

Charter School Market

ABC 20xx



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Charter Market Overview

Introduction to Charter School



What are Charter Schools?

- Charter schools are publicly funded, privately managed, semi-autonomous schools of choice
 - Charter schools were created to help improve the public school system and offer another education option to meet students' specific needs
 - Charter schools receive public funding similar to traditional schools, however they have more freedom over budgets, staffing, curricula, and other operations. However, they must deliver academic results and there should be enough community demand for them to remain open
 - Charter schools are freed from some state and local regulations, though the level of autonomy varies widely from state to state
- Since the first enactment of charter school legislation in Minnesota in 1992, 35 states and the District of Columbia have adopted laws allowing charter schools. Alabama is the latest state to allow charter schools
- State charter school laws differ with respect to which organizations can operate charter schools, or apply for a charter. The most common are nonprofit boards, although some states also allow for-profit companies to receive charters
- Similar to public schools, charter schools are tuition-free and are funded according to enrollment levels and receive public funds on a per pupil basis
 - In some states, such as Alaska, Colorado, Minnesota, and New Jersey, these schools receive <xxx of the funds allocated to their traditional counterparts for school operations. In other states, such as California, additional funds or loans are made available to them. In most states, charters do not receive capital funds in order to support facility expenses
 - Charter schools are entitled to federal categorical funding for which their students are eligible, such as Title I and Special Education monies. Federal legislation provides grants to help charters manage start-up costs
- Charter schools hire Charter Management Organizations (CMOs) and Education Management Organizations (EMOs) to provide management services to charter schools
 - Services include curriculum development, assessment design, professional development, systems implementation, back-office services, teacher recruitment, and facility services

Charter School Snapshot 20xx



Charter Schools



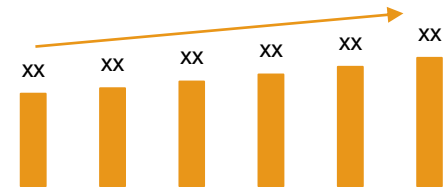
xxxx schools in the United States

Student Enrollment



xx mn students

Annual Growth Rate (Schools)



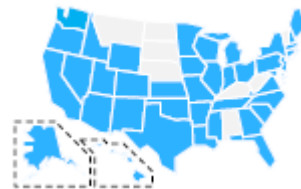
Charter School Enrollment Share



xx
Of Total Public School Enrollment

of States with Charter Laws

xx* states with Charter Laws



Industry Statistics

Revenue: \$xx bn

Total Teacher Employment: xxxx

Charter School Market - Current Trends



Charter School Growth

- Charter school growth continues at a steady pace with xxx additional charter XYZpuses being established in FY 20xx as against xxx in FY 20xx
- Jurisdictions with strong charter laws have demonstrated the highest school addition and enrolment growth e.g. Minnesota and Louisiana
 - Strong charter laws feature independent, multiple authorizers, fewer limits on expansion, and high levels of school autonomy

Charter School Revenues

- Charter schools continue to receive lower revenue per student than traditional public schools, (on average xx less) and, unlike other public schools, most do not receive facilities funding
 - Charter schools are thus forced to spend a significant portion of their funds to rent suitable space

Demand for Charter Schools Remains Strong

- Length of the average waiting list in a charter school increased rom xxx in 20xx to xxx in 20xx
- Student demand for charter schools continues to outstrip supply which suggests that charter schools could grow significantly faster if the policy environment were more supportive

Charter School Policy

- Charter movement has achieved significant policy and advocacy wins
 - Passage of charter laws in xx states
 - Progress on funding equity in xx states
 - Advocacy wins in New York and California demonstrate increasing political clout

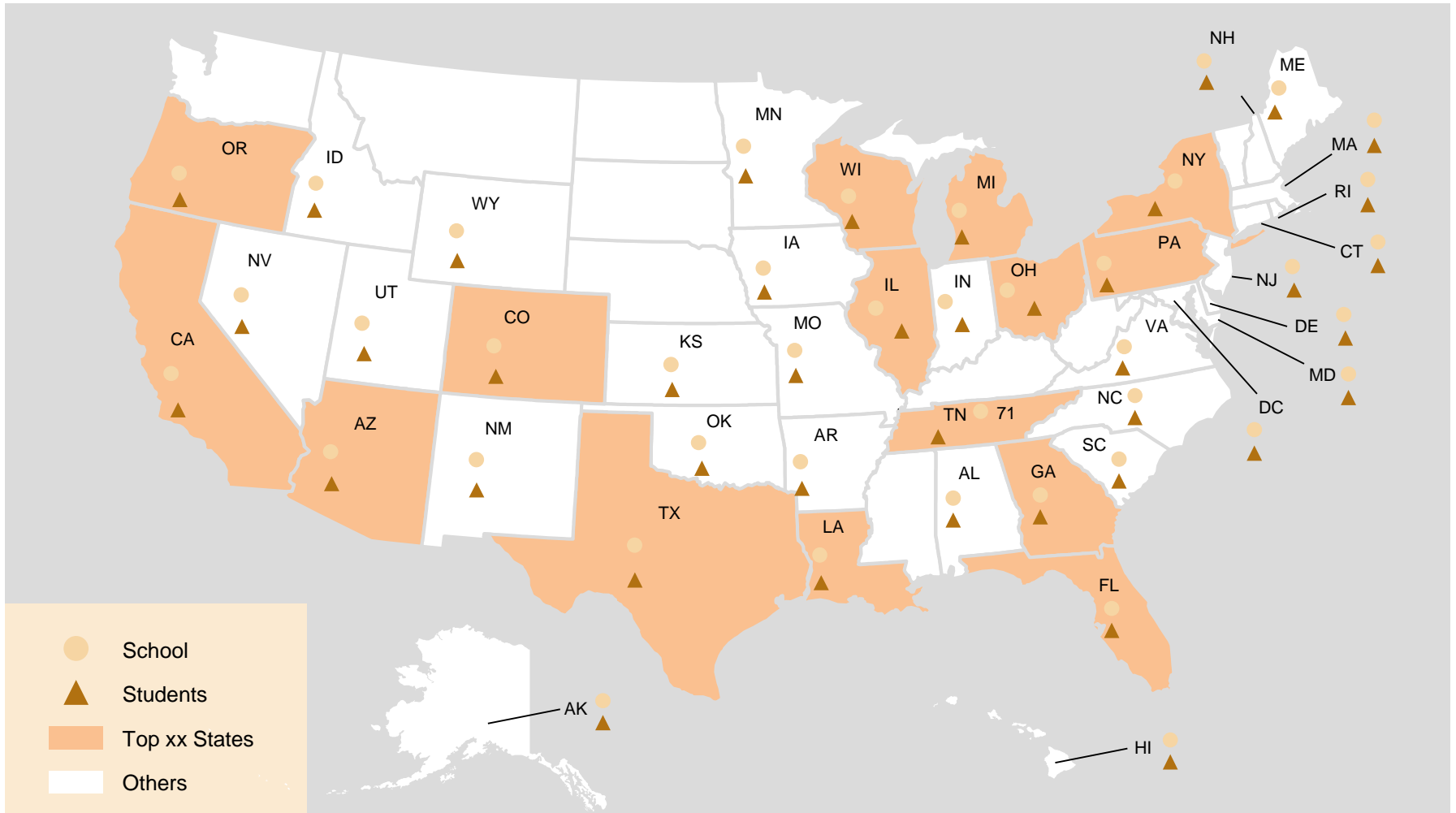
Charter School Closure

- More than xxxx charter schools closed in the past five years
 - Although the number of closures increased, the percentage of schools closed remained flat at xxx – xx
- Authorizers are increasingly closing schools due to poor academic performance. Evidence indicates that such closures have actually contributed to improved sector performance



Charter School Market

Current State of Charter Schools – 20XX

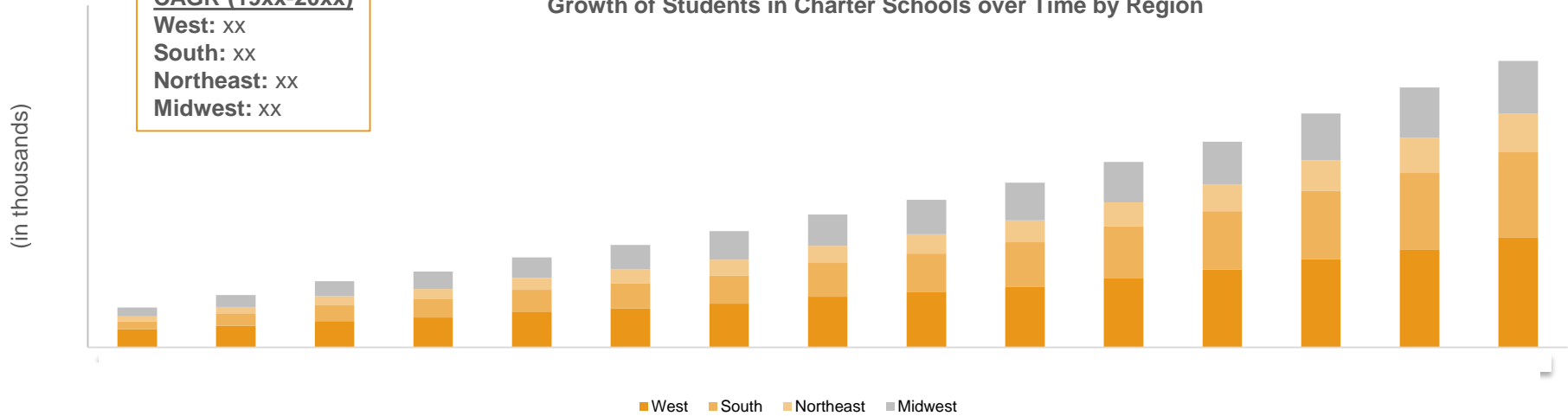


Growth in Charter Market



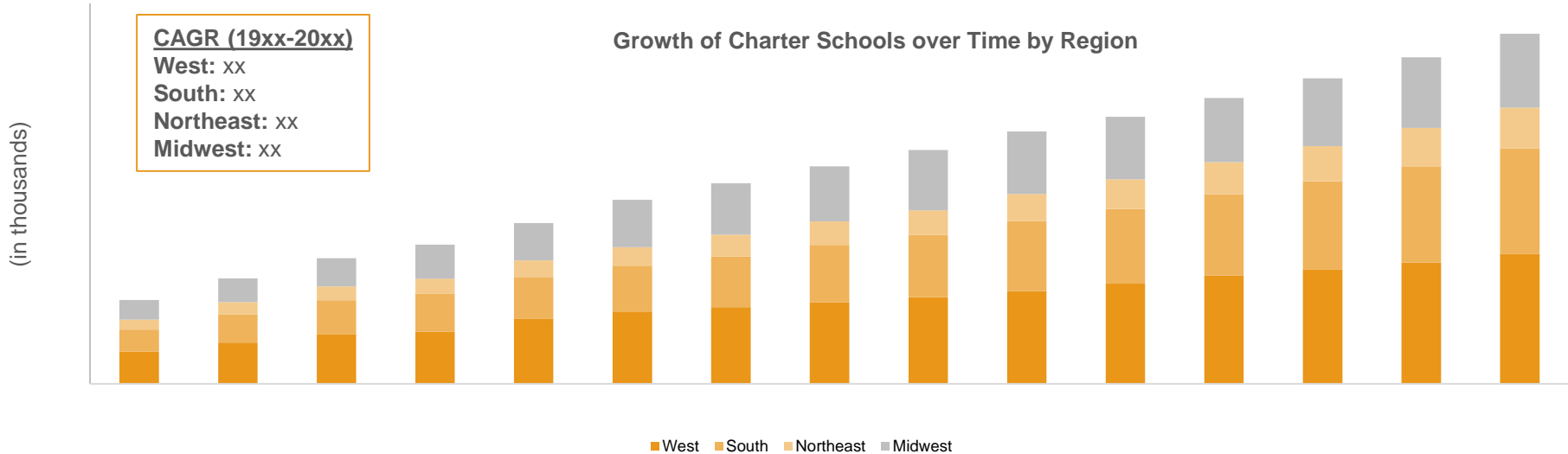
CAGR (19xx-20xx)
West: xx
South: xx
Northeast: xx
Midwest: xx

Growth of Students in Charter Schools over Time by Region

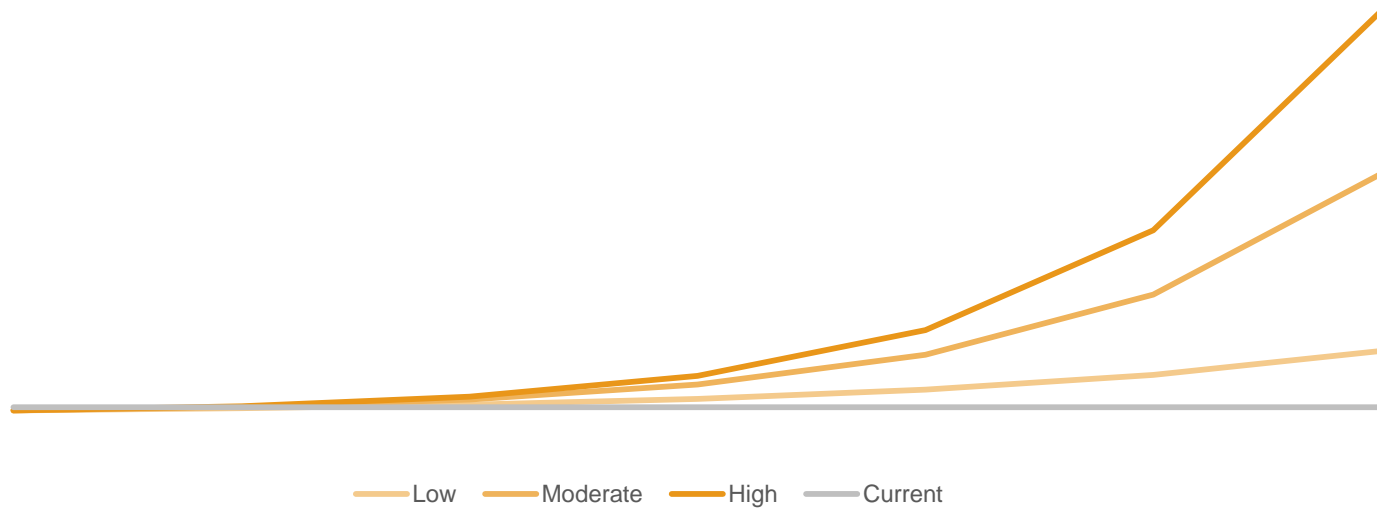


CAGR (19xx-20xx)
West: xx
South: xx
Northeast: xx
Midwest: xx

Growth of Charter Schools over Time by Region



Charter School Growth Projections



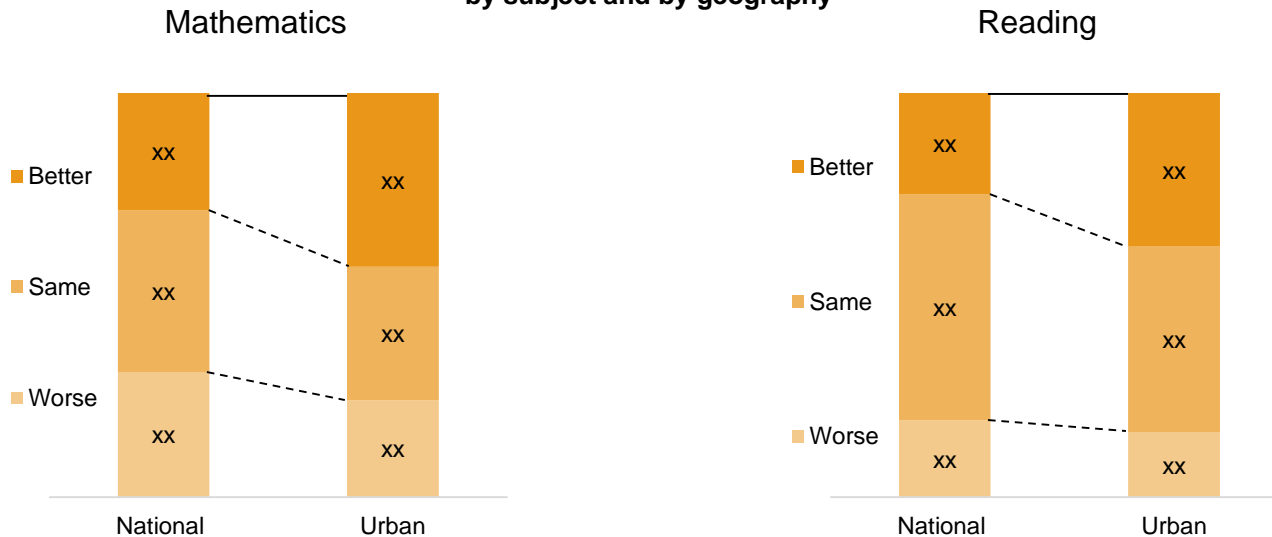
- Charter schools will educate xx - xx (Low – High Scenario) of all U.S. public school students by xxxx if current trends continue
- Low growth rate scenario assumes that CSGF⁽¹⁾ growth rate declines .05 per year and stabilizes at xxx; non-CSGF rate declines .xx per year and stabilizes at xx
- Moderate growth rate scenario assumes that CSGF growth rate declines .xx per year and stabilizes at xxx; non-CSGF rate declines .xx a year and stabilizes at xx
- High growth rate scenario assumes that CSGF growth rate declines .xx per year and stabilizes at xx; non-CSGF rate declines .xx a year and stabilizes at xx

Charter School Performance



Charter Learning Gains Compared to Traditional Public Schools⁽¹⁾

Percentage of charter schools that perform better than, worse than, or the same as traditional public schools, measured in days of learning, by subject and by geography

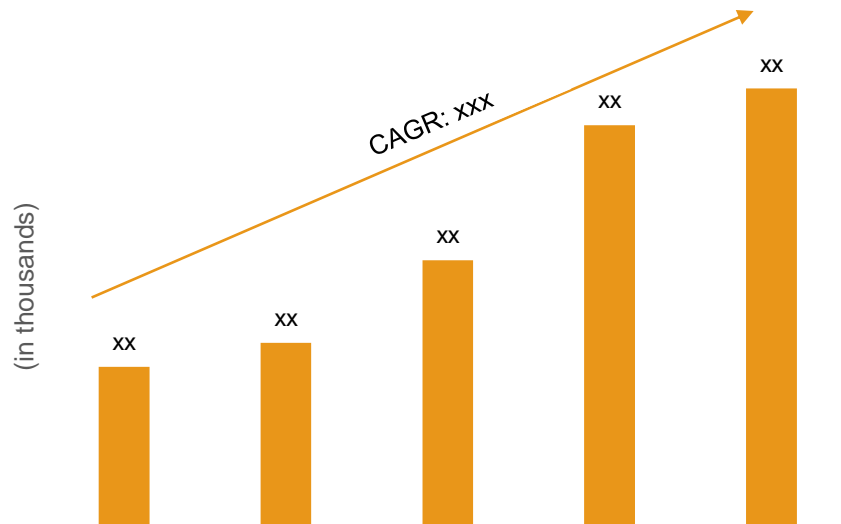


- Mathematics: around xx of charter schools produce better results than their traditional counterparts nationally while around xx of charter schools perform better than public schools in urban areas
- Reading: around xx of charter school perform better than public schools nationally and around xx perform better than public schools in urban areas
- Charters in xx states and D.C. produced greater learning gains (measured in days) in reading and math versus their district peers during the period 20XX-XX
- Charters in xx states produced smaller learning gains (measured in days) in reading and math than district peers during the period 20XX-XX

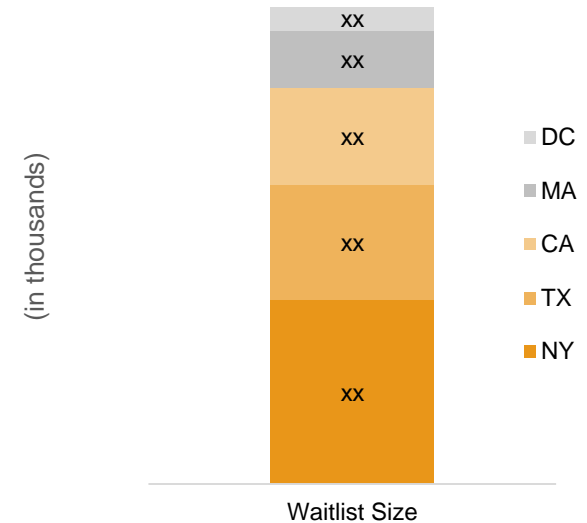
Waiting List in Charter Schools



Estimated Total Spots on Charter School Waitlists Nationwide*



States with Largest Charter School Waitlists



Despite charter sector growth, more than 1 mm children are on charter waitlists nationally at present

*Data for 20xx was unavailable
Source: Source A

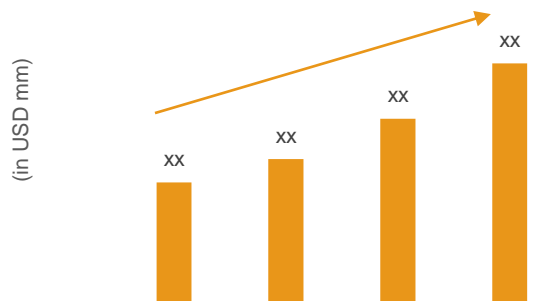


Case Studies

Charter Schools - Annual Revenue Case Studies

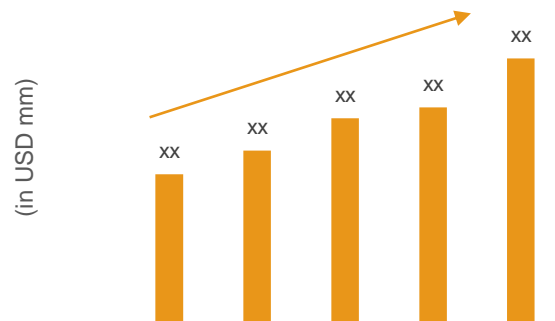


Noble Public Schools*



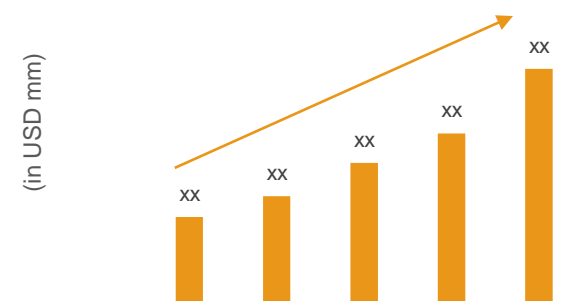
- XYZ was founded in 19xx and currently serves xxxx students from over xx different Chicago neighborhoods at xx XYZpuses
- Revenues has consistently increased and demand for seats has soared with the current waitlist at xxx
- With an operating budget of over \$xxx mm, XYZ does not face an operating gap and can cover its obligations and expense on public funds alone, at a lower per pupil cost versus the District
- XYZ has a financially sustainable model with each of XYZ's XYZpus covering its own capital expenditure and achieving a net surplus before philanthropic support

Aspire Public Schools



- XYZ is one of the nation's top-performing large school systems serving predominantly low-income students. It operates xx schools in California and Tennessee serving over xxxx students in grades x-xx
- After the Local Control Funding Formula (LCFF) was approved in California in 20xx, it provided for additional funding mechanisms that improved the per-pupil funding for XYZ Schools due to their emphasis on English language learning and focus on economically disadvantaged students
- State deferrals, which were significant in FY 20xx and 20xx, have also since diminished leading to an incremental revenue for XYZ

IDEA Public Schools

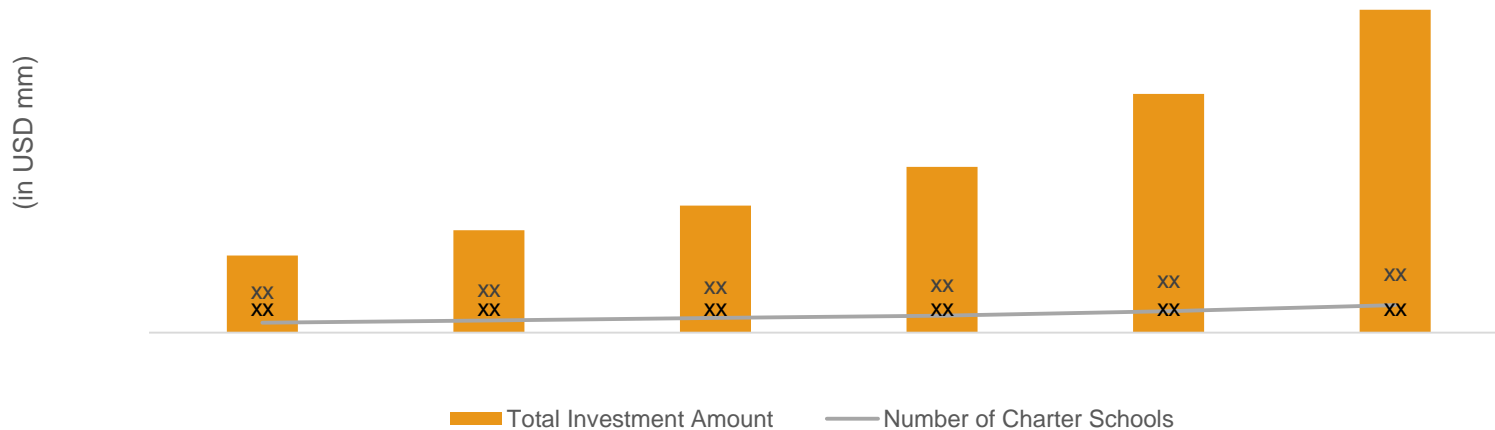


- XYZ is a network of tuition-free K-xx public charter schools serving more than xxx students in xx schools throughout the Rio Grande Valley, Austin and San Antonio
- XYZ has managed to grow at over xxx growth since inception. XYZs tightly managed operational and efficient financial model ensures its schools are self-funding in year four of operations
- XYZ regional approach to growth is to cluster schools regionally to leverage efficiencies of scale and centralized school support

Real Estate Investment Portfolio Case Study



- **XYZ** was formed on ABC xx, 19xx as a XYZ trust (“REIT”) and is a self-administered REIT
 - Since its inception, XYZ is a specialty REIT with an investment portfolio that includes entertainment, education and recreation properties
 - As of ABC xx, 20xx, XYZ’s education segment consists of investments in xx public charter schools, xx early education centers and xx X-xx private schools totaling approximately \$xxx mm in investments
 - XYZ’s charter school segment XYZ resents xx of its total revenue



Reasons for Increased Investment in Charter Schools by XYZ

- XYZ’s primary investments were in leasing real estate in movie theatres, however with a falling market for movie theatres, the Company decided to diversify its portfolio to investing in charter schools
- XYZ has established relationships with public charter school operators (including Imagine School Inc.) and developers nationwide and are expected to continue to provide real estate financing in this sector

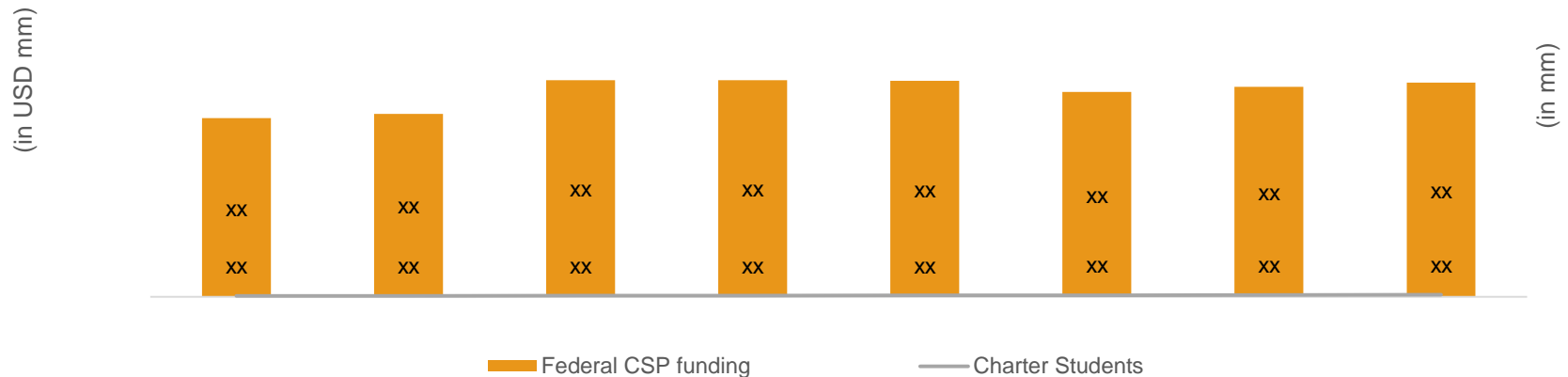


Charter School Funding

Federal Charter School Funding



Federal Charter Schools Program (CSP) Funding and Sector Enrollment



- Charter Schools Program funds and regulations have played a crucial role in providing start-up funding for new charters
 - Charter schools have been major beneficiaries of the New Markets Tax Credit (NMTC) program wherein firms that invest in charters and other projects located in underserved areas can collect a generous tax credit up to xx to offset their costs
- Since 20XX, CSP set-aside funds for replication of high-performing CMOs with a larger portion of SIG (School Improvement Grant) funds being available to support central office structures of charter school operators
- Current funding is just xxx higher than 20xx levels, even though the number of students enrolled has grown by xxx over the same period

Funding Inequalities over Time



State	District (Per Pupil Funding over time in US\$)				Charter (Per Pupil Funding over time in US\$)			
	FY	FY	FY	Change (X)	FY	FY	FY	Change (X)
Washington, D.C.	xx	xx	xx	xx	xx	xx	xx	xx
New York	xx	xx	xx	xx	xx	xx	xx	xx
New Jersey	xx	xx	xx	xx	xx	xx	xx	xx
Massachusetts	xx	xx	xx	xx	xx	xx	xx	xx
Connecticut	xx	xx	xx	xx	xx	xx	xx	xx
Missouri	xx	xx	xx	xx	xx	xx	xx	xx
Pennsylvania	xx	xx	xx	xx	xx	xx	xx	xx
Maryland	xx	xx	xx	xx	xx	xx	xx	xx
Minnesota	xx	xx	xx	xx	xx	xx	xx	xx
Illinois	xx	xx	xx	xx	xx	xx	xx	xx
Other States	xx	xx	xx	xx	xx	xx	xx	xx
Total (xx States)	xx	xx	xx	xx	xx	xx	xx	xx

Note:

- These figures are present for xx selected states
- Figures denote per pupil funding in district schools as well as charter schools in the respective state
- Figures for FYxx and FYxx are inflation adjusted with 20YY taken as base year

Source: Source A

Working Capital Financing



Why is there a need for working capital financing?

- During the past ten years, annual funding for the Charter Schools Program⁽¹⁾, has remained stagnant or declined (*Refer Slide 18*)
 - During the same period, the number of charter schools has doubled from ~xxx to ~xxx, translating into a xx reduction in the amount of federal funding per school
- Federal resources available to charter schools continue to shrink and few jurisdictions have fostered expansion by passing favorable facilities access laws. Several states have passed bold new laws requiring districts and cities to provide space to charter schools, but implementation has been difficult due to local politics
 - Federally subsidized tax credit programs administered by the U.S. Department of the Treasury have helped states bridge the facilities financing gap, but these are not limited to charter schools or have only been temporarily available
- Of the xx jurisdictions with a charter law, only xx provide per pupil funding specifically for facilities, with only three states (Arizona, Minnesota and Washington, DC) providing more than \$xxx in funding on a per pupil basis

Measures taken to address working capital needs

- With support from the philanthropic community and the U.S. Department of Education (ED), private nonprofit providers of charter school facilities financing have increased their level of investment in an effort to meet growing charter school demand (*Reference Slide 23*)
 - Till xxx, over two dozen private nonprofit organizations provide financing for charter school facilities, and collectively provided over \$x bn in direct financial support and another \$x bn in NMTC⁽²⁾ allocation
- Private capital from traditional lenders and the tax-exempt bond market has also become more available in 20xx after a sharp downturn between 20xx and 20xx
 - Several national financial institutions have invested significantly in the sector, and other regional commercial lenders participated on a smaller scale to finance schools in their geographic markets
- In addition, older charter schools and schools with larger enrollments are able to access the tax-exempt bond market
 - Between 19xx and 20XX, \$xx bn in rated and unrated tax-exempt debt was issued to finance charter school facilities, rXYZesenting over xxx distinct offerings, with 20XX setting the new single year sector record with \$xx bn of issuance



Competitive Landscape

Charter Finance Marketplace Players



The Not-For-Profit Sector

- There are xx nonprofit organizations that provide significant facilities assistance to charter schools in the form of grants, loans, guarantees, real estate development and technical assistance
- In xxx, xx of these xx organizations have received support totaling \$xx mm from the Credit Enhancement Program, and xx have been awarded a total of \$xx bn in NMTC allocation by the CDFI⁽¹⁾ of the Treasury Department
 - These private nonprofits have collectively provided \$xx bn in direct financial support to charter schools for their facilities needs (*Refer Slide 23*)

Banks

- Even with the spread of national brand banks, local bank offices that have deep community ties are often the first stop for charter borrowing
- Local banks refrain from financing charter schools due to modest volume of local charter school borrowers, given that the segment is a relatively new type of borrower
- Banks are less flexible than CDFIs⁽¹⁾ on financing terms and conditions since they are regulated entities and are required to meet certain rules about loan-to-value ratios (LTV)

Tax-exempt Municipal Bond Market

- The tax-exempt bond market provides long-term financing, which may include acquisition, rehabilitation, and construction of a charter school facility
- The charter school bond market has outpaced the general municipal bond market in recent years
 - Charter school bond issuance increased in both 20xx (increase of xx) and 20xx (increase of xx), However the overall municipal market declined xx in 20xx (*Refer Slide 26 and 27*)
- Only xx of charter schools in the US however have access to the bond market since schools borrow funds for larger or costly projects these transactions are relatively rare

XYZ

- Founded in 20xx, XYZ has funded over \$xx mm in working capital for more than xx charter schools across xx states
- XYZ offers funding programs for grants and donations, operational cash flow, working capital, gap financing and capital expenditures for charter schools. However, it does not offer long term facilities financing
- XYZ charges a fixed administrative feed of xx and discount fee in the range of xx to xx which is based on the duration of the transaction

Private Non-Profit Organizations



Organization	Direct Financing as	NMTC Utilization as
Foundations⁽¹⁾		
Bill & Melinda Gates Foundation (BMGF)		
Daniels Fund		
Walton Family Foundation (WFF)		
Financing Organizations		
Boston Community Capital (BCC)		
Building Hope		
Capital Impact Partners (formerly NCB Capital Impact)		
Charter School Growth Fund (CSGF)		
Charter Schools Development Corporation (CSDC)		
Clearinghouse CDFI		
Community Reinvestment Fund, USA (CRF)		
Enterprise Community Partners, Inc. (ECP)		
ExED		
Genesis LA		
Hope Enterprise Corporation		
Housing Partnership Network (HPN)		

Organization	Direct Financing as	NMTC Utilization as
IFF (formerly Illinois Facilities Fund)		
Innovative Schools Development Corporation		
KIPP Foundation		
Local Initiatives Support Corporation (LISC)		
Low Income Investment Fund (LIIF)		
New Jersey Community Capital (NJCC)		
Nonprofit Finance Fund (NFF)		
Nonprofits Assistance Fund (NAF)		
Raza Development Fund, Inc. (RDF)		
Self-Help (Center for Community Self-Help)		
The Reinvestment Fund, Inc. (TRF)		
Real Estate Developers		
Build with Purpose		
Charter Schools Development Corporation		
Civic Builders		
Pacific Charter School Development (PCSD)		

All figures are in \$ mm
Source: Source A

Traditional Financing Sources



Summary of State Charter School Facility Funding and Financing Programs xx Jurisdictions with Charter School Legislation

Jurisdiction	Operating Charter Schools	District Facilities Access	Per Pupil Funding	Capital Grant Funding	Loan Program	Credit Enhancement	Conduit Issuer	QZAB ⁽¹⁾ Eligibility	QSCB ⁽²⁾ Eligibility
Alaska	xx								
Arizona	xx								
Arkansas	xx								
California	xx								
Colorado	xx								
Connecticut	xx								
Delaware	xx								
Florida	xx								
Georgia	xx								
Hawaii	xx								
Idaho	xx								
Illinois	xx								
Indiana	xx								
Iowa	xx								
Kansas	xx								
Louisiana	xx								
Maine	xx								
Maryland	xx								
Massachusetts	xx								
Michigan	xx								
Minnesota	xx								
Mississippi	xx								

Source: 20xx Source A

Traditional Financing Sources (contd.)



Summary of State Charter School Facility Funding and Financing Programs xx Jurisdictions with Charter School Legislation

Jurisdiction	Operating Charter Schools	District Facilities Access ²	Per Pupil Funding	Capital Grant Funding	Loan Program	Credit Enhancement ³	Conduit Issuer	QZAB ⁽¹⁾ Eligibility	QSCB ⁽²⁾ Eligibility
Missouri	xx								
Nevada	xx								
New Hampshire	xx								
New Jersey	xx								
New Mexico	xx								
New York	xx								
North Carolina	xx								
Ohio	xx								
Oklahoma	xx								
Oregon	xx								
Pennsylvania	xx								
Rhode Island	xx								
South Carolina	xx								
Tennessee	xx								
Texas	xx								
Utah	xx								
Virginia	xx								
Washington	xx								
Washington, DC	xx								
Wisconsin	xx								
Wyoming	xx								
Total	xx	xx	xx	xx	xx	xx	xx	xx	xx

Source: 20xx Source A

State Credit Ratings vs. Bonds



State	State Credit Rating (xx – 20xx)	Charter School Bonds (19xx – 20xx)		
		Bond Rating Range	Yield Range (%)	Total Par Amount (\$ mm)
Arkansas	xx	ABC	xx	Xx
Arizona	xx	ABC	xx	xx
California	xx	ABC	xx	xx
Colorado	xx	ABC	xx	xx
Washington DC	xx	ABC	xx	xx
Delaware	xx	ABC	xx	xx
Florida	xx	ABC	xx	xx
Georgia	xx	ABC	xx	xx
Idaho	xx	ABC	xx	xx
Illinois	xx	ABC	xx	xx
Indiana	xx	ABC	xx	xx
Louisiana	xx	ABC	xx	xx
Massachusetts	xx	ABC	xx	xx
Maryland	xx	ABC	xx	xx
Michigan	xx	ABC	xx	xx

Source: Source A

State Credit Ratings vs. Bonds (contd.)



State	State Credit Rating (xx – 20xx)	Charter School Bonds (19xx – 20xx)		
		Bond Rating Range	Yield Range ()	Total Par Amount (\$ mm)
Minnesota	xx	ABC	xx	xx
Missouri	xx	ABC	xx	xx
North Carolina	xx	ABC	xx	xx
New Jersey	xx	ABC	xx	xx
New Mexico	xx	ABC	xx	xx
Nevada	xx	ABC	xx	xx
New York	xx	ABC	xx	xx
Ohio	xx	ABC	xx	xx
Oregon	xx	ABC	xx	xx
Pennsylvania	xx	ABC	xx	xx
Rhode Island	xx	ABC	xx	xx
South Carolina	xx	ABC	xx	xx
Texas	xx	ABC	xx	xx
Utah	xx	ABC	xx	xx
Wisconsin	xx	ABC	xx	xx

Source: Source A



Potential New Market Segments

Segments Overview



Medicaid

- Insurance companies have been direct beneficiaries of the Affordable Care Act (ACA) with an increased influx of business from new clients, many with government subsidized premiums
- To take advantage of the new business created by the ACA, new entrants have come up, thus increasing competition. Although likely to help keep costs for customers low, this puts added pressure on incumbents

Back Office Services

- Limited regulatory barriers in addition to the emergence of online channels that make it easier to contact customers are factors that facilitate the entry of new players to the market
- Some of the major factors and trends affecting back office services market are: professionalism and trust of new entrants, service outsourcing contracts are becoming shorter, making it easier to switch providers, and the threat of substitution by automation, in-house departments or captive centers

Marketing Services

- Digital marketing has transformed the marketing landscape and has significantly altered how companies market their products/services. Meeting customer expectations in this digital age is a significant challenge for marketers
- Startups these days can work with very small in-house teams, yet still take on bigger players by using technology to their benefit

Utilities

- Since the development of a utility company involves huge capital investment, there are generally fewer new entrants in this sector. In addition, it is difficult for new entrants to establish a loyal consumer base, giving the existing players an advantageous position
 - However, the lack of viable alternatives, the rise of electrical gadgets and the need for electricity and utility services are strengths that will further drive the sector

Insurance

- The insurance industry is complicated and expensive from a regulatory standpoint with high barriers to entry
 - A major challenge for new insurers is the fact that the first few customers for their products are generally at the highest risk, which is also when the startup is financially vulnerable. This limits the entry of new insurers in the sector

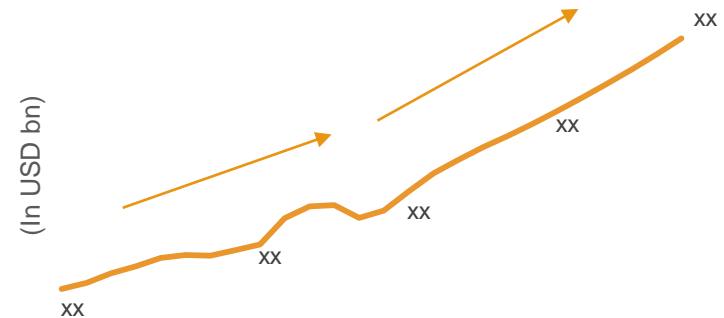
Medicaid



Overview

- The Affordable Care Act (Obamacare), enacted in 20xx, expanded the Medicaid program as part of a broader plan to cover millions of uninsured Americans
 - Since the major coverage provisions of the Affordable Care Act (ACA) took effect in 20xx, insurance coverage rates have improved across the country especially in states including California, New York, Colorado
- Medicaid is also the main source of coverage and financing for both nursing homes and community based long term care
 - Altogether, Medicaid finances xx of total personal health spending in the U.S.

Medicaid Spending⁽¹⁾



Funding & Medicaid Impact on Companies

- States and the federal government share the cost of Medicaid with the federal government matching Medicaid spending at least dollar for dollar for beneficiaries eligible for Medicaid under pre-ACA Law
- Between x2 20xx and Qx 20xx, Community Health Systems experienced a xx drop in uninsured admissions at its hospitals in xx states that expanded Medicaid and no change at its hospitals in xx states that did not expand
- LifePoint experienced a xx reduction in uninsured admissions at its hospitals in Medicaid expansion states, compared with a xx drop in non-expansion states
- Tenet Healthcare's uninsured admissions fell xx at its hospitals in expansion states compared with an xx drop in non-expansion states

Industry Structure

Capital Intensity	High
Concentration Level	NM
Regulation Level	High
Technology Change	Low
Barriers to Entry	NM
Competition Level	High

⁽¹⁾Statista
Source: Source A

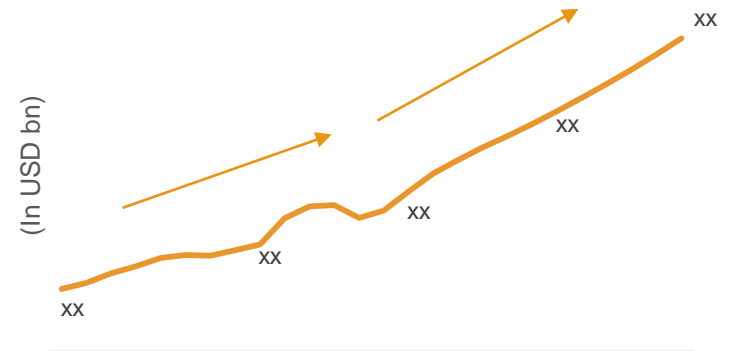
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Medicaid Spending⁽¹⁾



Funding & Medicaid Impact on Companies

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- Between x2 20xx and Qx 20xx, Community Health Systems experienced a xx drop in uninsured admissions at its hospitals in xx states that expanded Medicaid and no change at its hospitals in xx states that did not expand
- XYZ experienced a xx reduction in uninsured admissions at its hospitals in XYZ expansion states, compared with a xx drop in non-expansion states
- XYZ's uninsured admissions fell xx at its hospitals in expansion states compared with an xx drop in non-expansion states

Industry Structure

Capital Intensity	High
Concentration Level	NM
Regulation Level	High
Technology Change	Low
Barriers to Entry	NM
Competition Level	High

Back Office Services



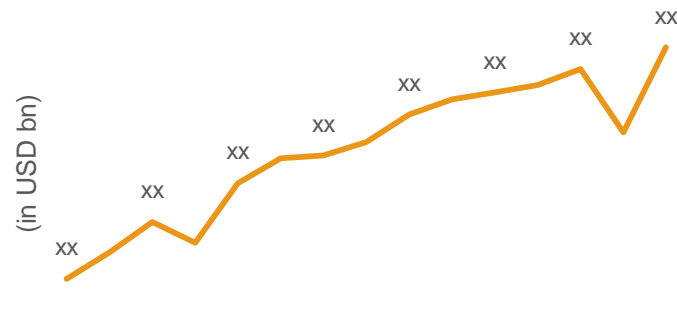
Overview

- The 20xx financial crisis increased the trend of outsourcing of middle and back functions which also accelerated due to regulatory requirements e.g. Due to XYZ norms banks have paid particular attention to the capabilities of IT systems and by outsourcing them have rationalized costs
- Companies are also outsourcing services such as customer relationship management, procurement outsourcing to improve customer focus and transparency in business processes, and outsourcing end-to-end processes instead of particular functions in the process
- The total back office outsourcing market in US is divided into: Finance and Accounting (FAO), Human Resource Outsourcing (HRO), Customer Relationship Management (CRM), Procurement Outsourcing

Key Statistics and Trends

- The total back office outsourcing market in U.S is expected to grow from \$xx bn in 20xx to \$xx bn in 20xx, at an estimated CAGR of xx from 20xx to 20xx
- Banks are trending toward SaaS enabled applications as they involve low initial investment and do not require extensive supporting IT infrastructure
- Global service providers are increasingly trending toward multiple process deals, enabling banks to take advantage of the their economies of scale
- Vendors have now begun offering on demand procurement tools, which do not involve software for purchase but are accessible via a secured web link
- On demand offerings thus involve very low cost of ownership, fast start-up/implementation, and quick ROI

Global Market Size - Outsourced Services⁽¹⁾



Industry Structure

Capital Intensity	Low
Concentration Level	Low
Regulation Level	Medium
Technology Change	High
Barriers to Entry	Low
Competition Level	High

Marketing Services



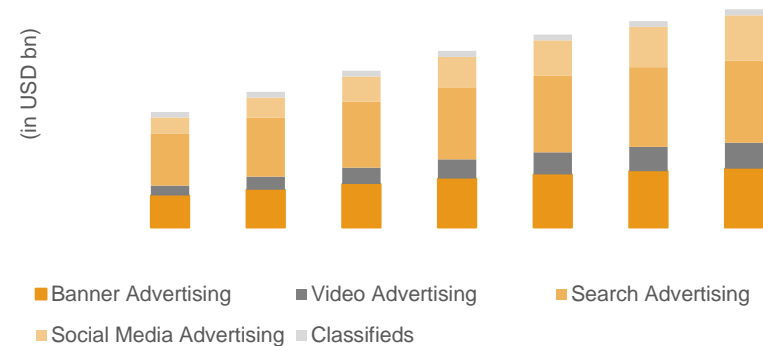
Traditional Marketing Overview

- Traditional marketing is a broad category that incorporates four major categories: print, broadcast, direct mail, and telephone
- Television is still the most common form of advertising, with the highest ad revenue in the US and is projected to grow from \$xx bn last year to \$xx bn this year and \$xx bn in 20xx (20xx-20xx CAGR of xx)
- Print advertising generates nearly \$xx bn in ad revenue every year. While revenue for print media has slightly declined as online revenue rises, this form of marketing is still effective for many businesses

Digital Marketing Overview

- Digital Advertising uses the internet to deliver marketing messages via various formats to internet users.
 - Digital advertising is divided into xx categories – Banner Advertising, Video Advertising, Search Advertising, Social Media Advertising and Classifieds
 - Digital marketing or inbound marketing is xx cheaper than traditional marketing or outbound marketing
- Revenue is generated by publishers, advertising agencies, affiliate networks, and other participants of the value chain that design, place, and track digital ads provided by an advertiser
 - \$xx bn of total revenue in the Digital Advertising market will be generated through mobile by 20xx
- The retail industry accounts for the largest revenue share, i.e. xx of Display Advertising* revenues in 20xx

Digital Market Outlook⁽¹⁾



Industry Structure

Capital Intensity	Low
Concentration Level	Low
Regulation Level	Low
Technology Change	Medium
Barriers to Entry	Low
Competition Level	High

⁽¹⁾Statista.com; *Display Advertising relies on elements such as images, audio and video to communicate an advertising message.
Source: Source A

Utilities



Overview

- The US utility industry is coming on the back of a sharp decrease in power demand during the 20xx recession and has experienced only sluggish growth since then
- The biggest changes affecting utilities involves the boom in renewable, off-the-grid energy installations and distributed power systems
- Growing consumer demand and innovation combined with a competitive workforce and advanced supply chain management make the US an attractive market in the \$xx trillion global energy market

Trends – 20XX

Financial Restructuring

- The slowdown in demand for electricity has put many “hybrid” utilities in a bind. As a result, many utilities, including NiSource, Duke Energy, and NextEra Energy, have moved to break up their portfolios through various kinds of carve-outs like spin-offs and asset sales

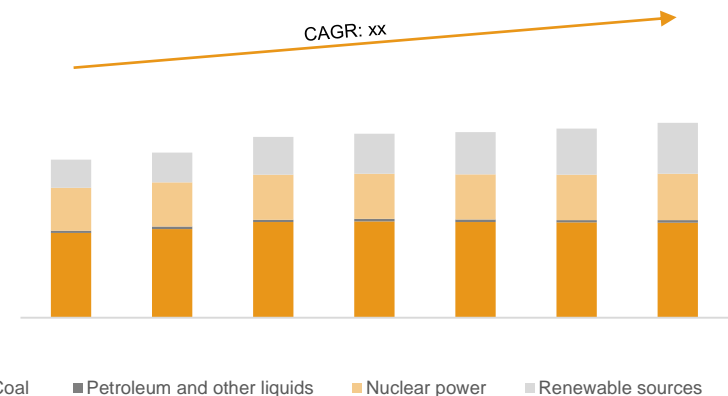
Distributed Generation

- Rapid growth in some regions including California and the Northeast of localized power generation, primarily solar photovoltaic panels at customer sites is a potential game-changer

Climate Change Regulations

- The EPA’s new Clean Power Plan (CPP) includes CO2 reduction targets for each state (xx reduction over 20xx levels). States are expected to set stringent requirements which will cost the companies to comply

Electricity Generation by Fuel (in bn kWh)⁽¹⁾



Industry Structure

Capital Intensity	High
Concentration Level	High
Regulation Level	High
Technology Change	High
Barriers to Entry	High
Competition Level	High

⁽¹⁾ Source A

Insurance



Overview

- The insurance segments that will provide opportunities over the next xx to xx years include:
 - US mortgage credit, an opportunity for \$x bn in new limit per year
 - Sharing economy, creating new demand for insurers to fill coverage gaps
 - Micro insurance with a potential xx bn new customers
 - Corporate liability covers offering over \$xx bn in limit
- Going into 20xx Insurance companies face multiple challenges include rising competition, soft pricing conditions and tight profit margins

Key Statistics

- The Life and Health (L/H) sector reported ~\$xxx bn of capital and surplus at the end of 20xx, up from \$xxx bn in 20xx
- The Property and Casualty (P/C) sector reported approximately \$xx bn in policyholders' surplus, up from \$xxx bn, at the end of 2013
- The L/H sector's net written premiums reached \$xxx bn in 20xx, as a result of growth in sales of annuity products
- P/C sector net written premiums were \$xx bn in 20xx due to premium rate increases and growth in the US economy
- The insurance industry raised \$xx bn in new equity capital in 20xx
- Debt financing in 20xx remained attractive as interest rates remained historically low, and the insurance industry sold an aggregate \$xx bn in new debt

Source: Source A

Net Insurance Premiums⁽¹⁾



Industry Structure

Capital Intensity	High
Concentration Level	Low
Regulation Level	High
Technology Change	High
Barriers to Entry	High
Competition Level	High