

Investment Highlights

Summer 2021

Inside this report

- Opening remarks by Saleh bin Nasser Al Jasser, Minister of Transport and Logistic Services
- Highlights within the transport and logistics services sector
- Analysis on Q2's biggest investor stories across all sectors
- Expert opinion by Issam Abousleiman, Country Director, GCC countries, Middle East and North Africa, The World Bank
- New foreign investment projects during Q2
- Top-three investment opportunities by INVEST SAUDI



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OPENING REMARKS



**Saleh bin
Nasser Al
Jasser**

Minister of Transport
and Logistic Services

The transport and logistics sector is a key component of our efforts to realize Vision 2030. From Hajj and Umrah pilgrimage to leisure tourism, from industry and trade to linking the Kingdom's mega and giga projects, the transport and logistics sector is an enabler of the Kingdom's socio-economic development, as well as a major industry with exciting growth opportunities and pioneering projects.

The potential of transport and logistics sector will only keep growing as a vital contributor to sustainable growth and economic diversification on the Kingdom's path to 2030.

The recently announced National Transport and Logistics Strategy (NTLS) aims to position Saudi Arabia as a global logistics hub, while targeting key strategic goals such as boosting the quality of life in the Kingdom and improving the performance of public entities.

The strategy will focus on enhancing all modes of transport in the Kingdom across air, land, sea, and railways, and will serve as a roadmap for major investments in the sector in partnership with regional stakeholders, international organizations, and private sector companies. The NTLS will also increase competitiveness in the sector and enhance transparency as we turn our sector's goals into solid national achievements.

As a result of these ambitions, the volume of investment opportunities available in the transport and logistics ecosystem is unprecedented. Our vision for the transformation of the sector includes expanding airports, increasing international flight destinations to over 250, developing various modes of transportation, investing in modern transportation technologies, doubling the capacity of ports, raising the quality of roads, and developing railway networks. In short, with the contribution of our government and private sector partners, we will drive an unprecedented transformation across the entire industry.

The \$7 billion Land Bridge project is a key example of the enabling role the transport and logistics sector will play in supporting the national economy, while enabling business in new logistics areas. The project will connect the seaports on the Red Sea coast with those on the Arabian Gulf coast over a land stretch exceeding 1,300 km in length, providing a transportation capacity of over 50 million tons of freight annually. The project will cross modern logistic centers, economic zones, industrial cities, and mining areas along the way, boosting growth in each of them. Because of the competitive and efficient connection it creates across the East and West coasts of Saudi Arabia, the Land Bridge will be one of the most important projects elevating the Kingdom's status to a global logistics hub.

The entire transport and logistics ecosystem – which includes the General Authority for Civil Aviation, the Transport General Authority, the Saudi Ports Authority, the Saudi Railway Company, and, of course, the Ministry of Transport and Logistic Services – is fully dedicated to achieving the ambitious targets set before us. In this journey, the participation of the private sector will be key to ensuring that we follow a path of sustainable growth and we will work constantly to enable unprecedented opportunities for investment and business growth.

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DATA HIGHLIGHTS

The momentum of Saudi Arabia's economic recovery gathered pace in Q2 as the private and the non-oil sectors recorded significant year-on-year (y-o-y) expansions with 11.1% and 8.4% respectively. This robust expansion led to the first annual GDP growth since the beginning of the COVID-19 pandemic, resulting in a 1.8% expansion, despite a 6.9% decline in the oil sector.

The growth experienced in real GDP was also visible in industrial production. Additionally, the value of PoS transactions reached new record highs in August, and foreign-exchange reserves witnessed the highest level in 2021, aided by the recovery in oil prices.

The Kingdom's economic diversification efforts before and during the pandemic were stabilizing factors, becoming the economy's main drivers of growth. Improving macroeconomic conditions compelled global credit rating agency, Fitch Ratings, to revise the outlook on the Kingdom's economy from negative to stable, with a rating of 'A'.

The recovery in macroeconomic conditions and the Saudi government's continuation of the economic diversification efforts were reassuring factors for foreign investors. The number of new foreign investment licenses jumped to 575 in Q2, marking a historical high for the third consecutive quarter. The number of new licenses issued in the first half of 2021 grew 106.7% y-o-y.

FDI inflows witnessed a colossal increase in Q2, reaching the highest figure since late 2010. The spike was mainly due to a \$12.4bn infrastructure deal Aramco closed with a global investor consortium. The total amount of FDI inflows in Q2 reached \$13.8bn, following an inflow of \$1.8bn in the previous quarter. Although the Aramco deal added a significant amount, FDI inflows still showed a remarkable 73% y-o-y increase excluding the deal, showing sustained interest among global investors to tap into Saudi Arabia's incredible investment opportunities.

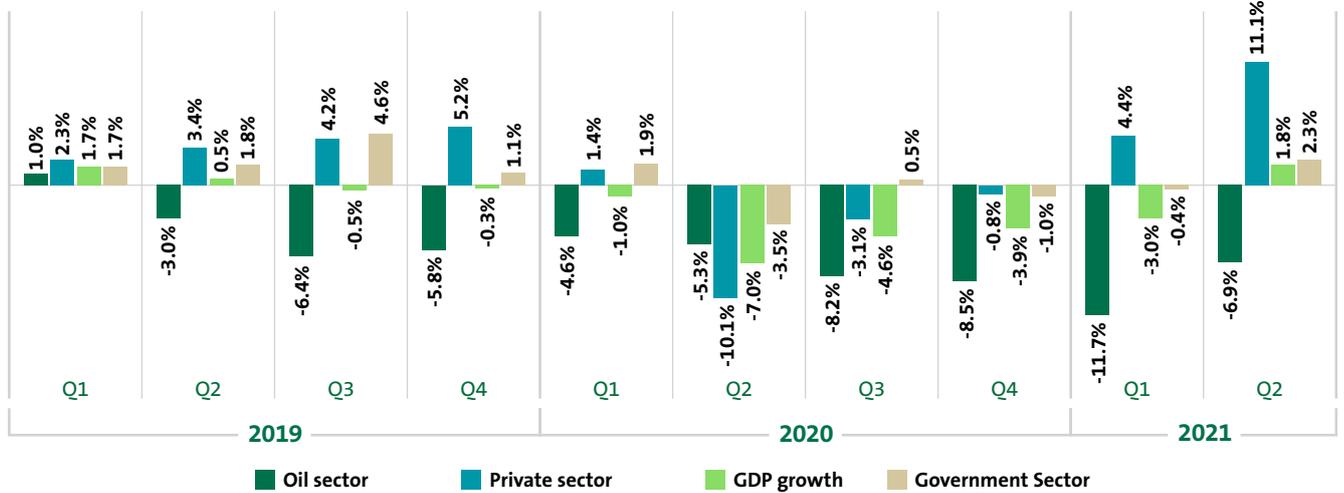
MACROECONOMIC OUTLOOK

Strong private sector performance leads growth in Q2

The Kingdom's real GDP expanded 1.8% in Q2, the first uptick in nine quarters. This expansion also marked the first growth since the beginning of the pandemic. The non-oil sector grew for the second consecutive quarter at an impressive 8.4%, while the private sector also followed Q1's expansion of 4.4% with an 11.1% in Q2. The oil sector continued its descent, posting 6.9% y-o-y contraction.

Real GDP growth in Q2 2021

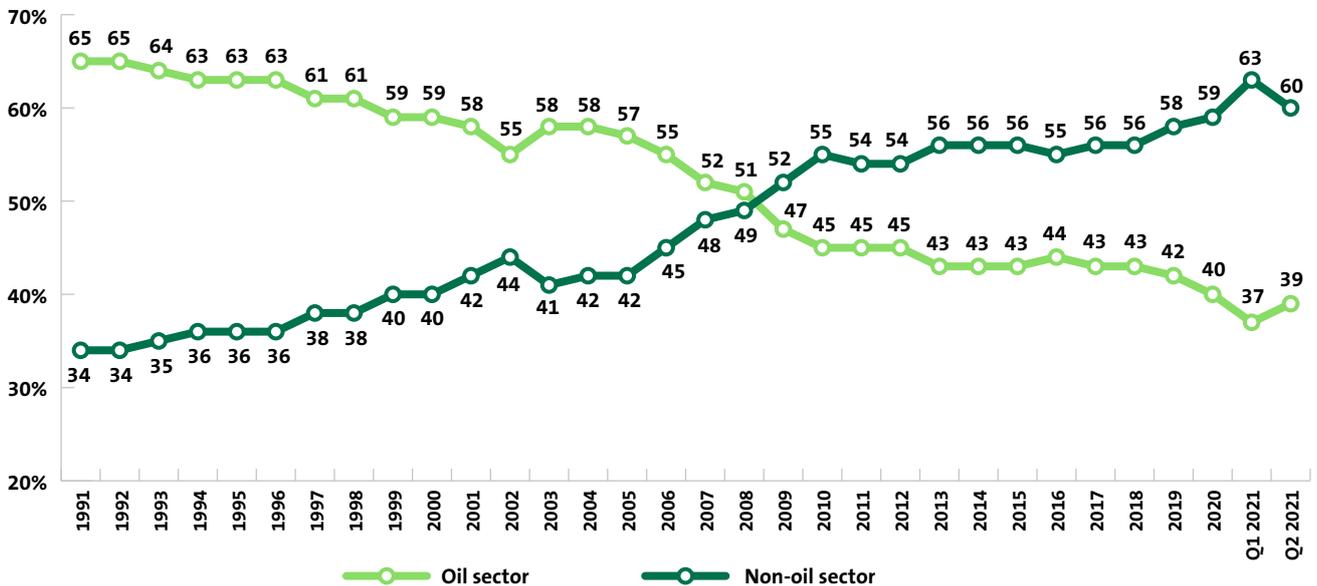
Source: GaStat



Meanwhile, the GDP contribution by the Kingdom's non-oil sector shrank in Q2 to 60%, after seeing an all time high in the first quarter of the year with 63%. The oil sector's contribution to GDP increased over the same period by 2 percentage points to 39%.

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

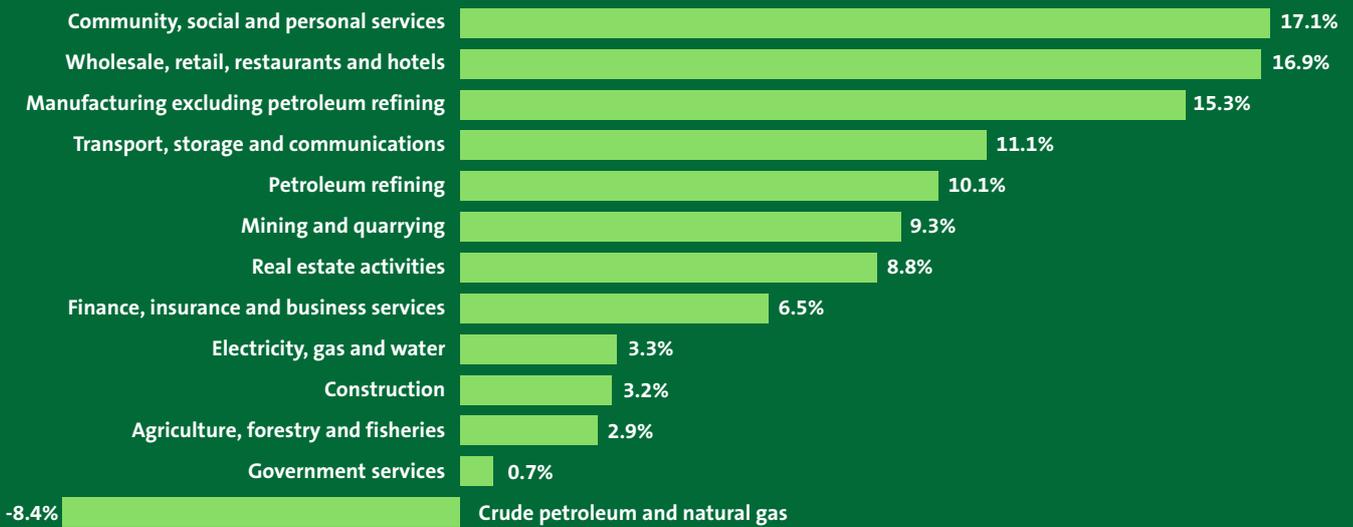
Source: GaStat



The recovery in the private sector was more visible in sectorial breakdown of real economic growth. Five different sectors recorded double-digit growth rates in Q2 with community, social and personal services topping the list with 17.1% growth. Wholesale, retail, restaurants, and hotels were the second fastest growing sectors with a 16.9% expansion, as Saudis increased their visits to restaurants and holiday destinations.

Real GDP growth by economic activity in Q2 2021

Source: GaStat

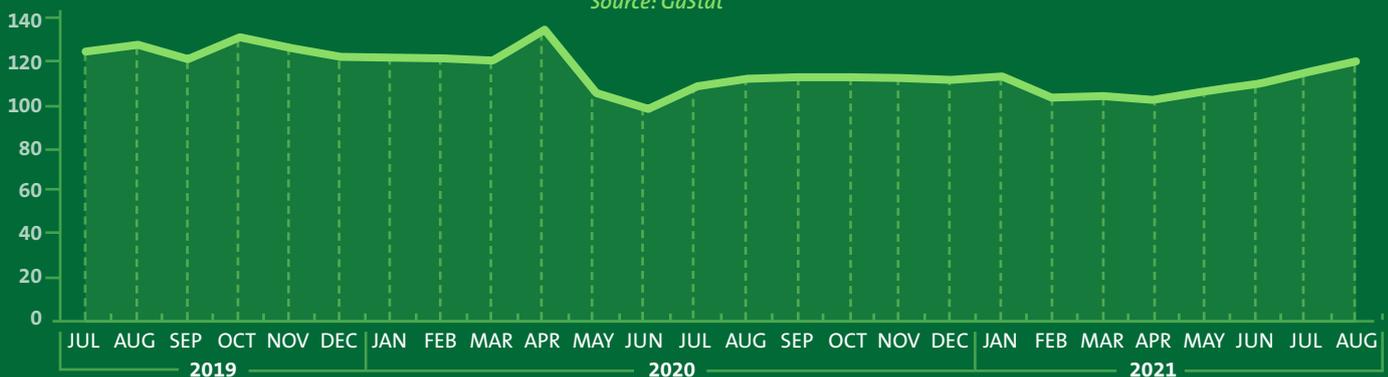


Industrial production grows for 4th consecutive month in August

The recovery in the Kingdom’s industrial production index (IPI) continued for the fourth consecutive month in August, with the index reaching 119. The IPI rose 11.9%, 5.9% and 5.7% in June, July and August respectively, gradually approaching the pre-pandemic level. This surge in IPI was driven primarily by an expansion in mining and quarrying activity, which rose 6.5% in August as Saudi oil production operated at high volumes.

Industrial Production Index (2010=100)

Source: GaStat



Value of PoS transactions break new record in August

Monthly value of point-of-sale (PoS) transactions in the Kingdom sustained its near-record highs through Q2, with a new record high of \$10.9 bn in August. Annual growth of PoS transactions continued to expand each month, with a 23.3% and a 31.5% increase in July and August respectively. Overall consumer spending remained elevated on a quarterly basis, a result of government initiatives to stabilize the economy and track consumer sentiment. The total value of PoS transactions reached \$31.5bn in Q2, equal to 54.1% y-o-y growth and 8.2% q-o-q growth.

Consumer spending indicators (year-on-year change)

Source: Saudi Central Bank

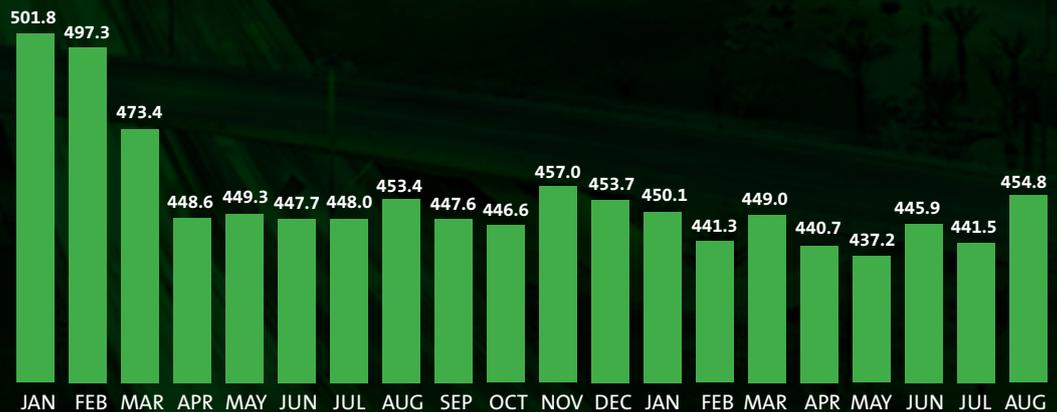


FX reserve assets reach eight-month high in August

Saudi Arabia's foreign exchange (FX) reserves recorded a monthly increase of 3% in August with \$454.8 bn in reserves, reaching the highest level since the beginning of 2021, as gradual recovery in the global oil industry drove higher receipts from sales of the Kingdom's crude oil. With the exception of November 2020, this number also pointed to the highest level since April 2020, when the lockdown measures around the world brought the global economy to a near halt. Saudi Arabia's FX reserves continued to remain among the highest in the world through August, with the Kingdom ranking 6th among G20 countries.

Saudi Central Bank FX reserves (USD billion)

Source: Saudi Central Bank



FX reserves G20 countries (USD billion)

Source: IMF



EXPERT OPINION



**Issam
Abousleiman**

**The World Bank
Country Director,
GCC countries,
Middle East and
North Africa**

➤ How has the Kingdom's diversification agenda changed the Saudi economy?

In recent years, the Kingdom has begun targeting additional areas, especially service sectors such as finance, tourism, ICT, and the digital economy. The Kingdom is also planning to upgrade its infrastructure through public-private partnerships to improve the country's competitiveness.

The government is also paying special attention to Small and Medium Enterprises (SMEs) as a key source of economic growth, diversification, and employment, setting a goal of increasing their GDP contribution from 22% to 35% by 2030. The Kingdom's giga-projects are important drivers of other sectors, including NEOM, the Red Sea Project, and projects that aim to develop destinations such as Al Ula, Diriyah Gate, and the Asir region. These projects can uplift the Kingdom to be a global tourism powerhouse in a short period.

Underpinning these new projects is the Kingdom's investment in developing infrastructure including metro and railways, renewable energy, and a world class 5G network that has seen Saudi Arabia topping the global indices for connectivity and internet speed.

➤ What have been some of the key reforms that earned Saudi Arabia a position among World Bank's top business reformers?

Some of the most prominent reforms over the past five years have been the introduction of a secured transactions and insolvency law; simplifying and streamlining import and export as well as business registration; simplifying and streamlining the building permit system; and enforcing contracts.

The Kingdom has also undertaken a comprehensive review of licenses and permits for business operations, which has greatly streamlined the process and eliminated

60% of previously existing licensing requirements.

As the global economy recovers, international investors will be looking for new areas of investment. In this regard, the Kingdom has made great strides including passing an investment policy to expand foreign direct investment (FDI) and its contribution to the national economy. In 2020, as the world economy was reeling from the effects of the pandemic, FDI into Saudi Arabia increased by over 20%.

➤ As countries work to put the difficulties of the pandemic behind, what are your expectations for the role and growth of the private sector in Saudi Arabia?

With continued good surveillance and prudent management of the pandemic, along with an excellent vaccine response, Saudi Arabia has fared better than most countries. The country is now well-placed to take advantage of the recovery, despite the uncertainty surrounding the end of the pandemic. Our expectation is that Saudi Arabia's GDP could grow at 2.4% this year and it could accelerate to 3.3% in 2022.

The private sector is already driving accelerated and lasting changes in the services sector, especially in the application of digital technology. The capabilities now used for remote work and service provision (including health and education) have been available for some time in the Kingdom.

➤ How can Saudi Arabia's women empowerment reforms contribute to the country's economic growth and development?

These are among the most important reforms that the Kingdom can implement to ensure sustainable economic growth, fairness, and equality. Saudi Arabia has advanced rapidly in the Women, Business, and the Law index, improving its score from 31.8 to 80 out of 100 in just a couple of years.

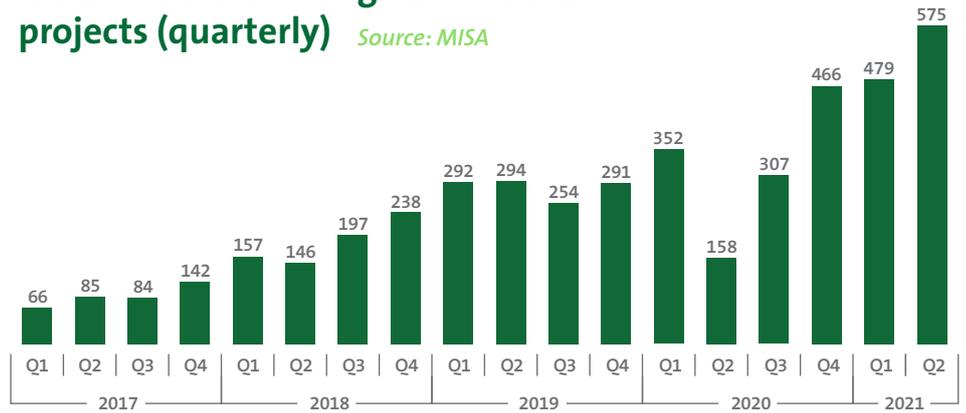
Programs such as Qurrah and Wusool, offering childcare and transportation subsidies for Saudi working women, along with laws penalizing gender discrimination and allowing women to start their own businesses, have substantially enabled women in the workforce. High profile reforms allowing women to drive, get their own passports and travel freely have also played a key role. During the pandemic, Saudi women often took the jobs left vacant by expats departing from the Kingdom. According to our research, managers in the country report that women entering the workforce show high reliability, productivity, and effectiveness in mixed workplaces. It is vital for the Kingdom to build on these reforms for the economy to reach its full potential.

INVESTMENT DATA

Foreign investment projects break a record for third consecutive quarter

Licenses for new foreign investment projects reached 575 in Q2 and set a new high for the third consecutive quarter. Representing a 20% q-o-q increase, the number of new licenses awarded increased for the fourth consecutive quarter, beginning in Q3 2020 during the height of the COVID-19 pandemic's impact on the world's economies.

Number of new foreign investment projects (quarterly) *Source: MISA*



575

new licenses awarded in Q2 2021



20%

quarterly increase from Q1 2021



263.9%

annual increase from Q2 2020



106.7%

annual increase in H1 2021

The number of new investment licenses showed a consistent increase each month of the quarter. June 2021 witnessed a 315.9% increase when compared to June 2020.

Number of new foreign investment projects (monthly) *Source: MISA*



Joint ventures with Saudi companies represented a larger share of new licenses in Q2, with 46% awarded to joint ventures, an improvement from Q2 2020, when joint ventures accounted for 25% of issued new licenses.

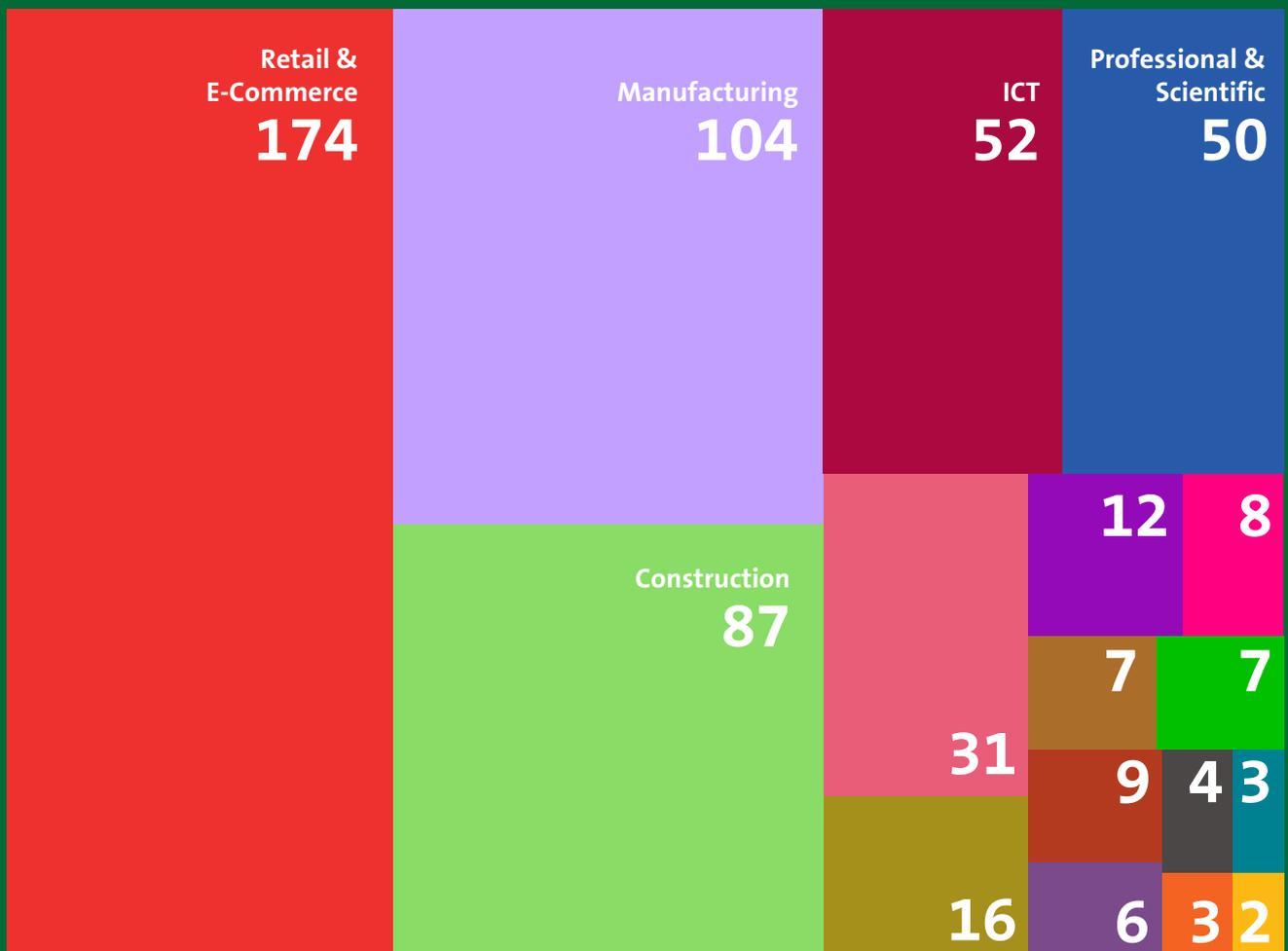
Shareholding type of new foreign investment projects in Q2 *Source: MISA*



The retail and e-commerce sector continued its robust pace in the post-pandemic era, with the greatest number of new licenses in Q2, among all sectors. New licenses awarded in the retail and e-commerce sector reached 174 issuances, a 123% quarterly uptick. The manufacturing and construction sectors had the second- and third-highest new licenses awarded in Q2, with 104 and 87, respectively. The ICT sector and professional and scientific sector received 52 and 50 new licenses, respectively. These top-five performing sectors accounted for more than 81% of the new licenses awarded in Q2.

Number of new foreign investment projects by sector in Q2

Source: MISA



- Accommodation & Food
- Transport & Storage
- Mining & Metal
- Financial & Insurance
- Education
- Human, health and social work
- Other services
- Agriculture, forestry & fisheries
- Art, entertainment & recreation
- Real estate activities
- Administrative & support service
- Water supply
- Electricity, gas and air conditioning

FDI reaches highest quarterly figure since 2010

Foreign direct investment (FDI) inflows into the Kingdom skyrocketed in Q2, seeing the highest level since 2010. The colossal \$13.8bn of FDI inflows was mainly due to a \$12.4bn Aramco infrastructure deal with a global investor consortium. However, the FDI inflows continued to rise even without the Aramco deal in Q2, reaching around \$1.4bn, indicating a 56.5% y-o-y increase.

Saudi Arabia FDI inflows (USD million)

Source: Saudi Central Bank



\$13.8bn
in FDI in Q2
2021

\$15.6bn
in FDI in the
first half of
the year

\$1.4bn
FDI inflow in Q2
excluding the
Aramco deal

1,574%
y-o-y increase
from Q2 2020

664%
q-o-q increase
from Q1 2021

73%
y-o-y increase
in FDI excluding
the Aramco deal

Investment in non-oil manufacturing factories continues its annual increase

Following the historical highs witnessed in Q1, investments by non-oil manufacturing factories fell during Q2. Still, robust Q2 figures pointed to the Kingdom's strengthening economic diversification efforts of Vision 2030.

Investment by non-oil manufacturing factories (USD million)

Source: Ministry of Industry and Mineral Resources



\$759.3m

of non-oil
manufacturing
investments in Q2

221

new licenses
awarded in Q2

21.6%

annual increase
from Q2 2020

Foreign portfolio investment in the Saudi Exchange (Tadawul) grows 14.2% in Q2

Ownership by qualified foreign investors (QFIs) posted a **14.2% quarterly increase** in the Saudi Exchange (Tadawul). Qualified foreign financial institutions investments in the Tadawul grew for the **fifth consecutive quarter**.



\$57.8 bn
billion owned by
QFIs in Q2

14.2%
quarterly
increase

74.4%
annual
increase

Foreign portfolio investment flows into Tadawul (USD million)

Source: Tadawul



SECTOR HIGHLIGHTS - TRANSPORT AND LOGISTICS

Sector Outlook

At the crossroads of international trade routes and at the heart of three rapidly emerging continents, the transport and logistics sector is one of the key components in Saudi Arabia's journey towards its Vision 2030 goals.



As a growth enabler in several sectors, including chemicals and retail, the Kingdom is undertaking ambitious programs, such as the National Industrial Development and Logistics Program (NIDLP).



In June 2021, Crown Prince Mohammed bin Salman bin Abdulaziz unveiled the Kingdom's National Transport and Logistics Strategy (NTLS) to facilitate increased transport and logistics investments, and the realization of ambitious sector-wide targets in the Vision 2030 roadmap.

National Transport and Logistics Strategy (NTLS)

The NTLS establishes Saudi Arabia as a global logistics center in the post-pandemic era, positioning the Kingdom to become one of the World Bank's top-performing economies in its Logistics Performance Index (LPI).

\$12 bn

of annual non-oil revenue in the sector ahead of 2030

10%

GDP contribution of the transport and logistics sector by 2030

NTLS key strategic goals



Transform Saudi Arabia into a logistics hub



Boost quality of life in the Kingdom



Enhance fiscal policies for balanced budget implementation



Improve public entities performance

Aviation



- ▶ Move Saudi Arabia to 5th globally in transit passenger volume
- ▶ Increase international destinations served to more than 250
- ▶ Launch a new national air carrier

Air cargo



- ▶ Double air cargo volumes to exceed 4.5m tonnes

Maritime transport



- ▶ 40m containers of capacity to be reached annually
- ▶ Investments in development of port infrastructure
- ▶ Expansion of connectivity with international shipping lines
- ▶ Integration with rail and road networks

Rail network



- ▶ 8,080 km of rail network, up from 5,310 km currently
- ▶ \$7bn Land Bridge project, 1300km of new lines to connect seaports on the Arabian Gulf and Red Sea
- ▶ 3m passengers transiting each year
- ▶ 50m tonnes of freight transported annually

Roads



- ▶ Reduce road-traffic accidents
- ▶ Implement the best global practices
- ▶ Achieve efficient connectivity
- ▶ Develop city-wide public transport

INTERVIEW



**Omar bin
Talal Hariri**

**Saudi Ports
Authority
(MAWANI), CEO**

➤ What investment opportunities are there for investors in the Kingdom's port and maritime sector?

MAWANI's strategic objectives are designed to foster the sustainable and prosperous development of the maritime sector and consolidate the Kingdom's position as a leading global logistics hub. The private sector is a key player in the development of the industry, and we aim to increase its participation to 90% by 2030.

The most prominent of the high-quality investment opportunities include outsourcing and operating contracts for general cargo, Roll-On/Roll-Off (RORO), containers, livestock, and passengers. A number of operating contracts for maritime services and opportunities to enhance the logistics services inside and outside the ports are also available.

➤ How can the private sector support the development and operation of multipurpose terminals in Saudi ports?

MAWANI aims to develop world-class ports and logistics services in partnership with the private sector by ensuring the optimal utilization of absorptive capacities, raising operational efficiencies, and providing unique logistics services.

This will be achieved by providing investment opportunities such as the development and operation of multi-purpose terminals across eight Saudi ports on the coasts of the Red Sea and the Arabian Gulf. These opportunities will be based on Build-Operate-Transfer (BOT) contracts to provide services covering containers, general cargo, bulk cargo, RORO cargo, passengers, and livestock. The models adopted for Jeddah Islamic Port and King Abdulaziz Port in Dammam successfully increased annual capacities to 13 million and 7.5 million containers respectively.

➤ What reforms has MAWANI carried out to improve the investment climate in the sector?

MAWANI has introduced regulatory reforms to streamline shipping agency practices in the Saudi market, and re-engineered processes to ensure ease of doing business and attract local and international investors.

These include enabling the direct handling of the ships at

berthing, doing away with the approval requirement of the Ministry of Health, Customs and Border Guards for the issuance of ship departure permits, and allowing stowage without documents for rearranging containers on board. We have also permitted sailors to disembark from ships and move freely inside and outside the ports, and established new procedures for inspecting ships within the ports.

To raise operational efficiency and reduce costs, MAWANI withdrew the requirement of permits to load containers and transshipment goods, conducted workshops for shipping brokers, and automated several flag state procedures. We have also added shipping agents to the FASAH Platform and enabled the electronic closure of empty containers.

MAWANI has worked to attract transiting ships by providing them with the required quantities and specifications of fuel and increasing the exemption period on fees for exported and imported general cargo storage from five days to 21 days. Finally, to attract global shipping lines and enhance efficiency and competitiveness, MAWANI has added several transcontinental shipping lines while linking the Eastern and Western ports.

➤ How is Saudi Arabia planning to digitize and automatize its ports system?

MAWANI aims to transform the existing ports into smart ports capable of worldwide competition. By adopting modern technologies, smart solutions, and comprehensive automation processes we can reduce paper transactions and ensure the free flow of data between the relevant authorities. Solutions based on the Internet of Things, Artificial Intelligence, and blockchain will be used to improve transportation, loading and unloading, and maritime logistics. These measures play an important role in enhancing key sectors such as e-commerce, which, in turn, increases the competitiveness of national products, as well as strengthening the supply chains.

➤ How will the National Transport and Logistical Services Strategy (NTLS) impact the investment plans in Saudi Arabia's port and maritime sector?

The NTLS aims to radically transform the Kingdom's role in international trade. It is set to enhance the impact of the ports sector on the national economy by boosting its capacity to support other vital sectors.

We aim to increase annual port capacity to over 40 million containers by 2030, as well as improve integration between the ports and with other modes of transportation. The development of the land bridge to connect the ports of the East and the West through Riyadh will play a central role in fulfilling this ambition. The project will enable the integration of major industrial hubs, while also facilitating other important sectors such as cruise tourism.

Transport and logistics investment opportunities

Development of temperature-controlled warehouse complex in the Jeddah 2nd and 3rd Industrial Cities

\$37m

expected initial investment, totaling \$187m over next five years

60,000 sqm

of initial cold storage capacity, expanding to 150,000-sqm before year five, and reaching 300,000-sqm by year 10

10%

expected initial rate of return (IRR)

Private sector or local-JV partnership operating model considerations



Download the full opportunity here

Development of wheelset manufacturing plant to service the Kingdom's railway system demands

\$40-60 m

expected investment size

3.4%

expected CAGR in unit demand in regional wheelset market by 2030

2.3%

expected CAGR in unit demand in the Kingdom's wheelset market by 2030

0

current players in regional market



Download the full opportunity here

Why Saudi?

Strategic location

Saudi Arabia's unique location, at the crossroads of Asian, European and African continents, provide strategic advantages, namely for the transport and logistics sector.

- At the crossroads of major international trade routes
- Primary entry point for goods and services to key global markets
- Advantageous location to operate as a global trade, transport and logistics hub
- 5 hours flight distance from half of the world's population

Access to markets

In addition to the Kingdom's **\$18bn** logistics market size, its location guarantees unfettered and expedited access to markets in the Arabian peninsula, Levant and East Africa, **a total GDP of \$2.41trn and 647m consumers.**

1st in GCC logistics market size

12% of global maritime trade transits via Red Sea ports

55% of GCC logistics markets

10% cost distribution advantages for Greater Arab Free Trade Area (GAFTA) countries and markets in the Arabian peninsula

Modern infrastructure

To ensure healthy growth in the transport and logistics sector, Saudi Arabia has developed **strong infrastructure** with special industrial cities offering competitive advantages.

10
ports processing over
13m containers per year

40+
industrial cities and zones

5,590 km+
of railways

Who is here already?


delivery unlimited

Aramex

Aramex, the global provider of comprehensive logistics and transportation solutions, acquired Saudi TAL for Commerce and Contract Company in January 2019 for \$80m. The private sector has led diversification efforts in the Kingdom, and Aramex's investments has allowed the company to enhance its customer service and the customer experience in the long term.



Mediterranean Shipping Company (MSC)

One of the world's leading shipping container companies, Mediterranean Shipping Company (MSC) has been operating in the Kingdom for over 20 years witnessing the transformation of Saudi trade. MSC provides container shipping services through MSC's worldwide fleet of container vessels taking advantage of Saudi Arabia's strategic location and advanced infrastructure.



Swissport

In January 2021, Swissport signed a new five-year contract to handle all Air France-KLM Group flights until end-2025, strengthening its presence in Saudi Arabia. The new contract covers air cargo handling, passenger services and ramp handling for KLM, Air France, Air France Cargo, Martinair and Transavia. Since 2016, Swissport has provided airport ground services at King Khalid International Airport in Riyadh; King Fahd International Airport in Dammam; and King Abdulaziz International Airport in Jeddah. In 2020, Swissport began providing airport ground services at Prince Naif bin Abdulaziz International Airport in Buraidah.



Uber

The global transport giant entered the market in March 2014, with a vision to contribute to Saudi Arabia's Vision 2030 goals of involving more women in the workforce and establishing a more interconnected society. In June 2016, the Public Investment Fund invested \$3.5bn in Uber as the company continued to provide transportation services to every area within the Kingdom.

INVESTOR HIGHLIGHTS

Investor spotlight

Aramco closes \$12.4bn infrastructure deal with global consortium

Aramco closed a massive infrastructure deal with a global consortium in June, bringing investors together from three different continents to invest in the Kingdom. The international investor consortium, including the US-based EIG Global Energy Ventures and Abu Dhabi's Mubadala, consists of investors from North America, Asia, and the Middle East.

The agreement underscores the significant investment opportunities in the Kingdom, as well as an attractive market for global investors.



49%

of Aramco Oil Pipelines Company to be acquired by the consortium

\$12bn

total investment value

25-year

lease and leaseback agreement for Aramco's stabilized crude oil pipelines network

The transaction will not impose any restrictions on Aramco's actual crude oil production volumes and Aramco will retain full ownership and operational control of its stabilized crude oil pipeline network.

51%

of Aramco Oil Pipelines Company continues to belong to Aramco

\$25.3bn

total equity value of Aramco



Closing this deal resulted in a significant jump in FDI inflows to the Kingdom in Q2 as FDI reached \$13.8bn, from \$1.8bn in the previous quarter.

Project Groundbreakings and Case Studies

Tourism

Taiba Investments signs \$87.5m MoU for hotels acquisition



In May, Saudi real estate company Taiba Investments signed an \$87.5m Memorandum of Understanding (MoU) with SHUAA Capital Saudi Arabia to acquire two hotels it developed, the Centro Waha in Riyadh and Centro Shaheen in Jeddah. The hotels are managed by Rotana Hotel Management.



IHG signs agreement to open seven hotels in Saudi Arabia



In May, IHG Hotels & Resorts signed a deal with RIVA Development Company via its wholly owned subsidiary, RIVA Hospitality for Hotel Services Company to open at least seven hotels in Saudi Arabia. Most hotels under the five-year agreement are expected to be greenfield projects, adding to the LSE-listed InterContinental Hotels Group (IHG) portfolio across key brands in Riyadh, Jeddah, Eastern Province, Abha, Ha'il, Qassim and Tabuk.



Energy

Saudi Arabia announces completion of the Sakaka solar PV project and the signing of agreements for seven new solar power projects



In April, Saudi Arabia announced the completion of the \$319m 300MW Sakaka solar photovoltaic (PV) independent power producer (IPP) project, alongside agreements for seven new solar power projects across the Kingdom. The Sakaka IPP, 400MW Dumat Al Jandal utility-scale wind power project, and seven solar power plants would produce more than 3,600MW combined, powering more than 600,000 homes. The new solar projects will be located in Madinah, Sudair, Qurayyat, Al Shuaiba, Jeddah, Rabigh and Rafha, financed by five investment alliances made up of 12 Saudi and international companies.



Retail

Carrefour to double Saudi store network by 2025



Dubai-based Majid Al Futtaim, the operator of 21 Carrefour stores across nine cities in Saudi Arabia, announced plans to double its network in the Kingdom by 2025. Expansion plans include a large online fulfilment center in Riyadh. In 2020, Majid Al Futtaim witnessed a 285% increase in online sales in the Kingdom.




Entertainment
Emaar's Reel Cinemas to enter Saudi market with \$266.3m investment


Dubai-based Emaar Entertainment's cinema division, Reel Cinemas made a \$266.3m investment to establish 20 venues over the next five years, including family entertainment options. Emaar announced in April that it will open its first venue in Riyadh in December.


Spain's Minimo to invest \$250m in Saudi joint venture


Barcelona-headquartered MinimoVFX movie studio will invest \$250m in the Saudi market through a JV with local company, Saudi Next Level. Minimo was part of the movie production crews for Avatar, The Lord of the Rings and Harry Potter movie franchises, The Dark Knight, The Mission and Doom. Minimo will begin operations in Riyadh in early-2022 and open a regional headquarters in Riyadh to localize the film content industry.


Industrial and manufacturing
Immensa receives first additive manufacturing (3D printing) license from the Ministry of Investment


UAE-based Immensa Technology Labs has been approved for an additive manufacturing (AM) technologies (3D printing) license by the Kingdom's Ministry of Investment. The license, the first-of-its-kind will contribute to development of the Fourth Industrial Revolution (4IR) under Vision 2030 and in line with the National Industrial Development and Logistics Programme (NIDLP). Immensa acquired a 929-sqm industrial AM facility and office in Riyadh, with a network of AM facilities planned to be built across the Kingdom.


MAS signs \$60m agreement to set up animal vaccine manufacturing plant


Biogénesis Bagó

Saudi Arabia's veterinary services company MAS signed a 50-50 joint-venture (JV) agreement with Argentina's Biogénesis Bagó, with a valuation of \$60m. The JV will establish the Kingdom's first animal vaccine manufacturing facility in Riyadh, first concentrating on the development of foot-and-mouth disease (FMD) vaccines. Commercial production of 200m doses annually of the FMD virus vaccines will begin in late-2024 or early-2025, before expanding its vaccine development to a wider range of viruses affecting the Kingdom's animal and livestock population. The plant will provide 400 job opportunities before 2025.





Mining and Metals

Ma'aden awards \$880m gold mining services contract



In June 2021, Saudi Arabian Mining Company (Ma'aden) awarded a \$880m mining services contract to Jac Rijk Al-Rushaid, a leader in the Kingdom's local mining infrastructure industry. The agreement is part of Ma'aden's largest gold project to-date. Jac Rijk Al-Rushaid will undertake drilling, scaling, loading, hauling, re-handling, ore control, dewatering, crusher feed, and all gold mining-related activities at the Mansourah and Massarah sites. Full production capacity at Mansourah and Massarah is expected by 2023, ramping up gold production targets to 250,000 ounces per year before 2025. The gold mines are integral for Ma'aden to reach its company-wide annual production target of 1m ounces of gold prior to 2025.



Ma'aden nears project completion of \$900m ammonia plant



Ma'aden completed its utilities commissioning at its \$900m ammonia plant in Ras Al Khair Industrial City. Construction is set to be completed in Q4 2021. It is the first project within Ma'aden's \$6.4bn expansion project, 'Phosphate 3', the company's third large-scale phosphate complex. Upon its completion, Phosphate 3 will increase production capacity to 9m tonnes, establishing Ma'aden as one of the largest phosphate fertiliser producers worldwide.




Education

King's College Riyadh campus opens



In May, King's College Riyadh was established, having partnered with the Royal Commission for Riyadh City (RCRC). The agreement with King's College London makes this the first international school to open under the RCRC's International Schools Attraction Program, launched in cooperation with the Ministry of Investment and Ministry of Education. In August, King's College Riyadh accepted students from pre-school to year 3 (ages 3-8). The school will eventually be opening through to year 13 (age 18), as enrolled students stand to benefit from an international teachers network.




Finance

Saudi Arabia grants digital banking licenses to stc pay and ARTAR



In June, the Council of Ministers granted digital banking licenses to two firms, stc pay and ARTAR. stc pay, subsidiary of Saudi Telecom Company (stc), will be converted into stc bank, a digital bank with paid-up capital of \$666.7m. Saudi-based ARTAR will form Saudi Digital Bank with paid-up capital of \$400m. Abdul Rahman Saad Al-Rashid Company (ARTAR) is a diversified investment holding with activities in the investment management, real estate and construction sectors, among others.





Food and Beverages

Saudi Arabia to raise \$800m from privatization of two flour mills



In April, the Second Milling Company was sold for \$567.2m to a consortium led by Abdulaziz Alajlan Sons for Trading and Real Estate Investments, Sulaiman bin Abdulaziz Al-Rajhi Holding, National Agricultural Development (NADEC) and Olam International. The Fourth Milling Company was sold for \$228.7m to a consortium of Allana International, Abdullah Al Othaim Markets and United Feed. The privatization of the flour mills was carried out by National Center for Privatization & PPP (NCP) and Saudi Grains Organization (SAGO).



US food tech startup in \$100m deal to expand into Saudi Arabia



In July, a \$100m JV was announced by US-based global food tech platform, C3 (Creating Culinary Communities). The first C3 Arabia brand location will be launched in Q1 2022 at Citizens Food Hall in Riyadh. Customers can place pick-up and delivery orders on the GO by Citizens App. C3 forecasts 30 brand locations opening in 2022 and a target of establishing 110 brick-and-mortar locations and 550 brand locations by 2026. WK Holding, global investment firm has a 51% JV majority ownership, and C3 its parent company, a 49% stake.



Almarai to invest \$1.8bn in poultry expansion project, with aims to double its market share



Almarai will invest \$1.8bn to expand its poultry business and double its market share. The multi-phase expansion project will take place over five years, the company said in May.



Health and life sciences

The Ministry of Investment signs MoU with Janssen to boost healthcare and life sciences



In June, Janssen signed an MoU, part of a strategic partnership framework with the Ministry of Investment. Janssen, one of the pharmaceutical companies of Johnson & Johnson, will co-develop a range of initiatives over the next five years. The framework will span four streams: enhancing business environment and funding; supporting the data and clinical trials ecosystem; enabling human capital development; and boosting private sector innovation.



Saudi Chemical signs five-year \$27m deal with GlaxoSmithKline



In June, Saudi Chemical Company Holding (SCCH) signed a five-year, \$27m deal with GlaxoSmithKline Consumer Healthcare Saudi to make pharmaceutical products in the Kingdom. The agreement will create high-value-added jobs and utilize domestic manufacturing in the pharmaceuticals sector in order to reduce imports.



Entrepreneurship and innovation

Checkout.com leads \$110m debt and equity rounds in start-up



In April, Checkout.com has led a \$110m investment round in Saudi Arabia's buy now, pay later (BNPL) start-up, Tamara. The cash injection in both debt and equity will be used by Tamara to scale up its team, open new markets within the GCC and fund distribution of its BNPL product.



Saudi startup Retailo closes \$9m in seed funding



Retailo successfully closed a \$6.7m seed investment round in May, the largest seed capital raised by a Saudi start-up. Retailo has raised \$9m in total investments, establishing itself as the fastest growing B2B services platform in the MENA region.



MEGA-PROJECT HIGHLIGHTS

NEOM-KAUST join forces to develop world's biggest coral garden



NEOM Company and KAUST co-develop the world's largest coral garden on Shusha Island, in the Red Sea. The island will prove to be a tangible demonstration of efforts placed to protect and renovate coral reef, in light of climate change. The project is set to be completed in 2025, establishing NEOM as an international pioneer location to renovate and develop coral reefs.



NEOM and Tabuk Fisheries will develop largest fish farm in MENA



NEOM Company and Tabuk Fisheries Company signed an MoU in April 2021 to develop the largest fish farm and hatchery in MENA. The project will expand local aquaculture production and apply a new generation of aquaculture technologies in the NEOM region. The MoU ensures that fish farm development plans will promote the local aquaculture industry and surrounding infrastructure at artificial lakes and natural waters.



TRSDC secures \$3.76bn loan and first-ever Riyal denominated Green Finance credit facility



The Red Sea Development Company (TRSDC) secured the first riyal-denominated credit facility to receive green financing accreditation, worth \$3.76bn. A revolving credit facility includes HSBC, as green loan coordinator, and officials from Banque Saudi Fransi, Riyad Bank, Saudi British Bank, Saudi National Bank acting as mandated lead arrangers.

- First riyal-denominated credit facility to receive green financing accreditation
- TRSDC is established as a global pioneer in sustainable development finance
- Green finance leadership role advances Vision 2030
- Accreditation by DNV, confirming alignment with LMA green loan principles
- Secured debt financing and capital commitment for initial phase

AlUla masterplan offers \$15bn in investment opportunities

الهيئة الملكية لمحافظة العلا
Royal Commission for AlUla

The Royal Commission for AlUla (RCU) announced a \$15bn investment opportunity for PPP projects.

5
unique districts

5
UNESCO World Heritage Sites

15
cultural assets under the Journey Through Time masterplan

5,000+
hospitality keys

9 km
of regenerated cultural oasis

20 km
of public realm, The Wadi of Hospitality

10m sqm
of green and public spaces oasis

46 km
of low-carbon tramlines

Upon completion in 2035, the Journey Through Time masterplan will boost national and regional economies.

38,000
new jobs by 2030

2m
visitors annually

130,000
population increase

\$32 bn
contribution to the Kingdom's GDP

Siemens secures contract from ROSHN to power 30,000 homes



ROSHN

Siemens Energy will supply power to 30,000 homes as part of the first community being built by the PIF-owned ROSHN. Siemens Energy will provide engineering, supply, construction, installation and commissioning services for grid stations that connect residential communities to the Saudi National Grid. ROSHN supports the Vision 2030 goals of increasing home ownership in the Kingdom to 70%.

REFORM HIGHLIGHTS

Cabinet approves new Anti-Financial Fraud and Deceit Law to combat corruption

Saudi Arabia’s Council of Ministers approved a new Anti-Financial Fraud and Deceit Law in April to achieve greater transparency across economic sectors, protecting financial interests and strengthening efforts by the Kingdom to prevent financial crime and corruption.

The new law comes into force in September, extrapolating on the fraud definition by Saudi Central Bank: “Any act involving deceit to obtain a direct or indirect financial benefit by the perpetrator or by others with his help, causing a loss to the deceived party.” The law will take serious measures against those convicted of financial fraud, and strengthens the Kingdom’s ability to tackle corruption and promote increased transparency throughout the economy.

Saudi Arabia to auction two major mining licenses in 2022

After a new mining law was enacted at the start of 2021, the Kingdom will auction two major mining licenses in 2022, which includes gold, copper and zinc commodities.

The Kingdom allows local or international investors to be able to do business in the mining industry.



\$1.3
trn

of untapped mining potential



X3

GDP contribution to \$64bn by 2030



X2

number of jobs to 470,000 by 2030

Ministry of Sport launches online licensing platform to encourage foreign investment

The Ministry of Sport launched NAFES, an online licensing platform that encourages global investors to participate in one of the world’s fastest growing sports markets. Allowing global investors to take full foreign ownership of clubs, academies and centers across 27 of its most popular sports, NAFES is expected to boost competition among athletes.

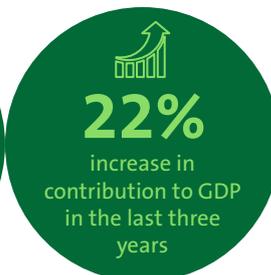
The ministry established three main goals for NAFES.

- Encourage private sector investment
- Develop sports sector and increase its revenue
- Increase sports clubs and academy figures

Three licenses available through NAFES.

- Private club
- Private academy
- Private center

NAFES is lobbying to increase the sports sector’s share of GDP contribution.



Find out what you need to do to register and become part of the Kingdom’s growing sports sector [here](#).



OPPORTUNITY HIGHLIGHTS

Sector Tourism & Quality of Life



Beachfront Lifestyle Resort

Investment requirement **\$117 million**

Project description: An opportunity to develop a beachfront lifestyle resort on the Red Sea, renowned for bespoke experiences and being the pinnacle of comfort and luxury. The resort is a self-contained, all-inclusive leisure and activity destination, with the planned development of a water park, activity centre, and extensive private beach with water sports. Saudi Arabia's ambition to become an international tourist destination coupled with the 100 km of Red Sea coastline with long stretches of private, undeveloped beachfront with pristine waters offer invaluable opportunities to early entrants. The 4-year construction period comprises of ~31,100 sqm ground floor area and a total of 250 keys.

Sector ICT



Game Developer Studio

Investment requirement **\$17 million**

Project description: Opportunity to setup a design studio to build/localize mobile games and a publishing unit to finance and roll-out locally development games in the Kingdom and the region. Saudi Arabia offers good infrastructure and customer base with potential scalability to the MENA market, in addition to advanced technology ecosystem and a large and growing youth population. The gaming market has been fully supported by the government, and the absence of local content based developer and publisher offers high localization potential for investors. With an original investment of \$17 million, investors could potentially generate \$80 million in cumulative cashflow within 10 years.

Sector Mining & Metals



Silicon Smelter

Investment requirement **\$140 million**

Project description: Opportunity to setup a silicon metal smelter of 45 KT capacity in Saudi Arabia to cater to local demand and serve regional markets. The local silicon demand for the aluminum sector could reach 16 ktpa by 2035, and the non-existent local production of silicon offers immense advantage to early-movers. While the global silicon metal market size is projected to reach \$9.7 billion by 2026, solar/electronic industries demand for silicon in Saudi Arabia is expected to grow at a CAGR 6% over the next five years, exceeding the 4.4% expected CAGR globally. Abundant availability of raw material, competitive energy prices, and the Kingdom's untapped mining potential of \$1.3 trillion worth of reserves offer investors groundbreaking opportunities.

EVENT HIGHLIGHTS

Upcoming events and webinars

 **Live event**
November
14-18

Dubai Airshow
Dubai, UAE / DWC,
Dubai Airshow Site

Enlit Europe
Milan, Italy
Fiera Milano di Rho

 **Live event**
Nov.30-
Dec.02

Int. Conference on Mining, Material &
Metallurgical Engineering (ICMMME)
Jakarta, Indonesia
Wyndham Casablanca Jakarta

 **Live event**
January
12-13, 2022

 **Live event**
January
17-22, 2022

World Economic Forum
(WEF)
Davos, Switzerland



INVEST IN SAUDI ARABIA

Getting an industrial investor license takes just:



2

Documents



3

Hours

Find out more information at investsaudi.sa



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

WhatsApp: +966 11 203 5888