

Investment Highlights

A special report by SAGIA - Spring 2019

Outstanding number of new foreign investor licenses granted in Q1 2019.

- 267 foreign firms established operations in Saudi Arabia in Q1 2019
- New foreign firms up 70% on the same period last year
- Over 4 new foreign investor licenses issued per day on average

Inside this report:

- New licenses figures
- Top countries of origin
- Top sectors of new investment
- Major projects and opportunities

Opening Remarks



Ibrahim Al Omar
Governor, Saudi Arabian General Investment Authority (SAGIA)

As we celebrate this milestone in our country's development, I am proud to say that 2019 has had a very strong start. The number of new international companies founded in Saudi Arabia grew by 70% in the first quarter of the year compared to the same period in 2018. This is the highest number of new foreign investor licenses awarded in a single quarter since 2010. Of these companies, 70% are 100% owned by foreign entities, with fantastic success stories in newly opened sectors such as education and healthcare. The remaining 30% represent joint ventures with local investors, helping to create profitable partnerships that further invigorate the private sector at home.

These exciting results confirm that the market is responding well to our efforts to lift restrictions on foreign ownership, adopt faster and simpler business registration procedures, open new license categories, and improve our legal infrastructure to support the business and shareholder communities. They are also an indication of a continuing positive trend in investor activity. Last year, we reported growth in FDI inflows of 127% and a 96% increase in new foreign investor licenses versus 2017.

Under the unified national investment brand "Invest Saudi", we're committed to providing clarity to all those considering investing in the Kingdom. In the following pages, we're proud to present some of the major investment highlights for the year to date, also discussing how they relate to further investment opportunities.

In this special report, we'll cover recent acceleration in privatization and public-private partnerships, as well as the launch of exciting new mega projects and policy programs. We trust you will find this information both useful and illuminating.

These are exciting times for the people of Saudi Arabia. April 2019 marks the three-year anniversary since the launch of Vision 2030—a social, cultural and economic transformation plan that reflects the strengths, capabilities and ambitions of our nation.

For the global investor community, Vision 2030 signals the start of new possibilities. Guided by this ambitious blueprint for the future, the Kingdom is continuing to unlock new investment opportunities and sectors at an unprecedented rate, and we are working hard to implement hundreds of reforms that make it easier for the business community to access these. Today, Saudi Arabia is a strategically located G20 economy with favorable fundamentals, an increasingly attractive business environment and access to a host of greenfield markets and innovative projects that are hard to rival globally.

2018 Highlights



FDI inflows growth 2018:

+127%

vs 2017



New foreign investor licenses growth 2018:

+96%

vs 2017



New foreign entrepreneur licenses 2018:

67

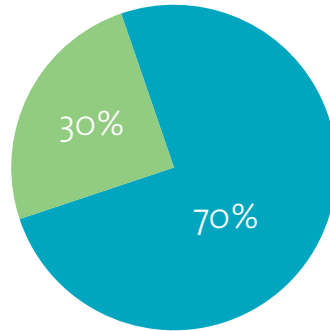
Q1 2019 Highlights

Vision 2030 reforms are delivering results and providing foreign investors with opportunities in untapped sectors



New foreign investor licenses in Q1 2019:

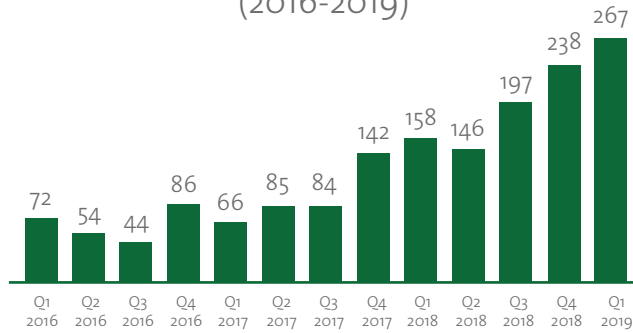
+70%
vs Q1 2018



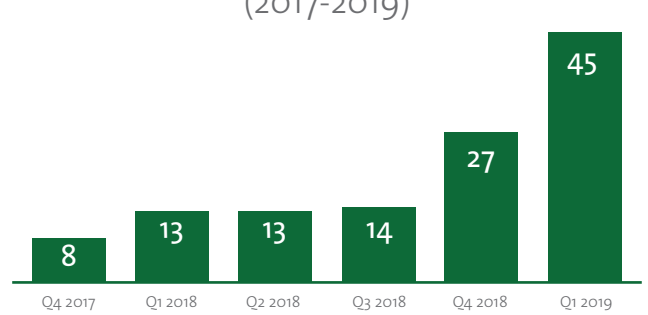
Of which:

- 70% full foreign ownership
- 30% joint venture partnerships with local investors

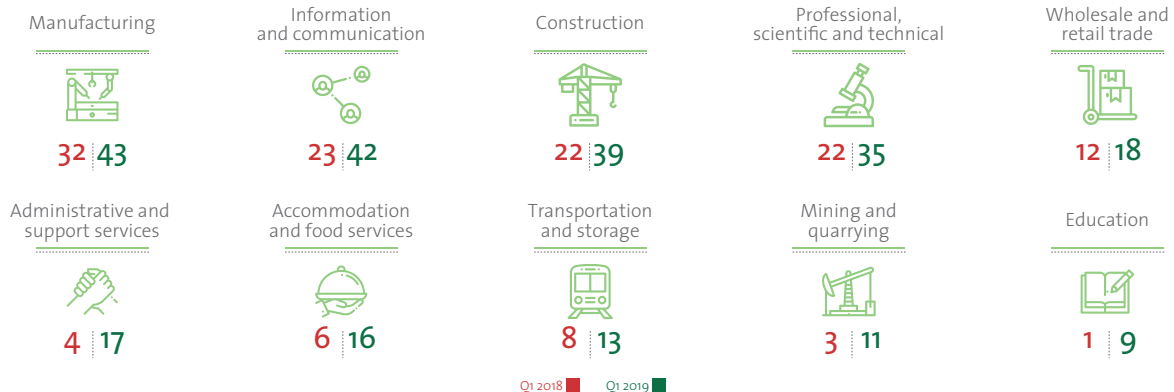
Foreign Investor Licenses - Quarterly (2016-2019)



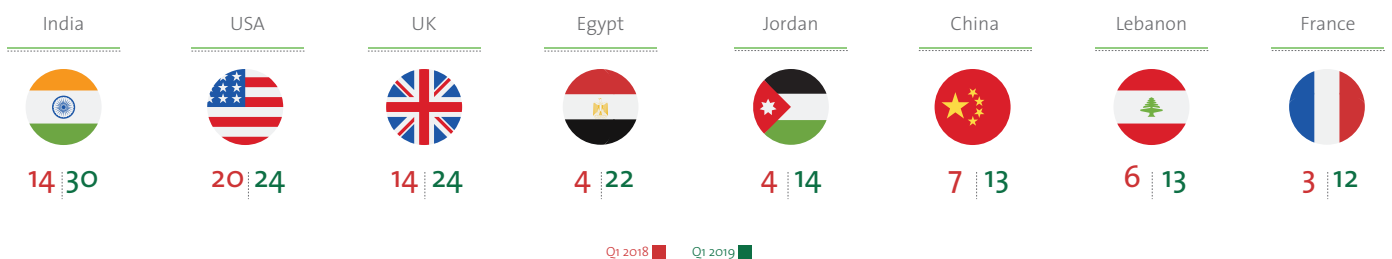
Foreign Entrepreneur Licenses - Quarterly (2017-2019)



Top Sectors



Top Countries



Spotlight: Top Deals of Q1 2019

NMC Healthcare

United Arab Emirates

UAE-based **NMC Healthcare** formed a joint venture (JV) with Hassana Investment Company, the investment arm of the General Organization for Social Insurance. The JV will acquire and develop a pan-Saudi network of healthcare facilities with a capacity of up to 3,000 beds and total **investments up to \$1.6 billion over the coming five years.**

\$1.6 billion



HASSANA
شركة حسانة الاستثمارية

Pan-Asia

China

China-based **Pan-Asia** established the **first 100% foreign-owned petrochemical project in Saudi Arabia.** Upon completion in 2021, the facility will generate 570 new jobs and produce 1.25 million tons of purified terephthalate acid (PTA) per year, in addition to 500,000 tons of polyethylene terephthalate (PET). The **\$1.06 billion investment** represents a significant contribution to the expansion of the oil and gas downstream value chain in Saudi Arabia.

\$1.06 billion



Pan-Asia

McDermott International

United States of America

US-based **McDermott International** signed a **\$500 million investment** deal to establish a fabrication facility within the King Salman International Complex for Maritime Industries in Ras Al-Khair. Expected to be operational by 2022, the facility will conduct large-scale fabrication of offshore platforms and onshore/offshore modules for the oil and gas industry. The project is expected to generate almost **7,000 jobs with a 60% Saudization** rate by 2030.

\$500 million

MCDERMOTT

Saudi India Forum

February 21st

300+

participating entities

11

MoUs signed

4

licenses awarded to Indian investors

60

one-to-one meetings

5

investor workshops



Saudi Chinese Forum

February 22nd

800+ \$28 billion

participating companies

worth of MoUs

35

MoUs signed

4

licenses awarded to Chinese investors

140

one-to-one meetings

8

investor workshops



The 7 Investment Principles

On January 22nd, Saudi Arabia announced the launch of 7 Investment Principles by Royal Decree. These principles were designed **based on global best practices and feedback from international organizations** such as the World Bank and the World Economic Forum.

The principles represent a key regulatory achievement in ensuring a level playing field for investment in Saudi Arabia at the highest level both in terms of regulation and policy. The 7 Investment Principles mark a new era for Saudi Arabia's investment competitiveness built on a foundation of **equality between local and foreign investors**.

For further details on the 7 Investor Principles, please visit www.sagia.gov.sa

NIDL Launch



National Industrial Development and Logistics Program

The National Industrial Development and Logistics Program (NIDL) was launched on **January 28th**. NIDL is the largest of 12 Vision Realization Programs that are successfully driving the implementation of Vision 2030's ambitious targets. The program is expected to stimulate **\$453 billion worth of investment** by 2030.

Key Industry Sectors



Industry



Energy



Mining



Logistics

Main KPIs

\$320 billion
sectors' contribution to GDP

Over **\$186 billion**
sectors' local content contribution

1.6 million
new jobs created

Over **\$266 billion**
volume of Saudi non-oil exports contribution

Over **300 policy initiatives**
130 of which will deliver rapid growth in 2019

Key Incentive Initiatives

- Local content
- R&D and Innovation
- Export Support
- Special Economic Zones
- Financial Enablement
- Industry 4.0
- Human Capital Development

Key Investor Agreements

37 agreements signed worth **\$53 billion**

29 additional agreements announced worth **\$960 million**

\$165 billion
worth of total investments already signed under NIDL*

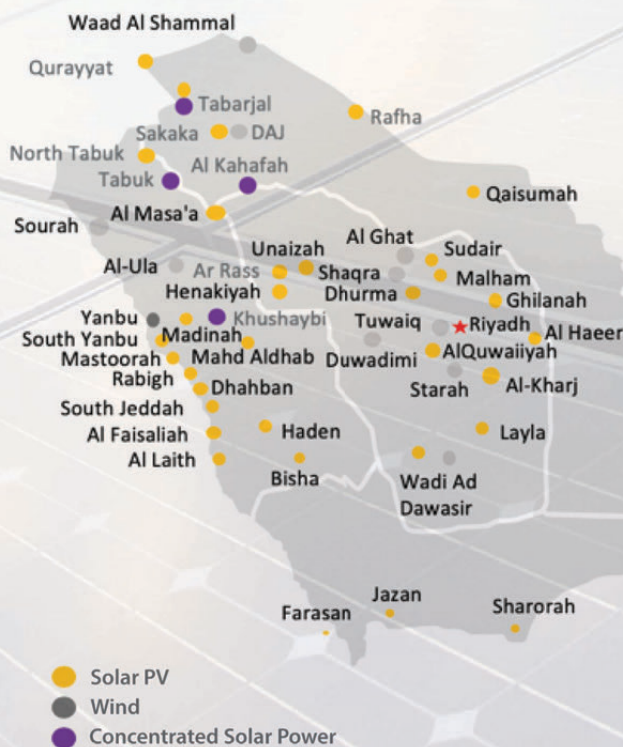
*including deals signed at the Future Investment Initiative 2018

Renewable Energy Opportunities

After the successful awards of the Sakaka PV and Dumat Al Jandal Wind power projects in 2018, the Renewable Energy Project Development Office (REPDO) launched the **second phase of the Kingdom's Renewable Energy Program on January 29th**. The program aims to achieve over 25 gigawatts (GW) of wind and solar power generation capacity in the next 5 years.

REPDO requested **Expressions of Interest for seven solar PV projects** with a combined generation capacity of 1.51 GW. The project will be tendered by mid 2019 to attract a total **investment of \$1.51 billion**.

More than 35 renewable energy parks to be developed by 2030



Source: REPDO

Privatization and Public-Private Partnerships (PPPs)



The first quarter of 2019 saw an acceleration in the Kingdom’s Privatization Program by the **National Center for Privatization and PPP (NCP)**. The program is targeting 23 privatization initiatives by the end of 2020, and 100 by 2030. The **6 PPP contracts** awarded in the first quarter of 2019 are valued at over **\$3.5 billion**.

- Dammam Independent Sewage Treatment Project awarded to a consortium led by **Metito Group** (Lebanon)
- Shuqaiq 3 Independent Water Producer awarded to a consortium led by **Marubeni Corporation** (Japan)
- Jeddah 2 Independent Sewage Treatment Project awarded to a consortium including **Veolia** (France)
- Rabigh 3 Independent Water Producer awarded to a consortium led by **ACWA Power** (KSA)
- Renal Dialysis Project awarded to **Diaverum** (Norway) and **DaVita** (USA)
- Second Cargo Services Station awarded to **SATS** (Singapore)

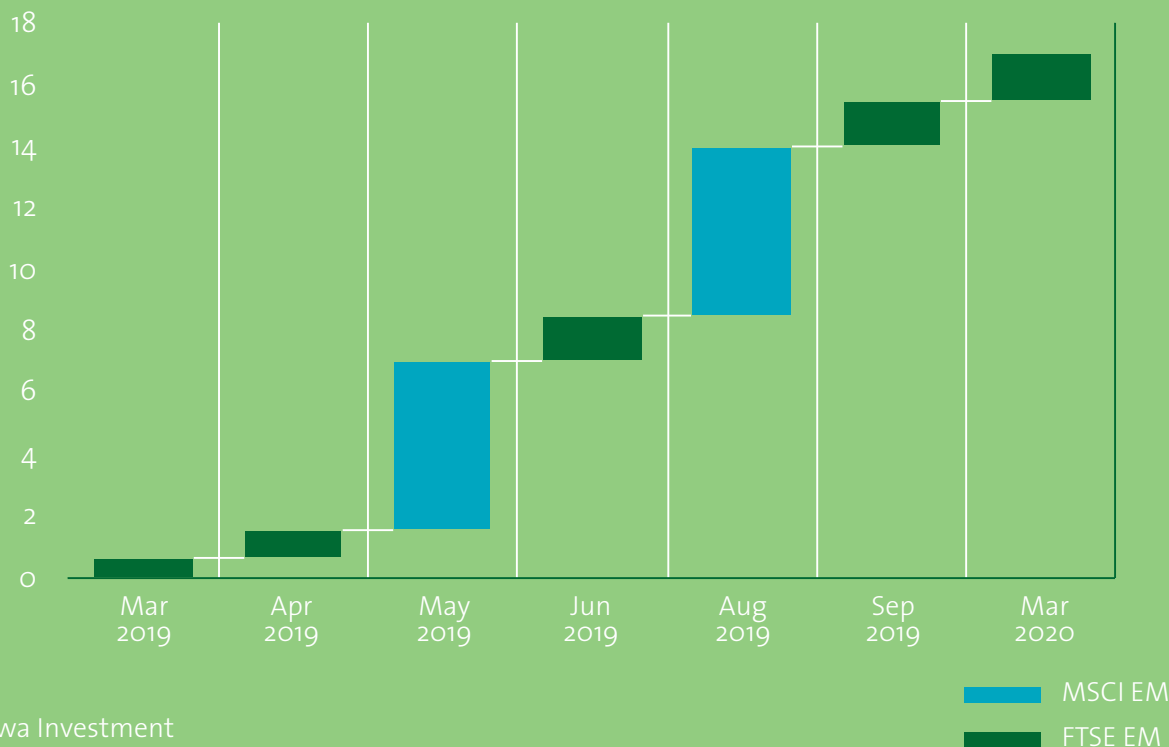
Opportunities to look forward to:

- Educational Buildings Build-Own-Operate-Transfer (BOOT) projects by Q1 2020
- Flour Mills Privatization by Q3 2019
- Saudi Airlines Medical Services Privatization by Q2 2019

Emerging Markets Indices Inclusion

The **Saudi Stock Exchange (Tadawul)** was upgraded to Emerging Market (EM) status by several leading index providers in 2018, including MSCI and FTSE. The inclusion—which began in Q1 2019—will be implemented in stages and is expected to generate inflows of passive capital of up to \$17 billion into the Tadawul between March 2019 and March 2020, as well as up to \$40 billion of active capital flows, according to Jadwa Investment.

Tadawul passive inflows from MSCI EM and FTSE EM inclusion (US\$ billion)

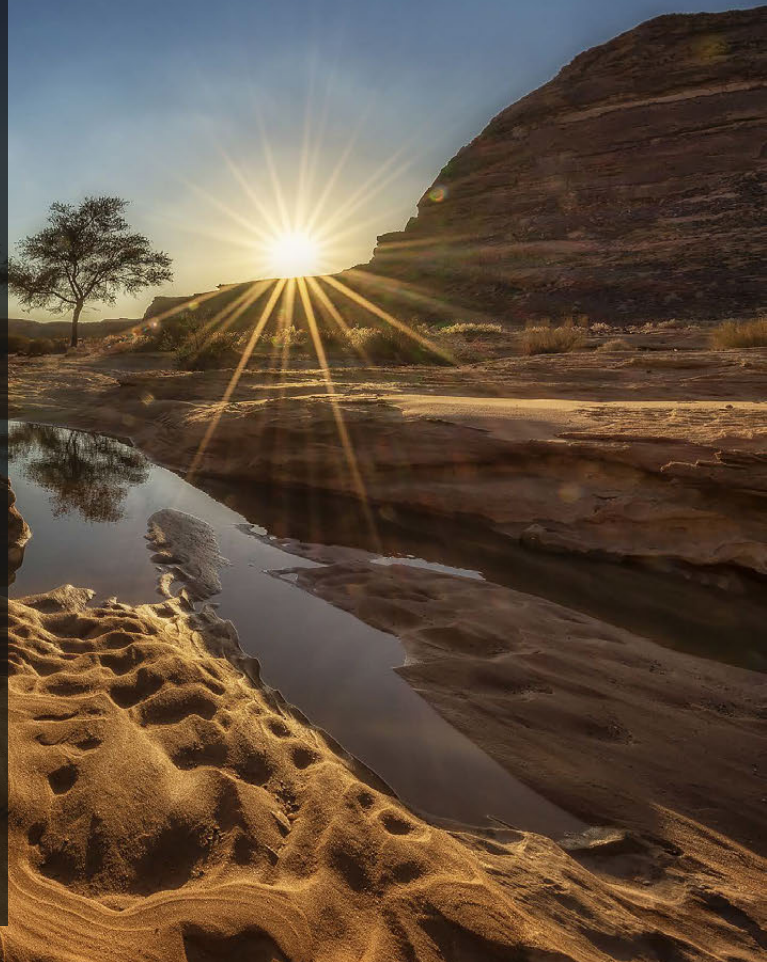


Source: Jadwa Investment

Winter at Tantora in AlUla

The Kingdom is opening its doors to the world. This involves welcoming foreign investors as well as foreign visitors, global personalities and artists. Encompassing this new outlook, the **Winter at Tantora** festival took place in AlUla, an archeological gem in the north-west of Saudi Arabia. Described as one of the world's greatest undiscovered wonders, the site is being developed as a global tourist destination and heritage site.

- Around 37,000 total visitors over 10 weeks from 72 countries
- 11 International and regional artists:
 - International: Andrea Bocelli, Lang Lang, Renaud Capuçon and Yanni
 - Middle East: Omar Khairat, Majida El Roumi, Kazem Al Saher, Elham Madfaie and Majid Al Muhandis
 - GCC: Mohammed Abdo and Rashed Al Majeed
- 28.9 billion impressions in 195 countries across traditional media, social media and direct marketing
- Around 130 international hot air balloon pilots and co-pilots for 65 balloons
- 24 international horse riders from 4 countries (France, Spain, Italy and Uruguay) participated in the King's Endurance Race.



Saudi International in King Abdullah Economic City

The inaugural **Saudi International** took place this year in King Abdullah Economic City on the Kingdom's Red Sea coast. Held from January 31st to February 3rd, the Saudi International was the first European Tour golf tournament ever held in the Kingdom.

- Champion: Dustin Johnson (USA)
- 132 international golf stars—including 4 of the world's top 5 players
- Some 8,500 visitors over the event's week
- Mariah Carey, DJ Tiesto, Balqees Fathi and Sean Paul performed at the event
- Broadcast to a potential audience of 419 million homes worldwide



Quality of Life Progress



Quality Of Life Program

On March 19th the Riyadh Development Authority launched **4 grand projects for the city of Riyadh:**

King Salman Park



Riyadh Art



Green Riyadh



Sports Boulevard



The projects collectively aim to provide a significant contribution to the goal of advancing Riyadh's ranking among the top 100 most livable cities in the world. Spanning an area of more than 13.4 square kilometers, King Salman Park is set to become **the largest metropolitan park in the world** – 5 times larger than London's Hyde Park and 4 times larger than Central Park in New York.

These four projects will be backed by a \$23 billion investment from the Saudi government and are expected to generate some **\$15 billion of private sector opportunities** across sectors including culture, arts, sports, housing, hospitality, and entertainment.

In another noteworthy development, **the Ministry of Culture launched its vision for the development of the Kingdom's culture sector on March 28th**. Guided by this new roadmap, the Ministry will launch 27 exciting new initiatives that will include participation from the private sector and cultural community.



Invest in Saudi Arabia Now

Getting an investor license takes just:



2

documents



3

hours

- Find out more at InvestSaudi.sa
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