Identify clear entry points for mid-market hotels
- Support long-term indirect and minority stakes

ACHIEVEMENTS

- Inaugurated flagship Sheraton Makkah
- Delivered two pilgrim accommodations in Makkah
- Decision to spin-off hospitality assets in Makkah into a REIT
- Mid-market hospitality Development Fund to be launched in H1 2018

Hospitality: Direct investments

These assets are associated with globally recognized brands, strategically located in Makkah and Jeddah - delivering stable, low volatility cashflow

Benefits

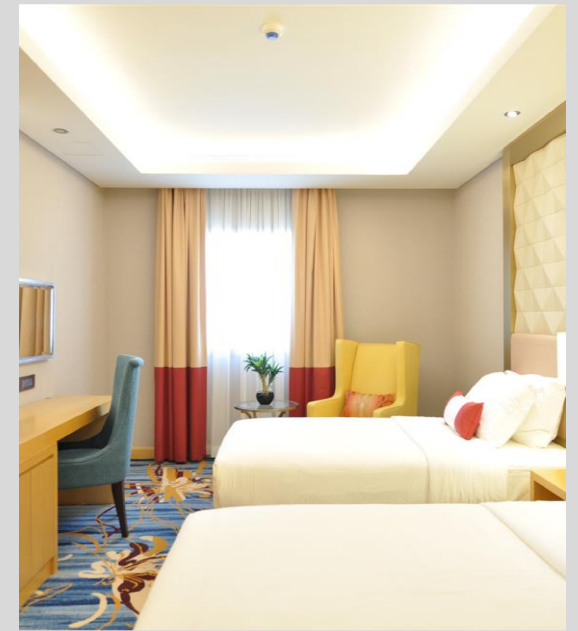
Global brand recognition - better RevPAR premium

#1 location in Jeddah and Makkah

Lower income volatility and greater transparency

Disciplined strategy of investing in key cities and heritage sites

Key growth markets – Hajj & Umrah, and domestic tourists

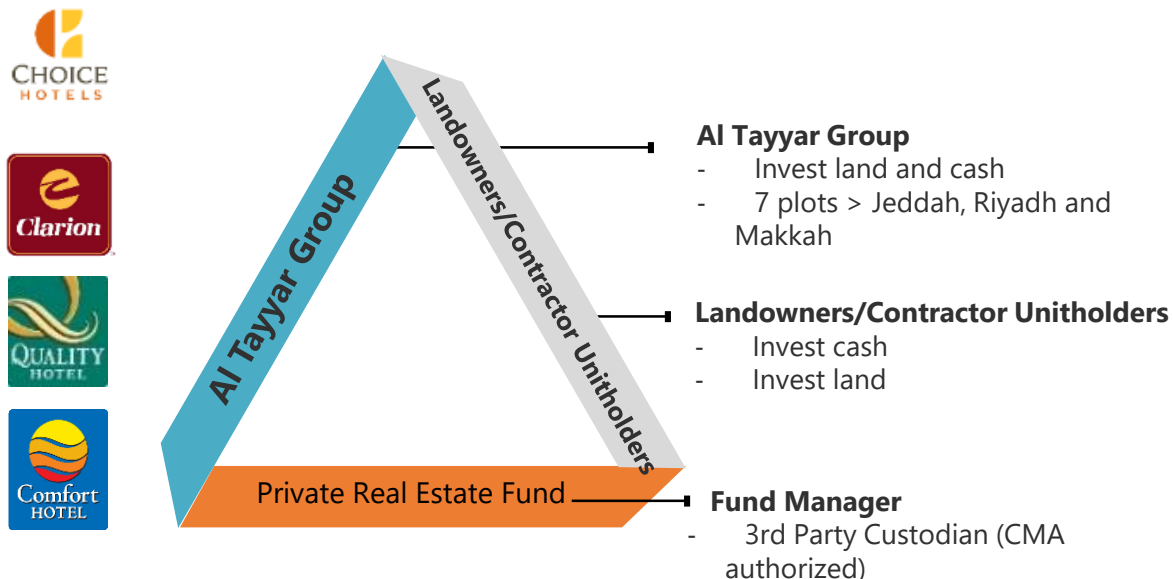


Hospitality: Indirect Investment

Our two 'indirect assets' will further increase steady cashflow, via off-balance sheet financing, and will also enhance our liquidity profile

ASSET 1: MID MARKET DEVELOPMENT FUND

- **Develop and operate** mid-market hotels across GCC utilizing equity and debt off the balance sheet
- **Contribute 7 plots of land and cash equity into the fund**, to be managed by a independent fund manager and operated by the Choice Hotel brand
- **Develop 10 hotels** under the **Choice Hotel** brand



ASSET 2: REIT

- Create REIT to extract cash for investment and provide stable net income to the group
- 100% of assets in Makkah
- Specialist hospitality portfolio
- Consists of 3 fully leased hotels and 110 serviced apartments
- Fully focused on Hajj & Umrah
- Listing Q1 2018; retain majority stake



Masafi Hotel



Sheab Quraish



Beer Baleela

Hospitality: Minority Stakes

Thakher will be one of the largest development projects in Makkah

30%
acquisition –
SAR 804 m

Largest
development
project in
Makkah

323 sq/m size

95 hotels and
apartments



8 residential
buildings

Phase 1
completed by
FY 2018

Direct
investment
commitment
SAR 100m



Travel

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Al Tayyar Travel Group

delivers travel and holiday solutions to its customers across the MENA region and broader Muslim world through its travel service outlets and proprietary online travel platforms

Travel Services: Overview

ATG's Travel Services, a traditionally flagship business, will be refreshed, rebalanced and redefined

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REFRESH



Leisure Tourism

OBJECTIVE

- Seize untapped opportunity leisure business
- Target SAR 2.7 bn gross sales by 2022

APPROACH

- Provide seamless customer experience through **omni-channel strategy**
- Shift from selling low margin tickets to **packages**
- Enhance sales experience by pivoting from ticketing agents to **travel advisors**
- Create **inspirational holiday advisory experience** in **redesigned** branches

REBALANCE



Government & Corporate Business

- Defend leading position in government business
- Consolidate growth of corporate business

- Introduce new **travel management portal**
- **Optimize processes** and focus on **cost optimization**
- **Customer segmentation strategy**

REALIGN

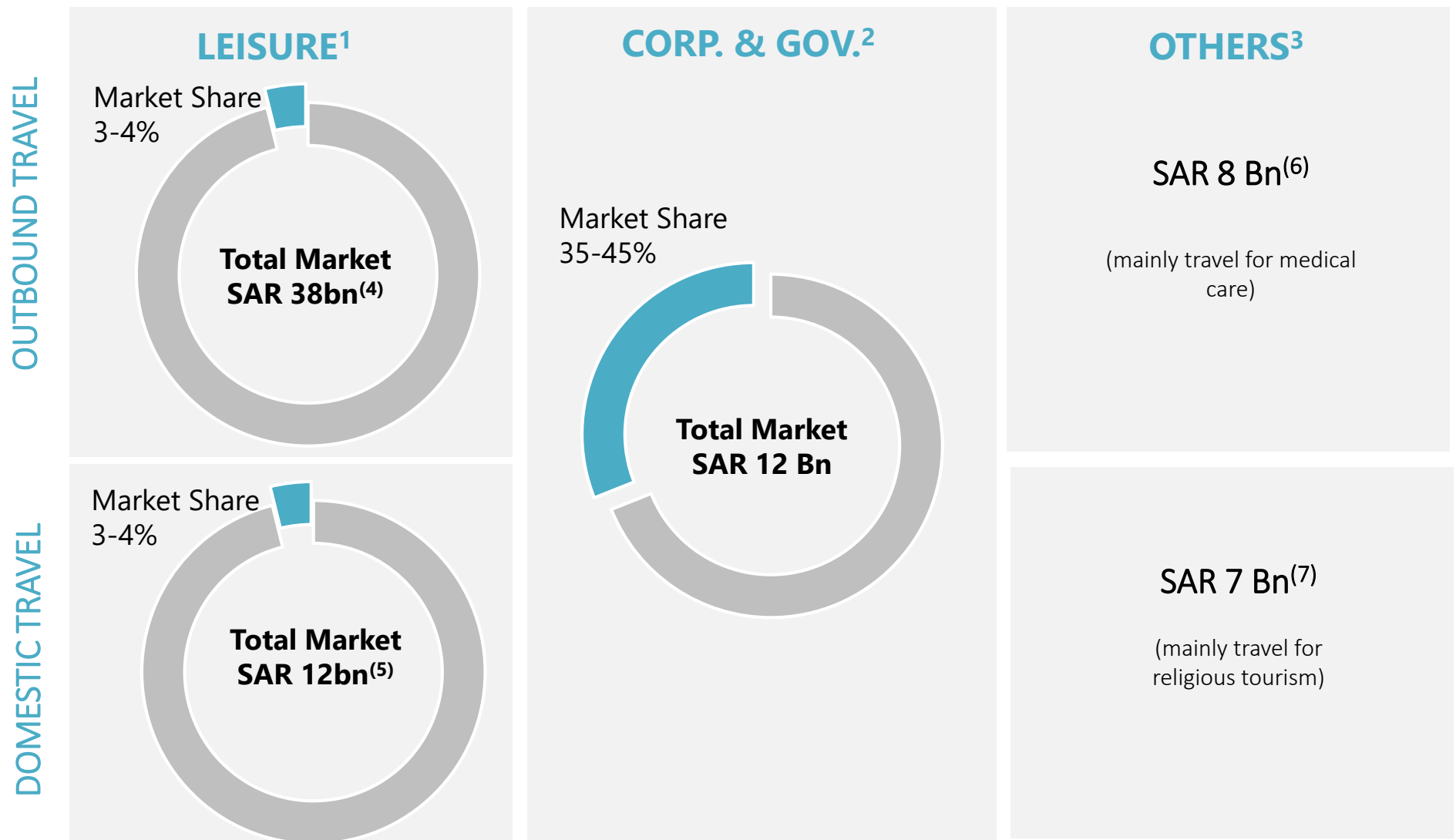


Hajj & Umrah

- Identify new growth opportunities for Hajj & Umrah tourism
- Define growth **and go-to-market strategy** for Hajj & Umrah tourism
- Propose new government platform to allow Umrah operators to target global pilgrims
- Align with **Vision 2030** programs and initiatives

Travel Services: Market Assessment (1 of 2)

There is huge untapped opportunity in KSA, especially in the Leisure segment

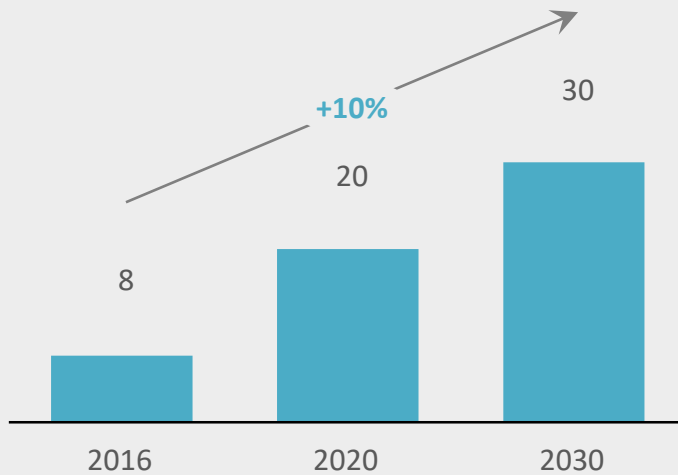


Travel Services: Market Assessment (2 of 2)

We estimate the Hajj & Umrah tourism market will grow five-fold by 2030

Vision 2030 target is to host 30Mn international pilgrims

Number of international pilgrims (Mn)

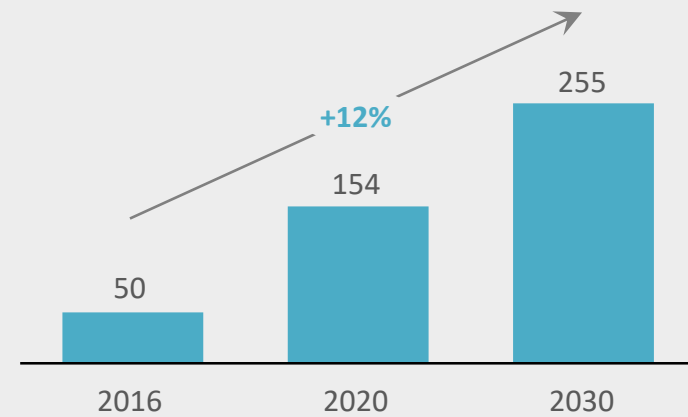


Increase driven by:

- Easing visa restrictions
- Investments in capacity and pilgrim experience
- Increase of disposable income of Hajj & Umrah pilgrims source markets
- Spending is expected to increase from current 6.5k SAR per person

We estimate spend within KSA will reach ~250Bn SAR in 2030

Total Inbound pilgrim expenditure excluding air travel (SAR Bn)



Increase driven by:

- Higher purchasing power from source markets
- Additional offerings in Holy Cities and KSA

Travel Services: Leisure

The transformation of the leisure business will be aligned with market trends

STRATEGY

Transform business to **become market leader** in **customer satisfaction** and **service excellence**



Develop a strong top-of-mind leisure travel brand



Revamp our retail branch network



Target 5 priority leisure customer segments



Offer a seamless omni-channel customer experience



Hire, train and retain the best travel consultants



Implement a CRM to enhance customer centricity



Create exclusive and innovative packages

MARKET TRENDS

- Strong preference for offline purchases
- Willingness to pay for integrated packages
- Desire to be inspired by travel advisor

Travel Services: Government & Corporate

Defend the leadership position of the government business and grow the corporate business

STRATEGY

DEFEND Government Business

Secure ATG's position as leading travel agency for government entities

GROW Corporate Business

Position ATG as one of the leading travel management companies for corporations

MARKET TRENDS

GOVERNMENT

- Purchase order system expected to stay in place
- Increasing cost-awareness (Vision 2030)
- Importance of reputation and past relationships

CORPORATE

- Create integrated travel management solutions
- Cost-optimization and transparency focus
- Consolidation of players through technology



Travel Services: Hajj & Umrah

ATG is very well positioned to grow its religious tourism business

Expected Ecosystem

- All players (Pilgrims, External Agents, Umrah companies, and Service providers) will have access to the platform/s
- Once the services are selected they will be uploaded to the Network and the regulator will validate the trip and issue the visa
- Although still supervised by the regulator, the ecosystem will be more similar to an open market in advanced nations

We expect that the current system will be revamped to be similar to all major open tourism ecosystems and will attract 30 million pilgrims by 2030

New Opportunities

- 1 High demand to meet
- 2 Access to worldwide pilgrims
- 3 Higher profit margins

Enabling Factors

- Intrinsic element of 2020 NTP and Vision 2030
- Grand Mosque expansion
- Haramain high-speed rail linking Makkah and Medina
- Jeddah Airport complete expansion in 2018 – can handle 30m passengers

Online Travel: Overview

We are investing in a technology-enabled transformation towards being a full service OTA that captures growth opportunities in our target markets

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ATG has established two leading MENA OTAs...



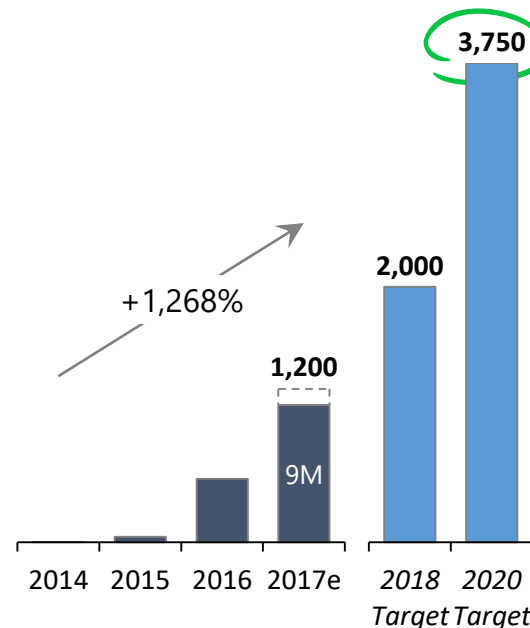
... catering to local needs through..

- Arabic content
- Local payment options
- Tailored offers to preferred destination for Saudi tourists
- Packages for religious tourism

Source: Al Tayyar Strategy Unit (2017)

Since its inception, Online SBU grew over 1,200% and target is to achieve 3.7 Bn SAR by 2020

Gross booking value (M SAR)



Strategy is to increase the product roadmap and expand into new markets

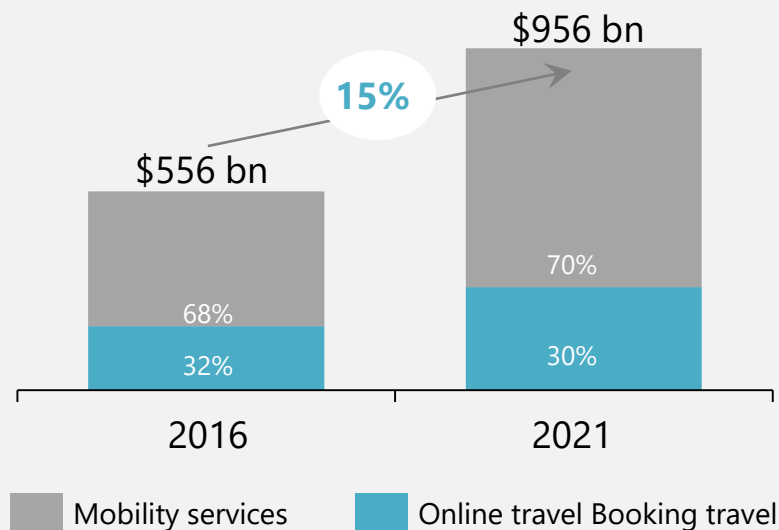
Coming soon

- Insurance
- Activities
- New Markets
- Packages
- Ground Transport
- Other products

Online Travel: Looking at the Market

The online travel market is very attractive and continues to grow

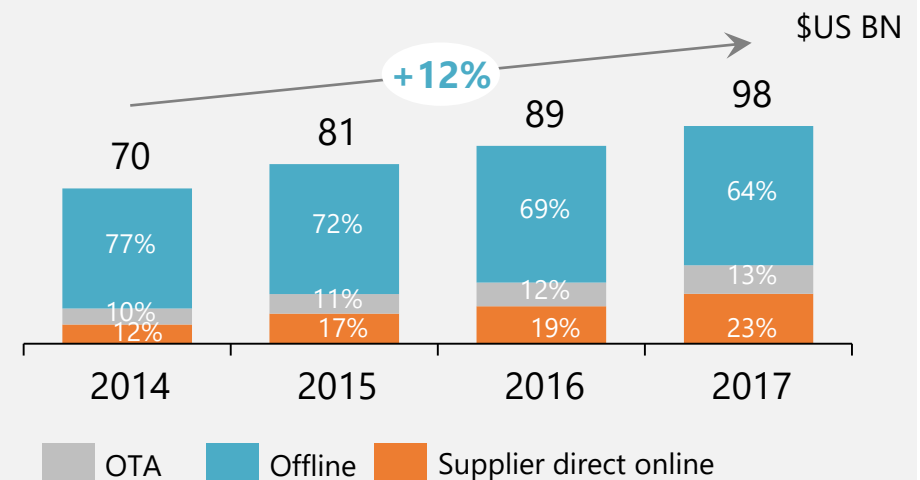
Global Online Travel Market Revenue Is Growing Overall



Global Online Travel Market is expected to generate **\$956 billion by 2021**

Mobile expected to account for **65% of online travel sales by 2020**

Middle East OTA Travel Market Share Of Total Is Growing Rapidly



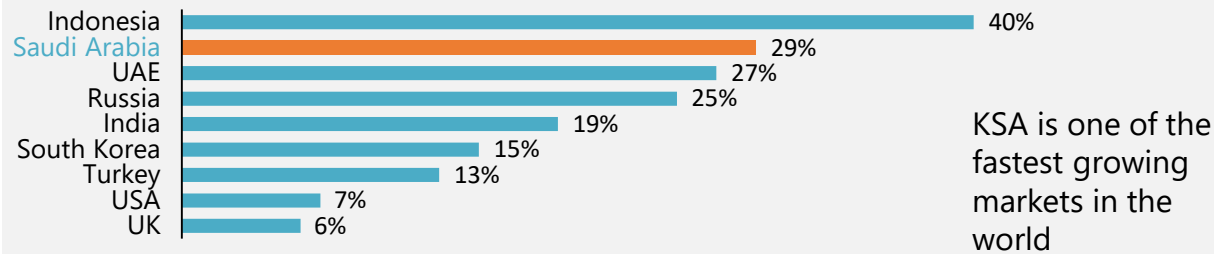
Travel market in the middle east expected to earn **\$98 billion+ in revenue by 2017**

Middle East online travel market estimated to reach **\$35 billion by 2017**

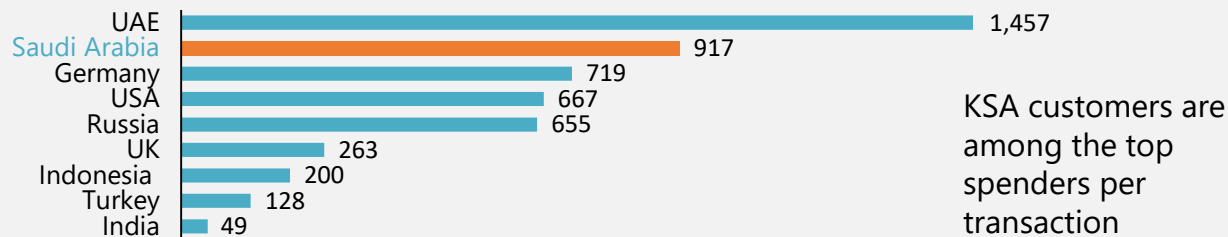
Online Travel: Real Growth Opportunity

By global standards, Saud Arabia holds much promise for online travel sales

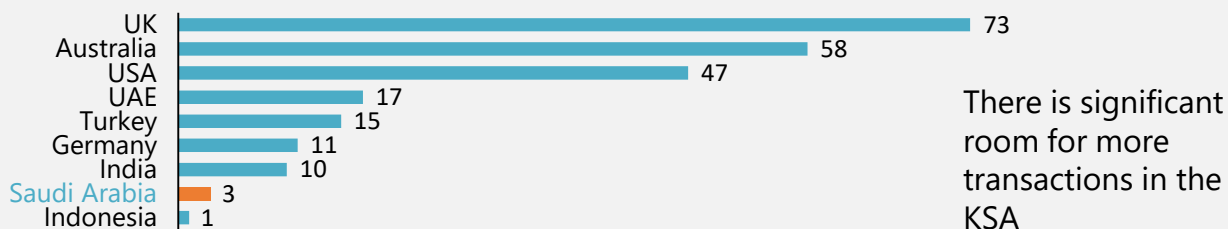
Growth in online travel sales, 2013-2016 CAGR (\$)



Online Lodging Expenditure, 2016, \$ per transaction



Number of online transaction per 100 inhabitants (avg 7)



Source: Euromonitor; Renaissance Capital estimates

OPPORTUNITIES

There is a significant opportunity for ATG to increase the number of online travel sales transactions by...

- Improving the online customer user experience...
- Increasing marketing reach...

...to its customer segments across the Saudi Arabian population and those of its international target markets

Investments

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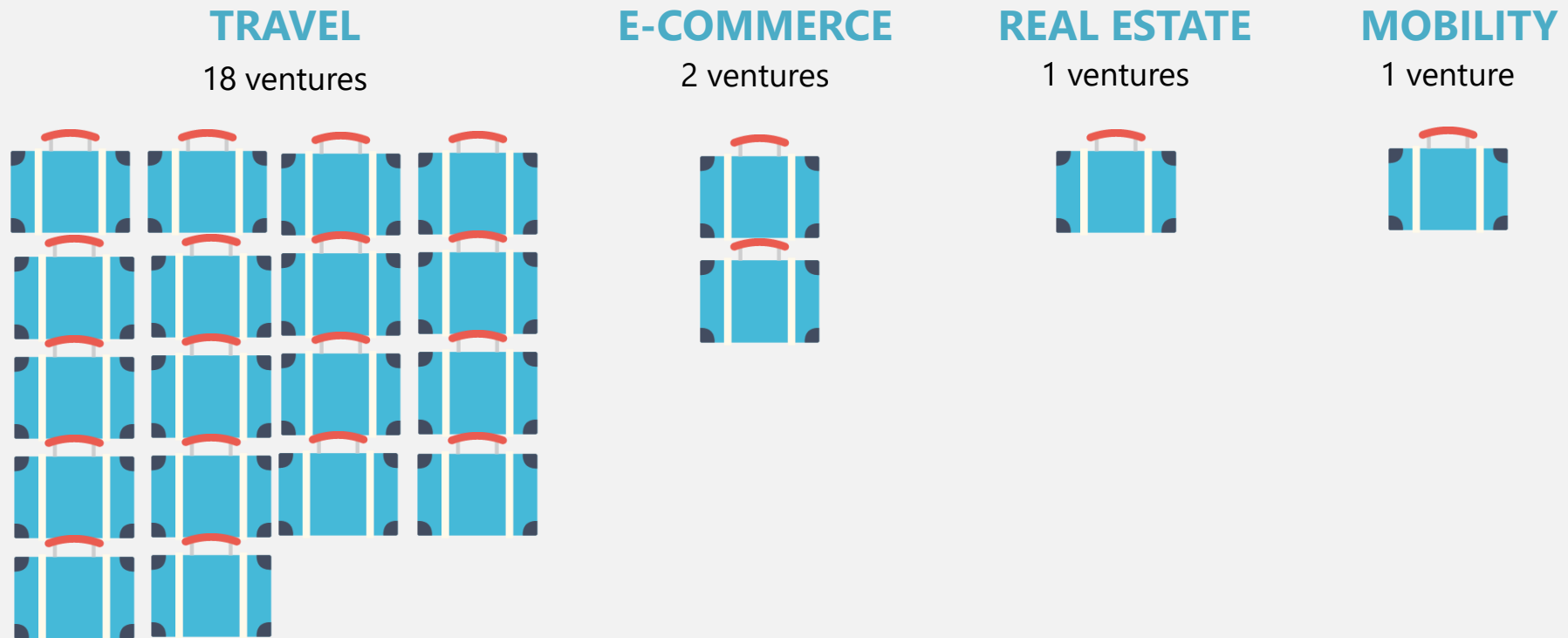
Financial
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Al Tayyar Travel Group

manages a portfolio of other assets and enterprises with significant upside potential and attractive valuation

Investments: Snapshot

22 investments grouped by 4 main clusters where ATG has a mix of minority, majority and full ownership



Conduct performance reviews and regular monitoring to identify right opportunities to determine the best approach for each investment in the short and long-term

Investments: Success Stories

ATG has made some successful acquisitions by investing in businesses that have attractive returns & market scale

PORTMAN (Acquired in 2016)

- The Portman/Clarity combination is #9 Travel Management Company (TMC) in the UK
- Access to corporate clients in new markets with technology-enabled cost synergies

Consolidation underway in mid-market segment in the UK, making the now larger TMC more attractive

Careem (Acquired stake in 2014)

- Market leader in the MENA region; 10 million registered users in 60 cities
- Growth has been exceptional: daily active users surged 1,800% between 2015–2017

Valuation reached ~\$1 billion (one of the first MENA-based Unicorns) making our 14.7% stake more valuable

Supporting Businesses

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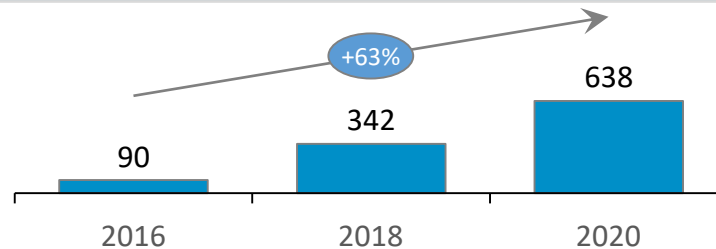
Al Tayyar Travel Group

invests in businesses that are complementary to the Company's core activities and focuses on services that deliver stable returns and contribute shareholder value

Supporting Business: Car Rentals

Major part of travel & tourism business, positioning for high growth in target segments

Revenues (SAR M)



ATG's strengths

- + Established brand presence
- + Qualified and experienced core team
- + Potential to be strong contributor to group revenues and net income
- + Potential to offer full value proposition to travelers, thereby increasing loyalty
- + Good alignment between the Group's and the BU's overall vision

Target Market

- Corporate leasing as companies have become more cost-conscious
 - Provide competitive pricing
 - Deliver top line service
 - Extend service offering to existing corporate clients
- Business travelers
 - Leverage on presence across all major airports in KSA

Future Plans

- Reducing number of locations from 40 to 25 key locations
- Increase fleet, to service the target markets

Financial Performance

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Financial Performance

We are proactively addressing the need to change

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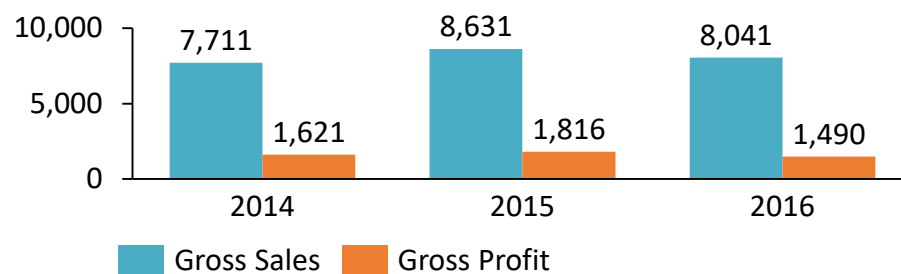
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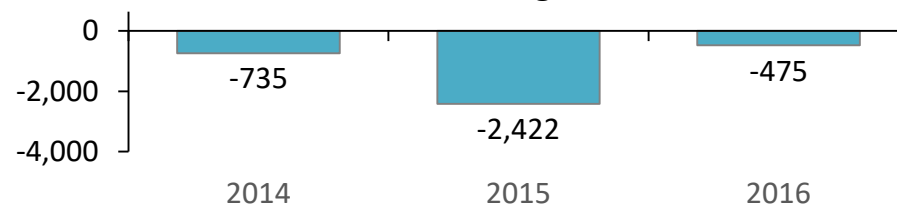
Key Metrics

Gross Sales & Gross Profit, (SAR Mn)

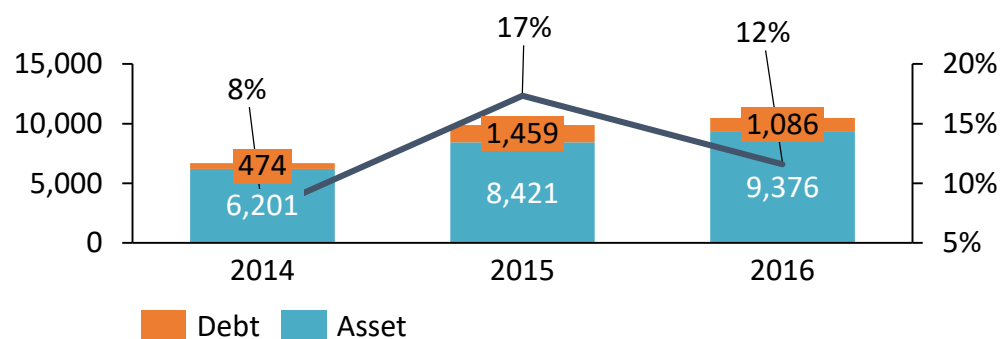


■ Gross Sales ■ Gross Profit

Cashflow from Investing Activities, (SAR Mn)



Total Debt & Assets (SAR Mn) - LHS Debt-to-asset ratio (%) - RHS



■ Debt ■ Asset

Explanation

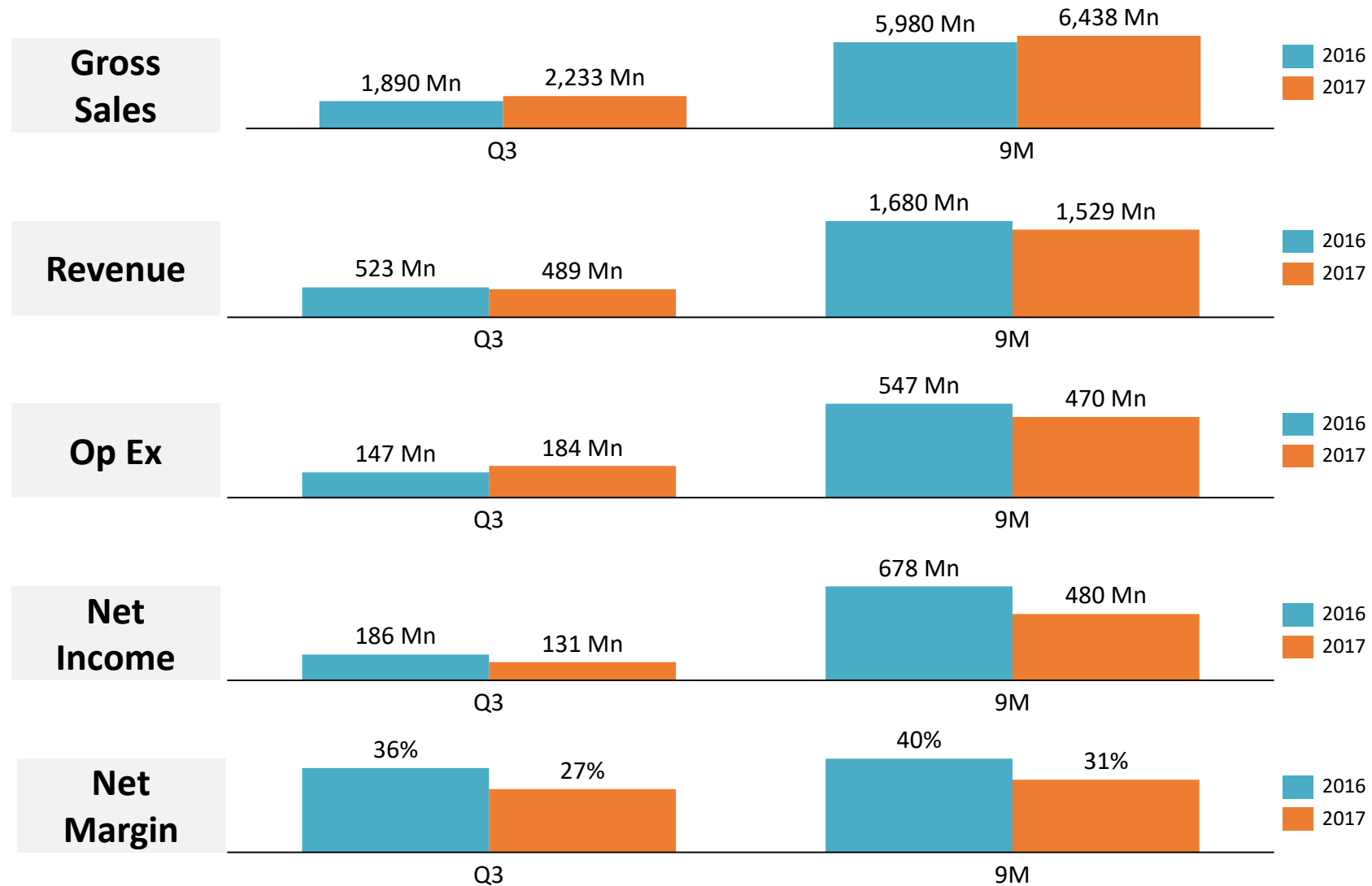
- Economic slowdown
- Government austerity measures

- 2014: Stake in Careem
- 2015: significant investment in Hospitality such as Sheraton
- Ongoing: development of existing properties

- Sheraton acquisition debt-financed
- Short term financing to fund working capital requirements

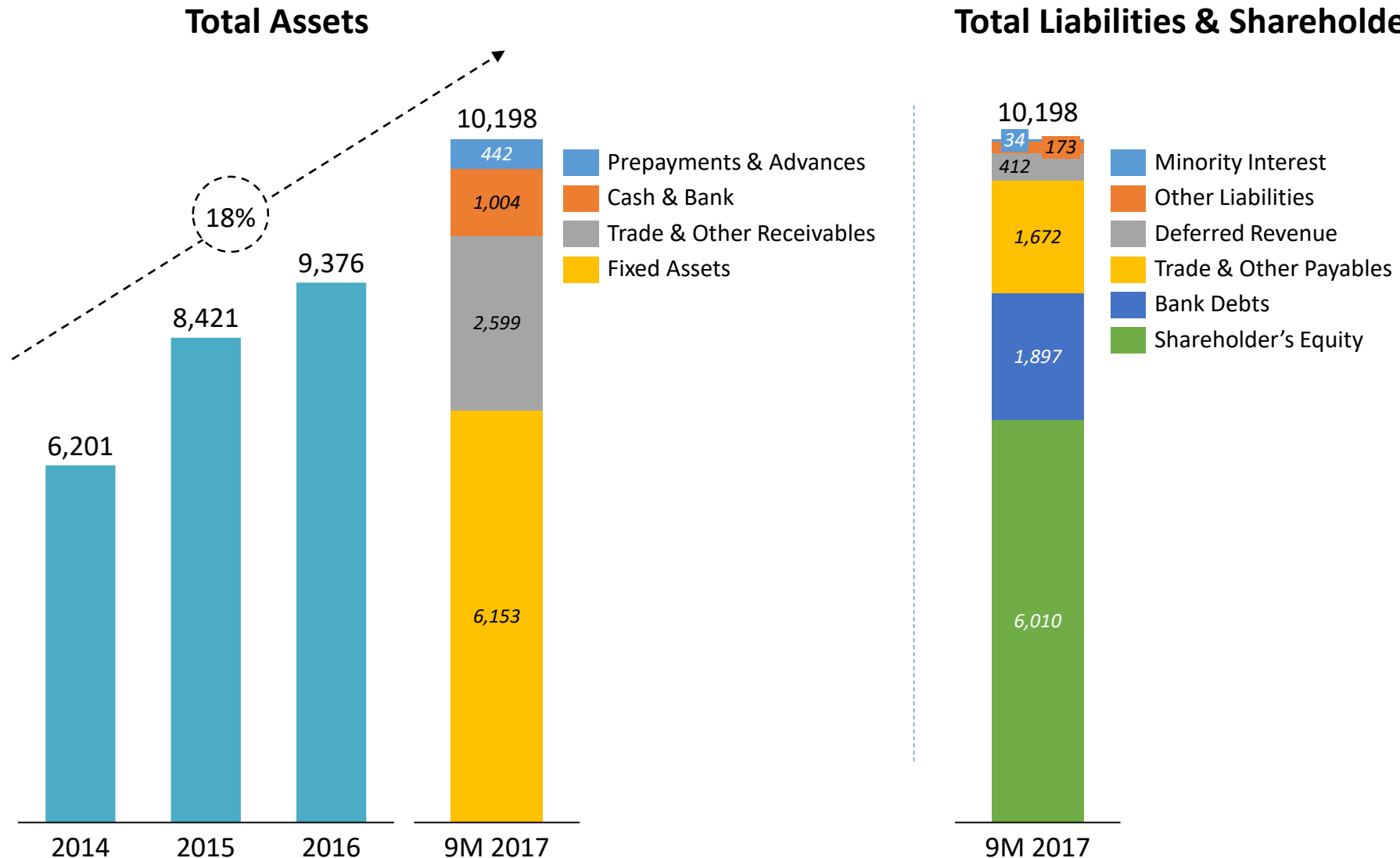
Financial Performance: Q3 & 9M 2017

Higher sales driven by OTAs; lower revenue because of a decline in the average commission of travel services



Financial Performance: Q3 & 9M 2017

Over the years we have expanded our balance sheet and will continue to optimize it in order to better capitalize on the opportunities emerging in the future





More Than a Travel Agency

Al Tayyar Group

www.altayyargroup.com