

# Investment Highlights

Spring 2021

## Inside this report

- Opening remarks by Tawfig Al-Rabiah, Minister of Health of Saudi Arabia
- Sector highlights on Healthcare and Life Sciences
- Deep dive on the quarter's top investor stories across all sectors
- Expert opinion by Tim Callen, IMF Mission Chief to Saudi Arabia
- New foreign investment projects data in Q1
- Top 3 investment opportunities by INVEST SAUDI



# OPENING REMARKS



**Tawfig  
Al-Rabiah**  
Minister of Health  
of Saudi Arabia

**Saudi Arabia is on a journey of historic transformation across all segments of society under the guidance of Vision 2030. The healthcare sector is one of the most important components of this transformation.** At the same time, the COVID-19 pandemic has brought new light to the sector's vital role, offering new investment opportunities to companies in the sector, including the supply of medicines, vaccines, medical devices and medical services to patients. The Ministry of Health has developed strategic objectives in line with Vision 2030 to ensure that investors in the sector are supported by the appropriate regulatory frameworks for sustainable growth, digitization, and increased efficiency.

While the peak of the pandemic brought the global economy to a near total halt, small and medium-sized enterprises (SMEs) in the Kingdom played a vital role in ensuring the healthcare sector and the economy overall remained resilient. In addition, some of the most important solutions brought forward during the pandemic were offered through home care and digital care, allowing access to vital services such as digital appointments.

The support of the private sector has been fundamental in enabling such sizeable transformations and we are looking to enable an ever greater role in the next decade. Saudi Arabia is aiming to grow the private sector's contribution to the healthcare market from 25% to 35% by 2030, via a mix of privatizations, public-private partnerships (PPP) and other incentives for investors.

We have begun the groundwork for a stronger private sector by signing agreements with leading international

companies to provide dialysis services to 8,000 beneficiaries through 63 centers throughout the Kingdom, with a value of nearly \$2 billion for a period of five years. We have also established partnerships with private companies to build and operate medical cities, hospitals, and primary care centers with an initial investment amount exceeding \$3.7 billion.

In addition, we launched a project for the private sector to build and operate the Al-Ansar Hospital in Medina with a capacity of 244 beds and an initial investment of approximately \$187 million. We seek to offer 74 primary health care centers in various regions across the Kingdom, with initial investments of nearly \$266 million, and are also working to establish two medical cities with a capacity of 1500 beds in Aseer and Al Jouf, with an initial investment volume of approximately \$1.6 billion. Radiology and laboratory services is another promising area with several projects in the pipeline, one of which is to assign radiology services, including equipment, personnel, and operating standards, to 7 hospitals in Riyadh.

We are working on private sector projects to build and operate hospitals for medical rehabilitation, long-term stay centers and home healthcare through PPP models. The project is designed to meet the needs of patients who do not require hospitalization but need continuous care in Riyadh and Dammam. We are targeting a capacity of 600 beds for long-term stay, 300 beds for medical rehabilitation services, and 10 thousand patients for home healthcare services. The initial investment for these extended care projects exceeds \$266 million, and we expect to sign contracts with different investors during the third quarter of 2022.

A comprehensive privatization plan for the next five years will soon present investors with detailed opportunities. Over the coming few years, e-health, air medical transport, nephrology care, mental health, and rehabilitation will be at the center of our efforts.

With the advent of digitalization, the world is entering a new era and we, at the Ministry of Health, are making sure we stay ahead of the game to provide our citizens the best quality healthcare services. The era of transformation under the guidance of Vision 2030 will be most visible in the healthcare sector.



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# DATA HIGHLIGHTS

Saudi Arabia's economic performance in the first quarter of the year highlighted one important theme: **economic diversification**. The ambitious economic reform agenda followed by the Kingdom to move away from oil dependency started to bear fruit as the **non-oil economy showed a strong annual rebound to 2.9% growth**. Although the overall GDP declined by 3% during the first quarter due to the ongoing impact of COVID-19, consumer sentiment was on the positive side as **POS transactions reached a record \$10.9 billion in value in March** and a 64.7% year-on-year growth.

The impact of Kingdom's diversification efforts was also visible in **non-oil economy's contribution to GDP**. Despite global headwinds, the sector's contribution to the Saudi economy grew for a third consecutive quarter in Q1 and reached 62.8%, while relative contribution of the oil sector continued to drop.

**The positive sentiment was also visible in foreign investment projects in the Kingdom. In Q1 2021 the number of new foreign investment licenses awarded by MISA reached a new record of 478, representing a 36.2% increase compared to the previous quarter. Q1 was the fourth consecutive quarter witnessing a rise in the number of new foreign investment projects.**

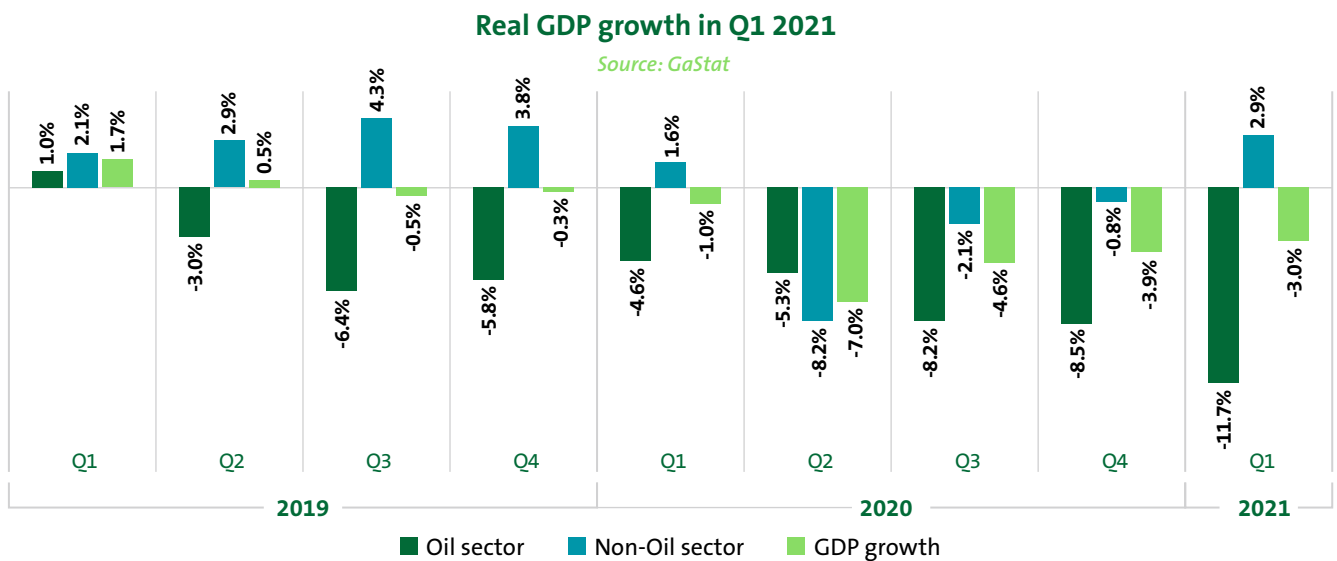
Although the economy showed an overall contraction in the first quarter of 2021, all signs are in place for a strong recovery in the Saudi economy throughout 2021. The shifting composition of the economy and the increasing contribution by the non-oil economy signal a period of robust economic activity, with reforms starting to have a more visible impact.

# MACROECONOMIC OUTLOOK

## Kingdom's non-oil economy rebounds strongly in Q1

Saudi Arabia's **non-oil economic activity** showed the **first year-on-year growth** since the beginning of the COVID-19 pandemic with an annual **2.9% expansion** in the first quarter of the year. **The sharp decrease in oil activities** due to the OPEC+ to cut crude oil production took its toll on the Kingdom's overall GDP, leading to a **-3% year-on-year contraction**. The continued limitations over international freight and passenger travel and the drop in global oil demand were significant factors in the **-11.7% contraction in Kingdom's oil sector**.

The International Monetary Fund (IMF) expects the Kingdom's economy to **grow 2.1% this year and 4.8% in 2022**, following a -4.1% contraction in 2020. The World Bank also expects the Kingdom's economy to **grow 2.4% in 2021**.

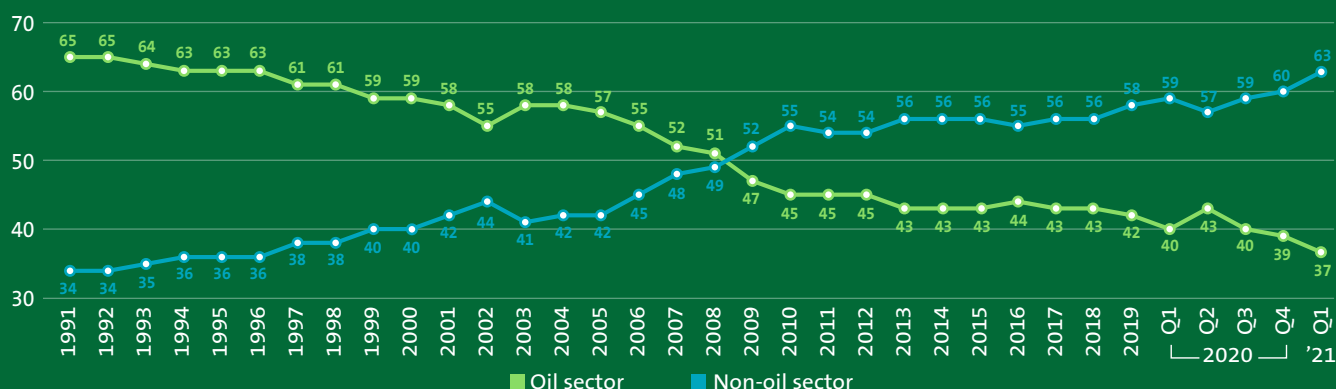




Reforms to diversify the economy were also reflected in the non-oil sector's contribution to GDP. The Kingdom's **non-oil sector's contribution to GDP rose for the third consecutive quarter in Q1** and reached the highest level in 20 years with **62.8%**, while the oil sector's contribution dropped to **36.6%**.

### Non-oil sector percentage contribution to GDP (2010 constant prices)

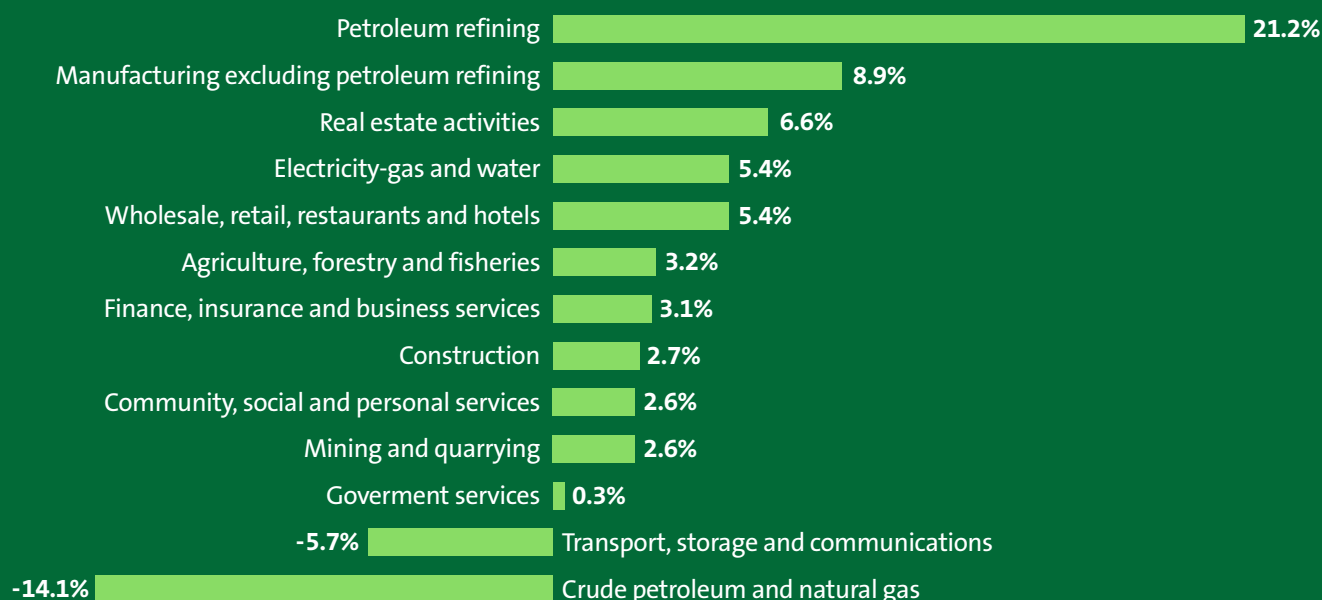
Source: GaStat



The rebound in economic activity was visible across most sectors in the first quarter. While **petroleum refining** showed the biggest rebound with a **21.2% growth** in economic activity, it was **followed by non-oil manufacturing; real estate activities; wholesale, retail, restaurants, and hotels; and electricity, gas, and water.**

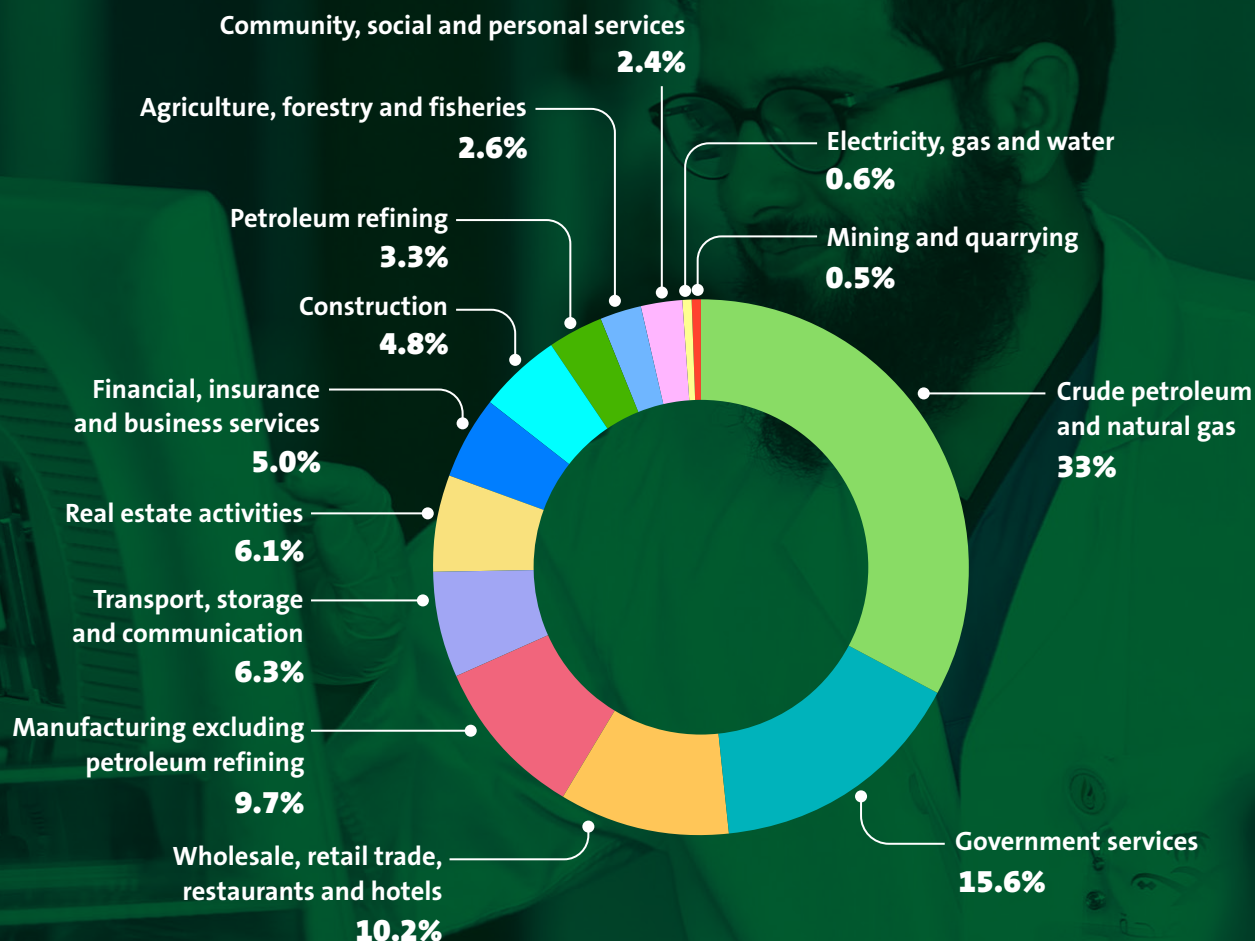
### Real GDP growth by economic activity in Q1 2021

Source: GaStat



## Contribution to GDP by economic activity in Q1 2021 (constant prices)

Source: GaStat



**Crude petroleum and natural gas continued to be the highest contributor to GDP with 33% in the first quarter, although the rate of contribution retreated from 35% during the previous quarter. Crude petroleum and natural gas were followed by government services (15.6%), wholesale, retail trade, restaurants, and hotels (10.2%) and manufacturing excluding petroleum refining (9.7%).**

## Manufacturing industry index shows promising signs of recovery

Although Saudi Arabia's industrial production index continued to record lower levels than the pre-COVID 19 period in Q1 2021, the index's manufacturing component showed positive signs of recovery in April, with a 14% year-on-year growth. This represented the first positive growth of manufacturing since December 2019.

**Industrial Production Index: Manufacturing Industry (year-on-year growth)**

Source: GaStat

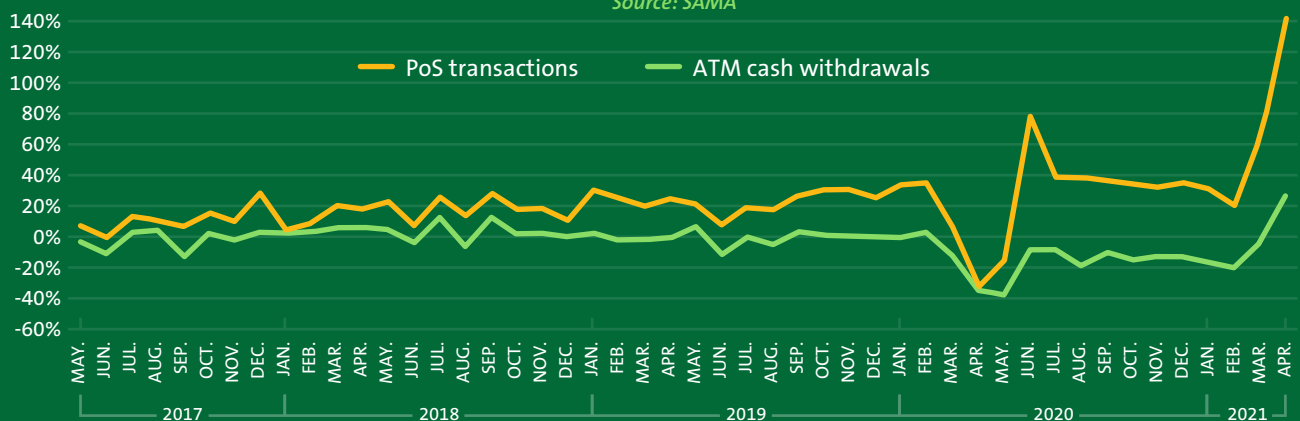


## March sees highest POS transactions on record

The POS transactions in Saudi Arabia showed solid signs of recovery in the first four months of the year with the month of March seeing the highest monthly sales figure on record at \$10.9 billion, a 64.7% year-on-year growth. The value of POS transactions grew even more significantly in April, with a marked 142.1% growth relative to the same month of last year when COVID-19 lockdowns sharply impacted consumption. On the other hand, ATM cash withdrawals also returned to growth with a 26.6% year-on-year increase in April.

**Consumer spending indicators (year-on-year growth)**

Source: SAMA



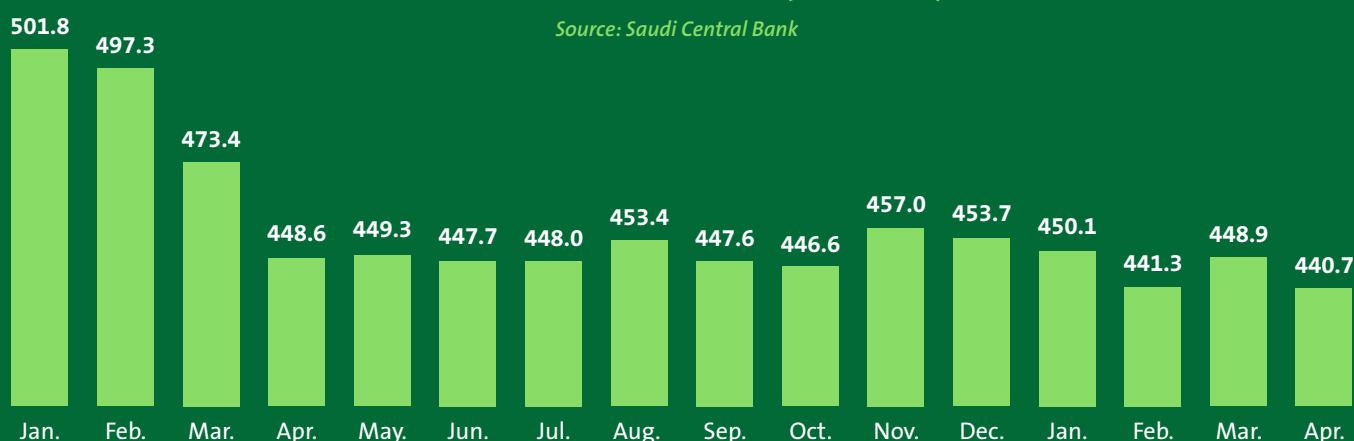


## Foreign reserve assets remain lower than pre-pandemic levels in pursuit of economic stability

The Saudi Central Bank's foreign reserve assets fell by 1.8% year-on-year in April 2021, to \$440.7 billion. Despite the brief jumps in November and March, the Saudi Central Bank's foreign reserves remained lower than pre-pandemic levels in pursuit to sustain the economy's stability in the face of COVID.

### Saudi Arabia reserve assets (USD billion)

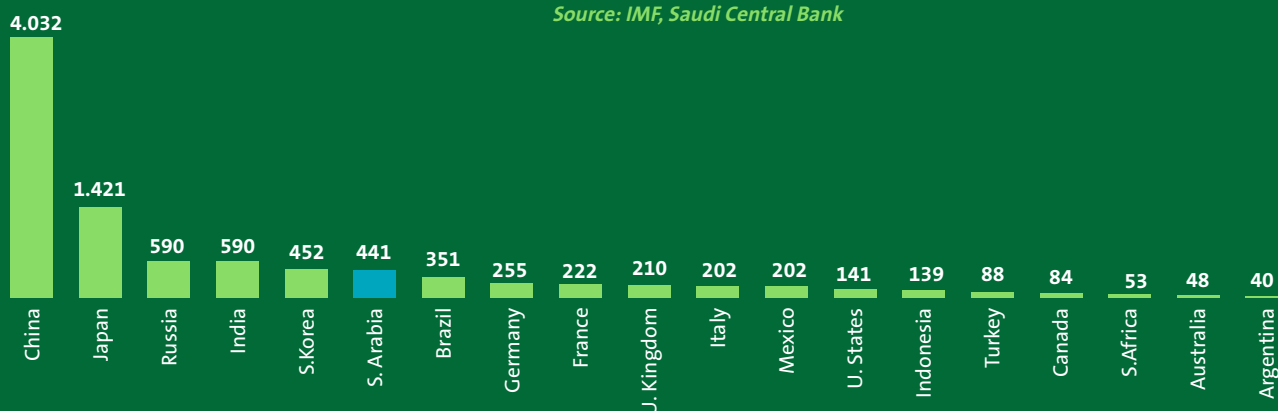
Source: Saudi Central Bank



Nevertheless, Saudi Arabia retained its leading spot among G20 countries, with the 6<sup>th</sup> highest foreign currency reserves in April 2021.

### Foreign currency reserves among G20 countries (April 2021, USD billion)

Source: IMF, Saudi Central Bank



# EXPERT OPINION



**Tim Callen**  
IMF Mission Chief  
to Saudi Arabia

## ➤ What sectors and factors do you expect to be the main drivers of Saudi Arabia's economic recovery this year?

The main driver of the recovery in Saudi Arabia is the rebound in the non-oil economy. We expect non-oil growth to be 3.9% this year. Looking at expenditures, private consumption has picked up. The lockdown meant that there was a lot of pent-up consumption demand that has been released as the lockdown ended. Also, given the lack of international travel, consumption of Saudis has been domestic rather than overseas. Investment has picked up to some extent as well.

## ➤ What role do the Kingdom's economic diversification and reform agenda play in shaping IMF's expectations for Saudi Arabia?

The non-oil sector has rebounded strongly following the slump in Q2 2020 when the lockdown was first imposed, and this robust rebound continued in Q1 2021. We forecast non-oil growth of 3.9% this year and 3.6% in 2022. Oil GDP has declined because of the production cuts agreed by OPEC+ to help rebalance the global oil market. For 2021, we expect slightly negative growth in the oil sector (-0.5%) but strong growth in 2022 of 6.8% as the OPEC+ agreement ends. There may be some upward revision in our next published forecast for non-oil growth in 2021.

The reform agenda of the past 5 years was important in positioning the economy to withstand the impact of COVID-19 and enabling it to rebound strongly. The strengthening of the macroeconomic and financial policy framework enabled the government to respond quickly and effectively to the COVID-19 crisis. Efforts to

diversify the economy are a long-term endeavor and I don't think you can say that these efforts by themselves are behind the rebound.

## ➤ What will be the wider impact of Kingdom's latest labor reforms on the economy over the coming years? How will this impact Saudi Arabia's position in the global economy?

The reforms that have been implemented to increase female participation in the labor market and the recent reforms to the Kafala system for expatriates working in the private sector are very important. What is essential for developing a diversified and dynamic private sector is a flexible, motivated, and productive workforce.

We have seen a large increase in the female labor force participation rate in recent years. Saudi females are well educated and highly motivated to work. As more enter the workforce, they will boost productivity, growth, and household incomes.

The reforms to Kafala are more recent and it is too early to see the impact. With strong enforcement, however, these new regulations will give foreign workers greater freedom of movement which will benefit their wages and productivity, attract higher skilled expatriates, and reduce incentives for firms to employ expatriates over nationals.

## ➤ Saudi Arabia currently has some of the lowest debt to GDP ratio and highest FX reserves among the world's biggest economies. What sort of an advantage can these provide in the post-COVID era?

One of the things we have consistently emphasized over the years is the importance of having strong fiscal and financial policy buffers. The Saudi economy is still very reliant on volatile oil export revenues. The low government debt, strong reserves position, and the well-capitalized and liquid banking system that Saudi Arabia has are very important for the economy to be able to manage through periods of oil price volatility and other unexpected developments such as COVID-19. These fiscal and financial buffers have been important over the past year and the government is right to be aiming to move the budget back to balance in the coming years so as to keep the fiscal position strong.



# INVESTMENT DATA

## Foreign investment projects break another record

New foreign investment projects licensed in the Kingdom **continued to break new records** in the first quarter of 2021 **with a total of 478 licenses awarded**, a **36.2% annual increase** relative to the same quarter of last year. The first quarter of 2021 also recorded the fourth consecutive increase in the number of new foreign investment projects since the peak of the pandemic in Q2 2020.



### 478

new licenses  
awarded in  
Q1 2021



### 36.2%

annual increase  
in new licenses

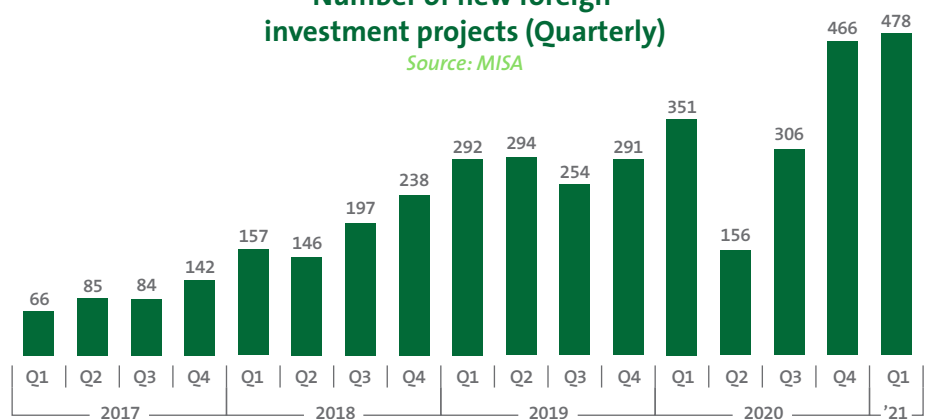


### 2.6%

quarterly increase  
in new licenses

Number of new foreign  
investment projects (Quarterly)

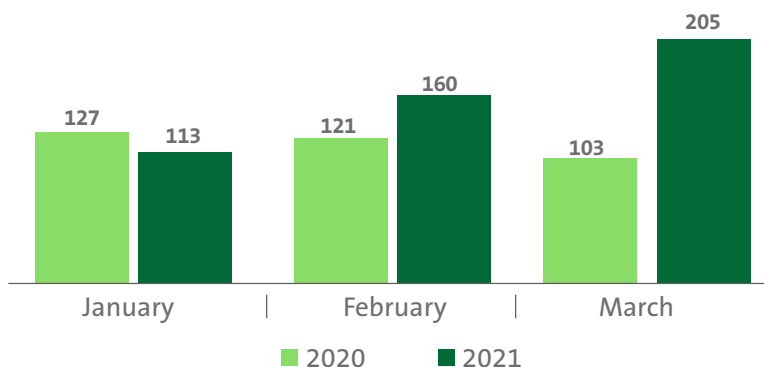
Source: MISA



Although the year started off with a negligible monthly drop in new licenses in January, the pace of new investments picked up in February and March, recording the highest number of the quarter and a **99% annual increase** compared to March 2020.

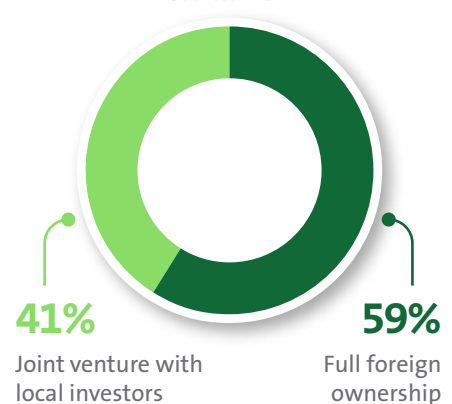
Number of new foreign investment projects (montly)

Source: MISA



Shareholding type of new foreign  
investment projects in Q1

Source: MISA

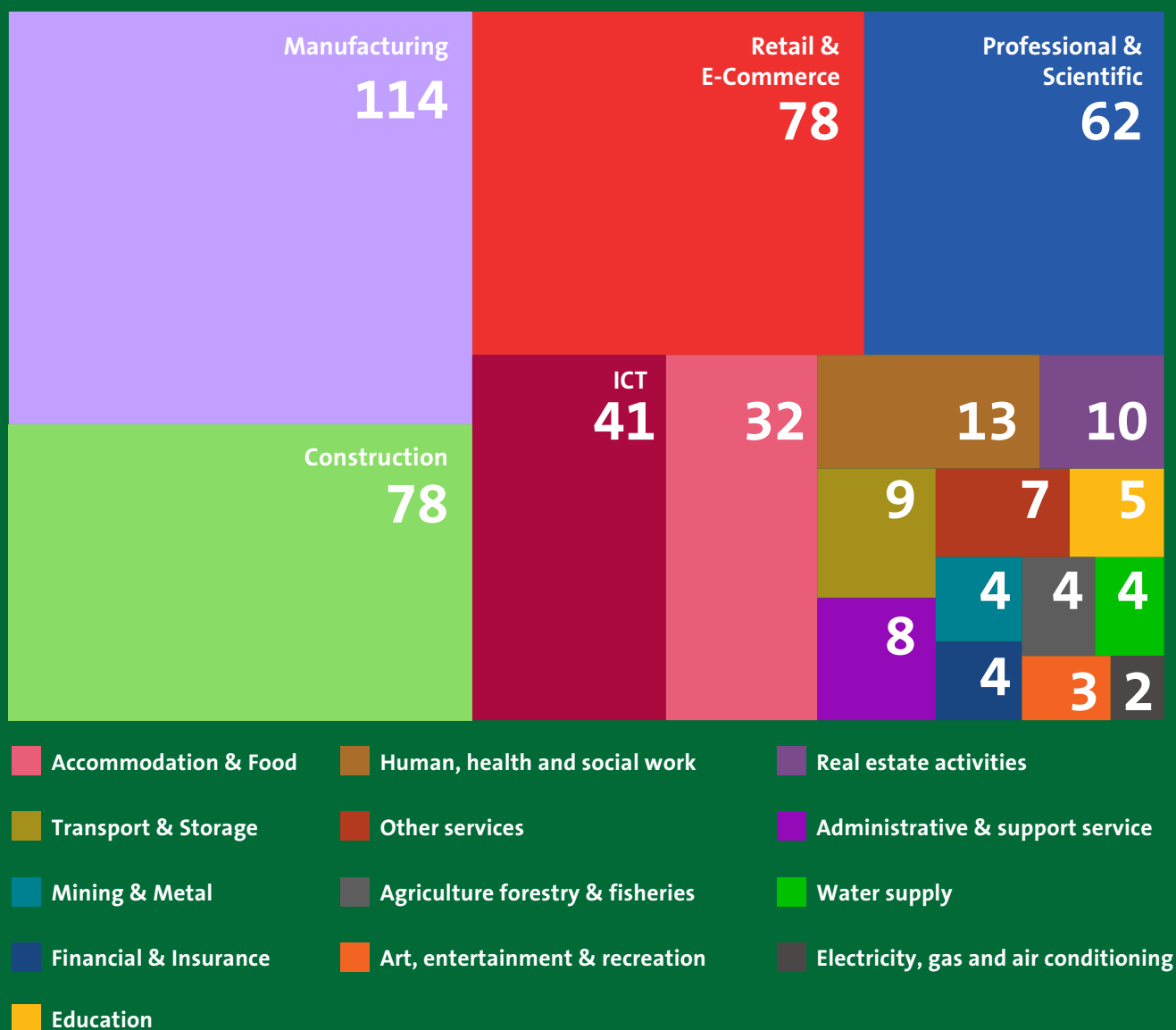


The **manufacturing sector** was the top recipient with **114 new investment licenses** in Q1 2021, showing the continued momentum in Kingdom's economic diversification efforts. **Construction (78)**, **retail & e-commerce (78)**, and **professional & scientific (62)** sectors followed the manufacturing industry as top recipients of new licenses throughout the quarter.

The annual increase among top new investment areas was starkest in **retail & e-commerce**, where the number of new licenses awarded by MISA skyrocketed by **151.6% compared to the same period in 2020**. This reflected the rapid adjustment of the market in the Kingdom to the **new normal emerging after the COVID-19 pandemic**.

### Number of new foreign investment projects by sector in Q1

Source: MISA





## FDI reaches highest in 5 years

The total amount of foreign direct investment (FDI) inflow to the Kingdom reached **\$5.5 billion** in 2020, with the closing quarter of 2020 seeing the highest number since the end of 2016 as FDI inflows reached **\$1.9 billion**.

### 20.2%

annual increase  
in 2020

### \$1.9 billion

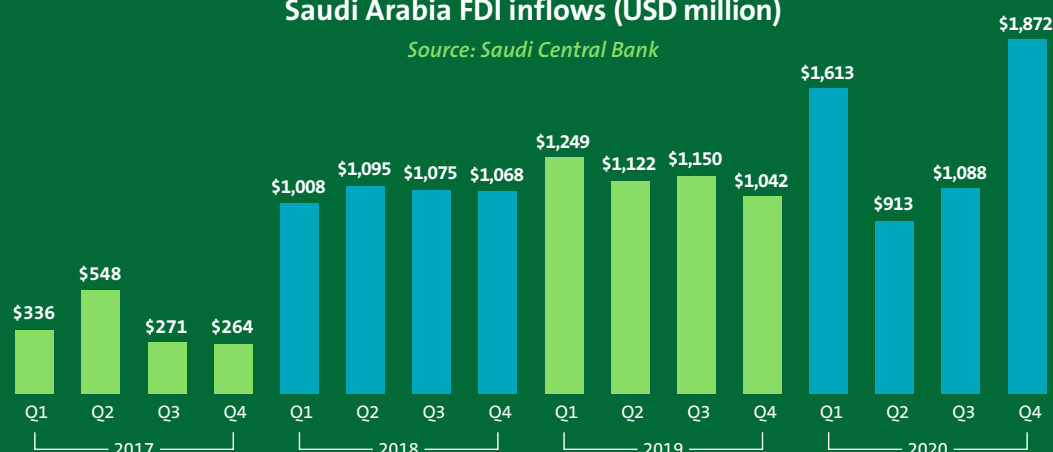
record reached  
in Q4 2020

### 79.7%

annual  
increase in Q4

### Saudi Arabia FDI inflows (USD million)

Source: Saudi Central Bank



## Investments in non-oil manufacturing spike 198% in Q1

After a slowdown in the last quarter of 2020, the month of March witnessed a whopping **\$4.1 billion** in new industrial investments licensed by the Ministry of Industry and Mineral Resources, leading to a 198% overall spike in Q1 2021.



### \$4.7

billion worth of industrial  
investments in Q1

### 202.9%

increase in industrial  
investments  
compared to Q4 2020

### 444.8%

increase in industrial  
investments  
compared to Q1 2020

### 307

new licenses for  
industrial factories  
in Q1

### 9,958

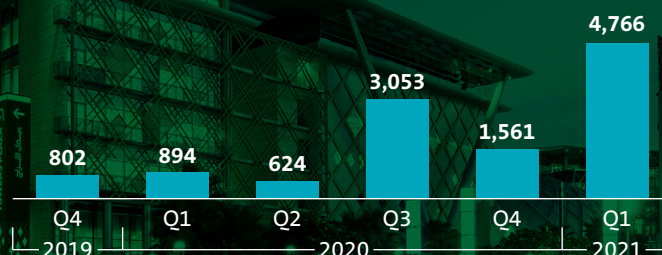
total industrial  
establishments as  
of March 2021

### 9.7%

increase in total industrial  
establishments compared to  
March 2020

**Investment by non-oil  
manufacturing factories  
(USD million)**

Source: Ministry of Industry and  
Mineral Resources



## QFI ownership in Tadawul exceeds \$50 billion

Global interest in Saudi financial assets continued to grow as the ownership by qualified foreign investors (QFI) posted an increase for the fourth consecutive quarter in Q1 2021. QFI ownership in Tadawul rose 19% in Q1 compared to the previous quarter and exceeded the \$50 billion mark. Tadawul continued the momentum it gained after being listed in MSCI Emerging Markets Index in June 2019. The Saudi stock exchange recorded a rise in QFI ownership in 5 out of the 6 quarters ever since.



# \$50.6

billion  
QFI ownership as  
of Q1 2021

# 19%

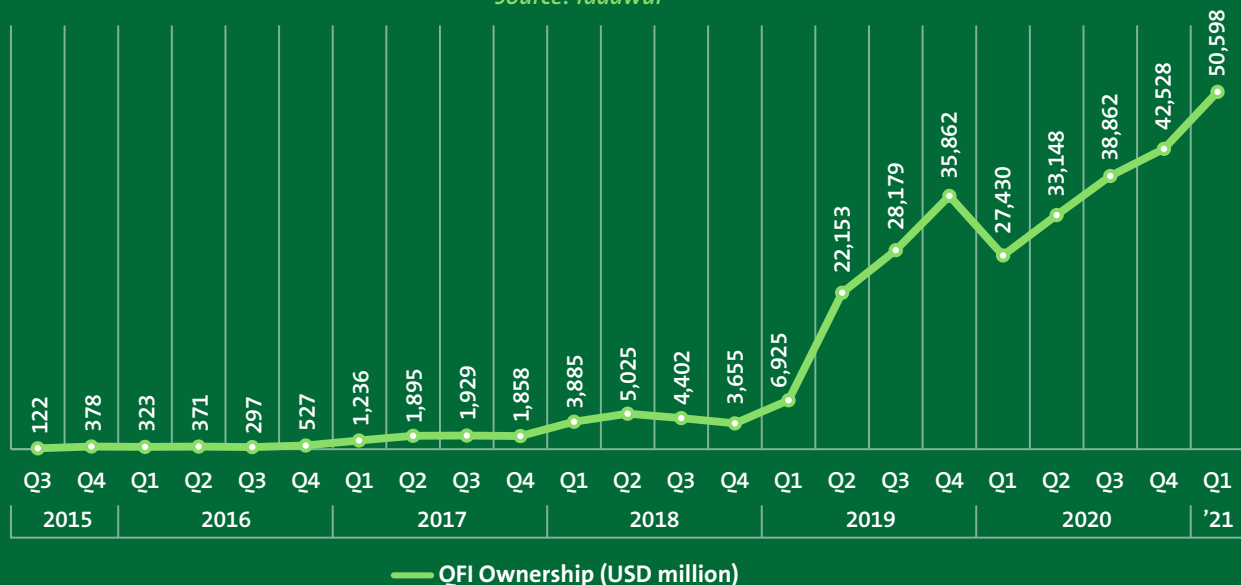
quarterly  
increase in QFI  
ownership

# 84.5%

annual increase in  
QFI ownership

### Foreign portfolio investment flows into Tadawul

Source: Tadawul

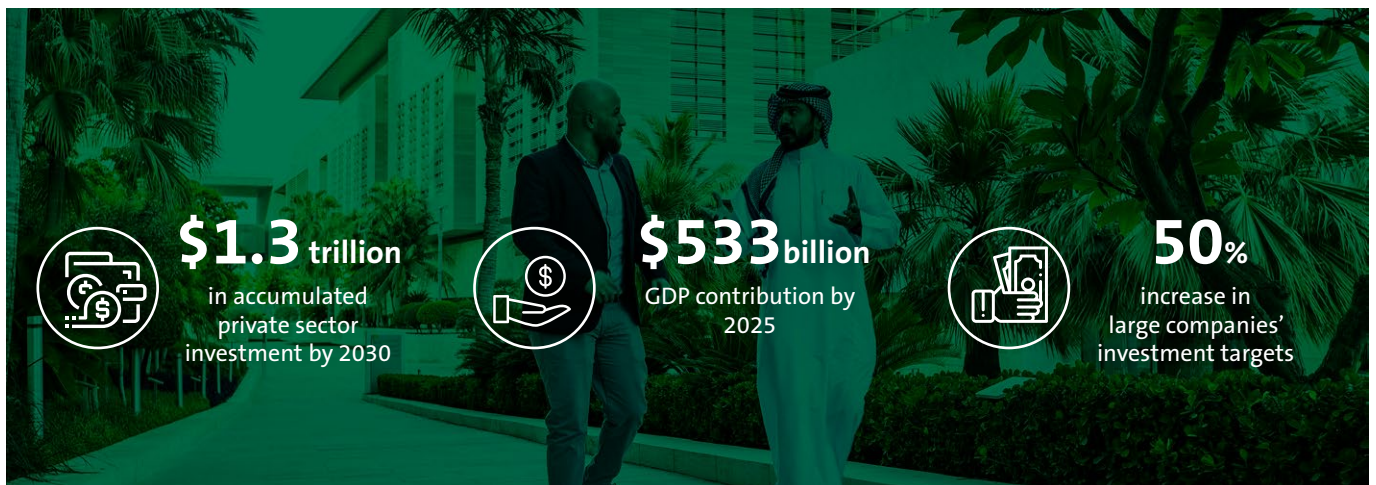




# REFORM HIGHLIGHTS

## Shareek to spur private sector investment

In line with its vision to establish a vibrant and thriving private sector, the Kingdom has announced the launch of “Shareek”, meaning “partner” in Arabic, part of a **\$7.2 trillion investment program** designed to provide solid support for the Saudi economy via financial, monetary, and regulatory means, as well as through asset investment over the next 10 years.



Announcing the plan, Saudi Arabia's Crown Prince Mohammed bin Salman said the Public Investment Fund, the National Investment Strategy and large private sector companies would contribute **\$3.2 trillion in investments through 2030**.

As private sector's contribution to GDP is set to rise to 65% in accordance with Vision 2030 goals, Shareek is expected to create hundreds of thousands of additional jobs through new investments.

## Saudi Arabia launches “Made in Saudi” program



In pursuit of becoming a pioneering industrial power and diversifying its economy further away from oil, Saudi Arabia has launched the “**Made in Saudi**” program in late March. As part of a comprehensive plan to strengthen the private sector's resilience and contribution to GDP, the **Made in Saudi** has the following objectives.

- Support national products and services at a local and global level
- Direct purchasing power towards local goods and services
- Enhance export capacity
- Improve the Kingdom's balance of payments
- Increase private sector's contribution to GDP

## Saudi Arabia approves privatization law

Ranking among the World Bank's top reformers, Saudi Arabia continued its efforts to support and strengthen the private sector participation in the economy by announcing the **Private Sector Participation (PSP) Law** in mid-March.



In pursuit of Vision 2030 target to increase private sector's contribution to GDP from 40% to 65%, the new PSP law aims to accelerate private sector participation in **infrastructure projects**, as well as in **delivering public services to citizens and residents**, by supporting Public-Private-Partnerships (PPP) and the privatization of public sector assets.

**16**

largely untapped sectors  
targeted for privatization

**160**

potential initiatives across  
different sectors

According to the National Center for Privatization & PPP (NCP), the key goals of Private Sector Participation law are:

- Reducing the government's capital budget
- Leveling the distribution of risk between public and private sector
- Raise the level of transparency
- Ensure fairness and integrity of procedures for tendering PPP&P contracts
- Protecting the rights of the private partners

The PSP is further expected to support the Vision 2030 strategy by contributing to improved spending efficiency, economic diversification, sustainable development, and increasing competitiveness in the economy.



## Saudi Arabia to become the top destination for regional headquarters

Saudi Arabia has stepped up efforts to establish itself as a competitive **hub for global companies' regional headquarters**, with the capital city of Riyadh leading the way as the Kingdom enrolls new incentives for foreign companies to carry out their operations from the country.

The move to establish Saudi Arabia as a regional headquarter hub includes special incentives and exemptions that will soon be announced, along with the planned establishment of Special Economic Zones (SEZs).

**25 companies** have already signed MoUs with the Ministry of Investment (MISA) to move their regional headquarters to Saudi Arabia.



## The Green Saudi and Green Middle East initiatives to transform the region

Saudi Arabia has taken the lead to establish two initiatives to transform the face of the region, and to take its environmentally friendly policies one step further: The **Green Saudi** and **Green Middle East** initiatives.

### Key targets



**10**  
billion trees  
to be planted  
within the  
Kingdom



**40**  
billion trees  
to be planted in  
the Middle East in  
cooperation with  
other governments



**200**  
million hectares  
of degraded  
land to be  
restored in the  
Middle East



**4%**  
reduction  
in Kingdom's  
contribution to  
global carbon  
emissions



**10%**  
reduction  
in global carbon  
emissions  
through the  
joint initiatives

The new initiatives will be complementary to Saudi Arabia's sustainable energy goals under the Vision 2030 program, as well as the environmental declaration issued during the Kingdom's G20 presidency last year. Through the declaration the Kingdom had already adopted Circular Carbon Economy concept and established the first environmental taskforce.

# SECTOR HIGHLIGHTS - HEALTHCARE & LIFE SCIENCES

## Sector Outlook

The Healthcare and Life Sciences is one of the most significant sectors in the Kingdom representing a massive amount of investment opportunities supported by significant population and market growth factors. Saudi Arabia currently has a **population of 35 million, nearly 60% of whom are under the age of 35**, representing an incredible market demand not just today, but also for the future.

One of the unique aspects that makes healthcare and life sciences sector vital in the Kingdom is its commitment under **Vision 2030** goals to increase the quality of life for the Saudi population. In fact, **Health Sector Transformation Program** has been announced as one of the **Vision Realization Programs (VRP)** to ensure continued development of healthcare services in the Kingdom.

### Health Sector Transformation Program objectives

- 1** Facilitating access to healthcare services
- 2** Improving the quality and efficiency of healthcare services
- 3** Promoting prevention of health risks
- 4** Enhancing traffic safety

### Health Sector Transformation Program 2025 commitments

- 88%** of the population, including those in rural areas, will be covered by inclusive health services
- 100%** of the population will be covered by the unified digital medical records system

### Saudi Arabia's 2021 healthcare and social development budget

- 18%** Kingdom's 2021 budget will be spent on healthcare and social development
- 4.6%** increase in 2021 budget allocation compared to 2020
- \$47 billion** to be spent on healthcare and social development compared to \$44.5 billion in 2020

### The Kingdom's healthcare and life sciences sector includes three sub-sectors



#### Medical technology sub-sector

**\$3.5 billion**  
market size

**39%** of MENA market share in medical technology



#### Pharmaceutical sub-sector

**\$8.5 billion**  
market size

**37%** of MENA market share in pharmaceuticals



#### Medical services sub-sector

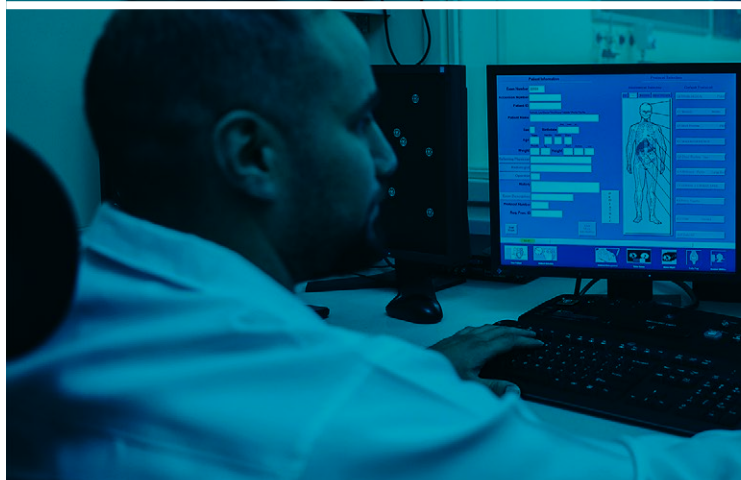
**\$43 billion**  
market size



## Investment opportunities in the HCLS sector



### Long Term Care



**1,000**

bed capacity long  
term facilities  
construction  
over 5 years

**12%**

expected internal  
rate of return with  
an investment of  
\$300 million

**14.8%**

billion market  
size expected  
by 2026

**1.3%**

expected  
CAGR through  
2026



*Download the full  
opportunity here*



### Prosthetics



**11%**

expected internal  
rate of return with  
an investment of  
\$7.2 million

**\$144**

million market size  
expected by 2023

**8.4%**

expected CAGR  
through 2023



*Download the full  
opportunity here*



## Why Saudi Arabia is the destination for HCLS investments

**35**  
million population  
with 58% under the  
age of 35

**100%**  
foreign  
ownership of  
investments

**#1**  
largest healthcare  
sector in Middle  
East and North  
Africa (MENA)  
region

**35%**  
overall  
contribution by  
private sector in  
2030, up from  
25% in 2016

**22**  
beds per 10k people  
vs 29 in developed  
countries, showing  
promising room for  
expansion

### Strong infrastructure and promising opportunities for privatization

Healthcare  
facilities



**494+**  
hospitals

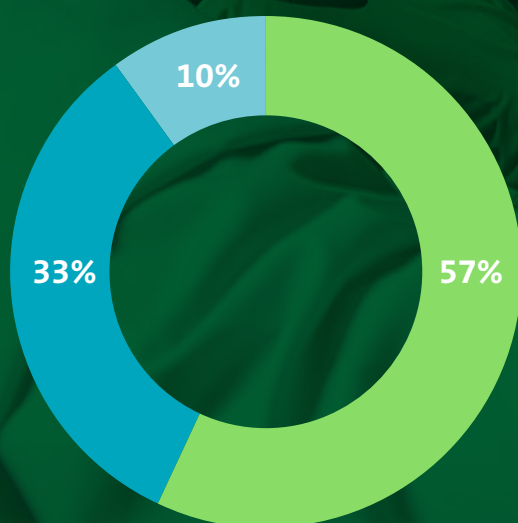


**75k+**  
hospital beds



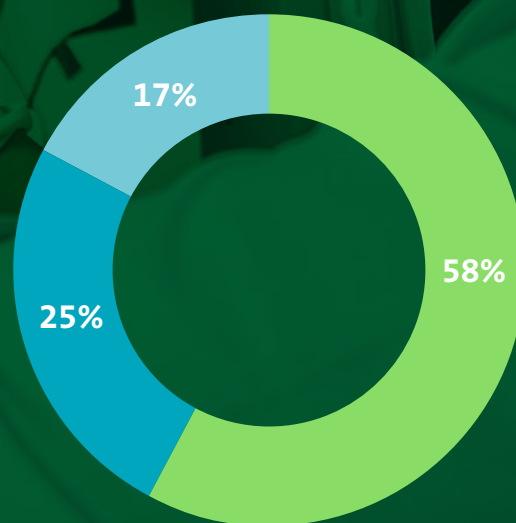
**5k+**  
clinics

Hospitals in Saudi Arabia



Ministry of Health Private  
Other government entities

Hospital beds in Saudi Arabia



Ministry of Health Private  
Other government entities

## Who is here already?

### Novo Nordisk

The Danish multinational plans to invest around \$220 million over the next 5 years, including a joint venture partnership with local biopharmaceuticals manufacturer SAUDIBIO to produce Novo's insulin products. In Q3 2020, Novo celebrated the first "Made in Saudi" insulin in the industrial city of Sudair.



### MSD

The American pharmaceutical giant plans to invest more than \$125 million to expand its activities in the Kingdom, including the manufacturing of 20 products in their portfolio in a joint venture partnership with Saudi company Dammam Pharma.



### Johnson & Johnson

The American multinational Johnson & Johnson (J&J) signed three memorandums of understanding (MOU) with SaudiVax, KAUST, and Spimaco to develop local R&D departments and to localize four products of J&J's portfolio in Saudi Arabia.





# INVESTOR HIGHLIGHTS

## Investor story spotlight

### Roche steps in to enable healthcare sector's growth in the Kingdom



Saudi Arabia's Ministry of Investment and Roche Products Saudi Arabia (RPSA) signed a Memorandum of Understanding (MoU) in early February to enhance a strategic partnership to strengthen the Kingdom's healthcare value chain.

#### Under the MoU, MISA and Roche will:

- Enable the industry's growth potential by facilitating investment opportunities
- Build capacity of local talent
- Develop policy and regulation to improve sector's performance
- Enhance healthcare delivery by establishing public-private partnerships

Ever since it was registered as a 100% foreign-owned legal entity in Saudi Arabia in late 2017 and went fully operational in 2018, Roche has increased their traditional portfolio sales up by 45% in 2020.

The MoU is expected to unlock the following investment opportunities:

- Developing training sites
- Developing hybrid models with academia
- Advanced medical diagnostics
- Digital healthcare solutions
- Local manufacturing facilities



## Project Groundbreakings and Case Studies

### Energy

#### France's Engie to invest further \$6.3 billion in Saudi by 2025



France's energy giant Engie announced in January that they will invest a further \$6.34 billion in Saudi Arabia by 2025. The conglomerate's new investments will come on top of the already existing assets and projects of over \$8 billion in the Kingdom. According to the announcement, Engie also aims to more than double its workforce in the Kingdom to bring it to over 5,000 by 2025.



#### Japan's Marubeni eyes 2023 for first Saudi megasolar plant



**Marubeni**

Japan's Marubeni has formed a joint venture to open a megasolar plant in Kingdom's Mecca Province by June 2023. The 300-megawatt-capacity plant will be jointly developed with the Saudi utility company Al Jomaih Energy & Water. Of the new venture, Marubeni will hold 50.1% of the shares, while Al Jomaih Energy & Water will hold the rest. The project, Marubeni's first in Saudi and fourth in the Middle East, will receive \$156 million of funding from three different banks including Japan Bank for International Cooperation.



### Transport & Logistics

#### MAWANI links Jeddah with Indian Ocean, North Europe ports



The Saudi Ports Authority (MAWANI) announced in January the launch of a new shipping line to Jeddah Islamic Port, which links Europe and the Mediterranean to the Middle East and the Indian subcontinent through North Africa. The new shipping line comes as part of continued strategic partnerships with shipping lines including Hapag-Lloyd, CMA, CGM, COSTCO, and Ocean Network Express. The new line will provide a service consisting of seven ships, with a capacity of 8,500 standard containers for each vessel, approximately 48 vessels per year.



#### Hutchison Ports signs agreement to operate Jazan Port



**HUTCHISONPORTS**

Hutchison Ports signed an agreement with Royal Commission for Jubail and Yanbu (RCJY) in February for the operation of Jazan Port, which will see the commencement of commercial operations in the first phase in 2021. The 540-meter-long berth of cargo and dry bulk terminals will fulfill the increasing immediate demands of tenants in Jazan City for Primary & Downstream Industries in the Kingdom.



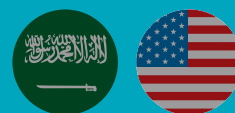


## Entertainment

### Warner Music Group buys minority stake in Saudi's Rotana Music



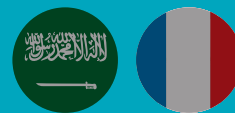
Warner Music Group (WMG) has bought a minority stake in the Middle East's largest record label, Rotana Music, in February. Estimated to be around \$200 million, the deal will expand the American record label conglomerate's presence in the Middle East and North Africa (MENA) region.



### Webedia Esports Agency acquires SaudiGamer.com



France-born international gaming and esports platform Webedia Esports Agency has acquired SaudiGamer.com through its local arm, Webedia Arabia Group. The acquisition is expected to expand SaudiGamer.com's more than 9 million pageviews by over 2 million users.



### Cinepolis Cinemas to invest \$300 million in Saudi over next 5 years



Mexico's Cinepolis Cinemas has announced in January plans to invest \$300 million to expand its presence in Saudi Arabia over the next 5 years. In addition to the recruitment of more Saudi nationals in the entertainment industry, the world's third largest movie operator aims to launch 200 new screens by 2023 in the Kingdom.



## Industrial & Manufacturing

### SsangYong Motor Co. to help put first Saudi-made car on the road by 2022



The Royal Commission in Jubail started developing the infrastructure required to attract three global automakers, expecting the first Saudi-made car in 2022. The move comes in coordination with the South Korean SsangYong Motor Co. through setting up a car assembly center. The Royal Commission is said to eye around \$10.7 billion in direct investments to the automotive industry by 2040, expecting 27,000 jobs provided by the sector.





## Food and Beverages

### Al Raha Al Safi Food acquires First Milling Company for \$540 million



AlRaha AlSafi Food Co, consisting of Almutlaq Group, AlSafi Holding Co., Abunayyan Trading Co. and Essa Al-Ghurair Investment LLC, acquired the First Milling Company (MC-1) for a fee of \$540 million. The acquisition was representative of the private sector's growing participation in one of the Middle East's largest flour markets.



## Entrepreneurship & Innovation

### Foodics raises \$20 million in Series B funding



Saudi-based food and beverage retail and restaurant management firm, FOODICS, has raised \$20 million in Series B funding. With the new capital infusion in February, the company is expected to expand its international footprint as well as its fintech offering.



### Hala receives \$6.5 million funding to increase its POS base



Saudi Arabia's successful Fintech startup, Hala, has moved one step closer to establishing itself as a digital bank for small and medium enterprises (SMEs), after it has raised \$6.5 million in Series A funding round. With this new round of cash infusion in March, Hala is expected to increase the already more than 20,000 merchants using its POS devices with an average transaction volume of more than \$100 million across the Kingdom.



## Retail

### Amazon to create more than 1,500 jobs in Kingdom in 2021



The global retail behemoth Amazon announced in March that it will add 11 new buildings and create more than 1,500 jobs in Saudi Arabia in 2021. With this latest round of investment, Amazon fulfillment centers' storage capacity will expand by 89%, while its delivery network area across the Kingdom will also expand by 58%.





# MEGA-PROJECT HIGHLIGHTS

## THE LINE at NEOM: A revolution in urban living



Saudi Arabia's Crown Prince Mohammed bin Salman revealed an innovative approach to urban living under the umbrella of the Kingdom's one of the largest giga projects, NEOM: THE LINE. The project will combine connected communities to a natural landscape, in a linear city powered by 100% renewable energy.



**380,000**  
new jobs by 2030



**\$48 billion**  
contribution to  
domestic GDP by 2030



**1 million**  
residents by 2030



**170 km**  
of green  
urban  
development



**4**  
distinctive  
ecologies



**95%**  
land conservations to  
enhance livability and  
environmental protection



**5 million**  
tourists by  
2030

In addition, in March, NEOM appointed international SOS - Al Rushaid to create state-of-the-art health and wellness center scheduled to open by the end of the first half of 2021. The smart and sustainable healthcare center will provide health and wellbeing services to the NEOM community.

## AlUla announces masterplan to reveal 200,000 years of heritage

الهيئة الملكية لمحافظة العلا  
Royal Commission for AlUla



The Royal Commission for AlUla announced a masterplan to preserve the "world's largest cultural oasis" and to make 200,000 years of heritage in AlUla more accessible for the world.

**Journey Through  
Time Masterplan**



**\$32 billion**  
contribution to GDP by 2035



**38,000**  
new jobs created by 2035

**AlUla assets  
by 2035**

**5**

districts

**5**

heritage sites

**15**

cultural assets

**5,000+**

hospitality keys

**9km**

of regenerated  
cultural oasis

**10**

million sqm of  
green and public  
spaces

**20km**

of public realm  
– The Wadi  
Hospitality

**46km**

of low-carbon  
tramway

In addition to knowledge and archeological centers, the project aims to create Arts Districts, Oasis Living Gardens, Incense Museum and Gardens.

## The Red Sea Project launches the 'Coral Bloom' resort



In pursuit of becoming a brand-new touristic destination, The Red Sea Project launched the Coral Bloom resort designed by Foster + Partners to develop a luxurious tourist destination built on Shurayrah Island.

The project, announced in February, is set to lay new standards in sustainability and contribute to Saudi Arabia's commitment to tourism. Upon completion in 2030, The Red Sea Project will comprise of

<b>50</b> resorts	<b>8,000</b> hotel rooms	<b>1,300</b> residential properties	<b>22</b> islands	<b>6</b> inland sites
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In addition, The Red Sea Development Company (TRSDC) signed an agreement with Zain KSA to introduce telecommunications and internet services on site during the construction phase over the course of 5 years. This makes the Red Sea Project the first construction zone to have 5G coverage in the Middle East.

TRSDC has also awarded the first IoT contract to MachinesTalk in March 2021 to ensure safety and security for the construction workforce and vehicles.

- 36,000 construction workers equipped with smart badges
- 3,000 vehicles equipped with wireless tags
- Real-time and map-based remote tracking of workers and vehicles with heatmaps
- 3,500 km2 LoRaWAN network coverage

## Qiddiya begins design of world's fastest roller coaster

Qiddiya Investment Co. (QIC), in partnership with Swiss company Intamin Amusement Rides, began the design process in early 2021 for Falcon's Flight, the world's longest, fastest, and tallest coaster located at Six Flags Qiddiya theme park. It will travel across 4km, feature a vertical cliff dive into a 160m-deep valley, and achieve speeds of more than 250 km/h.



Further, it was also confirmed in February that the golfing legend Jack Nicklaus will design a signature private championship golf course at Qiddiya. Construction by Nicklaus Design will commence later this year and will be the company's first golf course in Saudi Arabia. The course will include a high-end resort hotel and spa, as well as exclusive residences, and will be built to international standards, with a view to hosting the most prestigious international championships in the near future.



## PIF's ROSHN to develop over 4,000 homes in Riyadh community project phase one



—ROSHN—

The Public Investment Fund's ROSHN announced in February that it's aiming to deliver its mandate to provide thousands of community homes in cities like Makkah, Riyadh, Eastern Province, and Asir. First phase of the project will see the completion of 4,000 homes in Riyadh.

**4,000**  
residential units  
in phase one

**\$933** million  
worth of contracts in  
phase one

## Saudi Arabia launches Soudah Development Company with \$2.9bn investment

شركة السودة للتطوير  
Soudah Development Company

The Kingdom announced the injection of \$2.9 billion into infrastructure and tourism projects in February to develop the Soudah Development Company in the Asir region. Through this launch, PIF aims to enhance the visitor experience in Soudah and parts of Rijal Alma'a by leading the development of a luxury mountain destination. Covered with dense juniper trees at over 3 thousand meters above sea level, Soudah will be developed into one of the attractive touristic destinations in the Kingdom.

**\$8** billion  
contribution to Saudi  
Arabia's cumulative  
GDP by 2030

**8,000**  
direct and indirect  
permanent jobs by  
2030

**2** million  
visitors  
annually

**2,700**  
hotel rooms

**1,300**  
residential units

**30**  
unique commercial  
and entertainment  
attractions



# OPPORTUNITY HIGHLIGHTS

## Sector Tourism & Quality of Life



### Theme parks development

Investment requirement

**\$1.9 billion**

#### Project description:

Opportunity to build and operate 15 theme parks in 13 cities in Saudi Arabia to expand the current offering in large cities and create new centres in smaller cities. The opportunity is in line with recent government initiatives to boost tourism and hospitality in the Kingdom, including the launch of tourist visas. Theme parks are high in the list of preferred entertainment activities among Saudis. Cumulative spending in Saudi Arabia's entertainment sector is expected to reach \$58 billion by 2030 and total amusement park visits are estimated to increase from \$6 million in 2019 to \$21 million by 2030.

## Sector Tourism & Quality of Life



### Waterparks development

Investment requirement

**\$720 million**

#### Project description:

Opportunity to build and operate 6 waterparks in 5 cities in Saudi Arabia. In line with Vision 2030, Saudi Arabia aims to become an international entertainment destination, raising the quantity and quality of offerings for locals, expats and tourists. Saudi Arabia's entertainment sector is expected to rapidly grow to reach \$9.6 billion in 2030 at a CAGR of 18.3%.

## Sector Tourism & Quality of Life



### Family Entertainment Centers development

Investment requirement  
depending on  
individual project

#### Project description:

Opportunity to build and operate 21 Family Entertainment Centers (FECs) in 3 large cities, 20 FECs in 3 medium cities, and 41 FECs in 7 small cities in Saudi Arabia. The operator can choose from multiple investment models including full private investment, public-private-partnership and pure operation model with government ownership. The global FECs market stood at around \$21 billion in 2019 and is forecast to grow at a CAGR of around 10.9% during 2021-2026.

# UPCOMING EVENTS

**September  
1-3** | International Hotel  
Investment Forum (IHIF) 2021

**September  
7-8** | MIPIM

**September  
14-17** | Defense and Security  
Equipment International

**September  
26-28** | Global Health  
Exhibition

**October  
5-7** | WETEX and Dubai  
Solar Show

**Nov.30-  
Dec.02** | Enlit Europe

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## MISA COVID-19 Response Center (MCRC)

We have established the MCRC to support you during this challenging time. The MCRC gathers FAQs that will support the continuity of your business during the pandemic.

You can contact the MCRC 24/7:

Email: [InvestorCare@MISA.gov.sa](mailto:InvestorCare@MISA.gov.sa)

WhatsApp: +966 11 203 5888