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## Global Markets Division

# Saudi Arabia

Unlocking Long-Term Investment Opportunities

**Investment Horizon: 5 Years**

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# Team Overview

## Global Markets



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- Financial Overview
- Asset Selection



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- Asset Selection
- Final Conclusion



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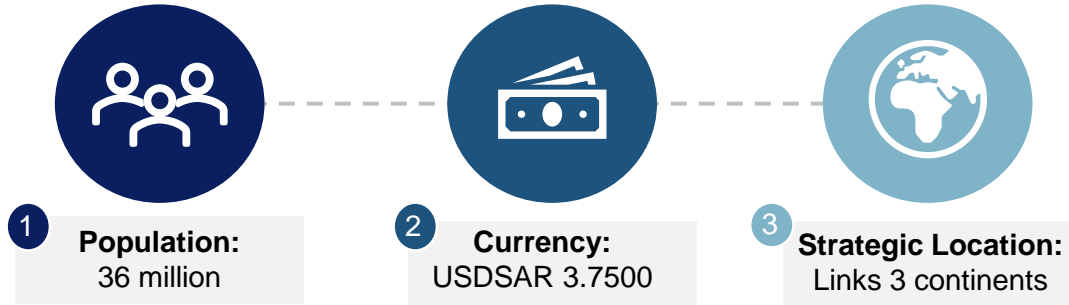
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# Overview

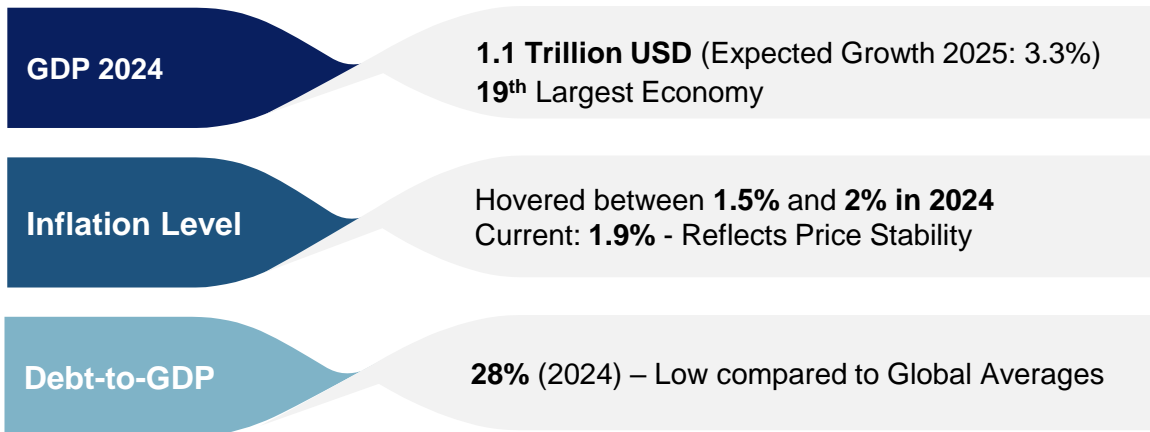
One of the Most Visionary Markets in MENA

## General Information



SAR is pegged to the USD providing currency stability for foreign investors.

## The Economy



## Demographics and Urbanization

### Demographics

Population growing by approx. **2% yearly** and **over 60%** of the population is **under 30**, contributing to a **dynamic workforce** and **increasing domestic consumption**.

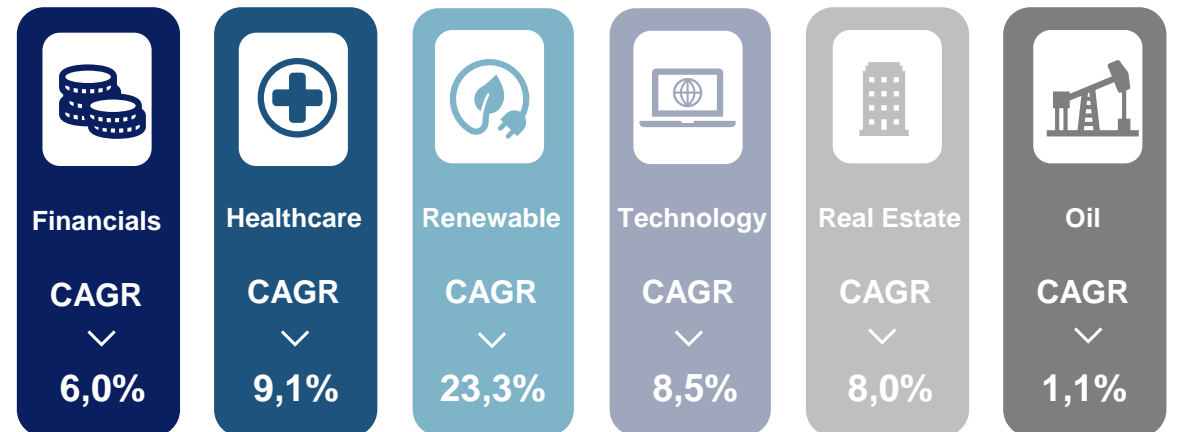


### Urbanization

Approximately **92%** of the population resides in **urban areas**, with major cities like **Riyadh** and **Jeddah** driving growth in **real estate**, **infrastructure**, and **technology** sectors.



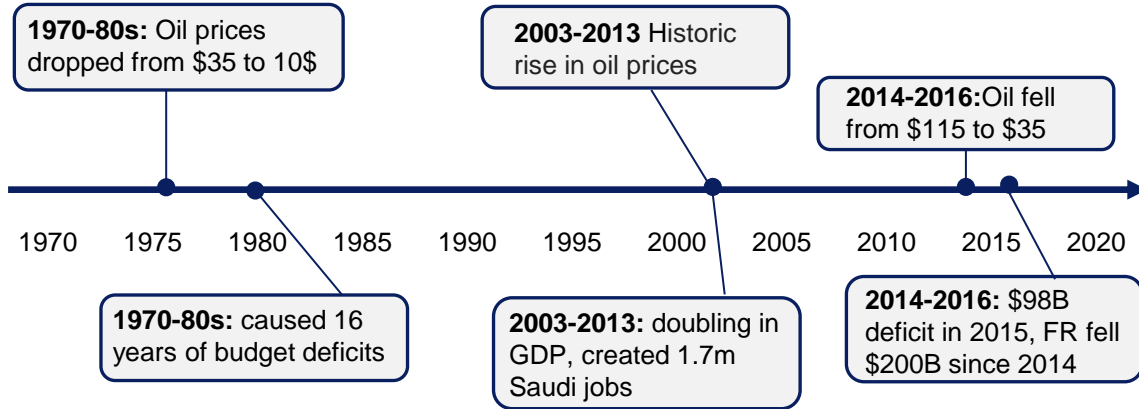
## Sectors of Interest & Their Forecasted CAGR for 2025-2030



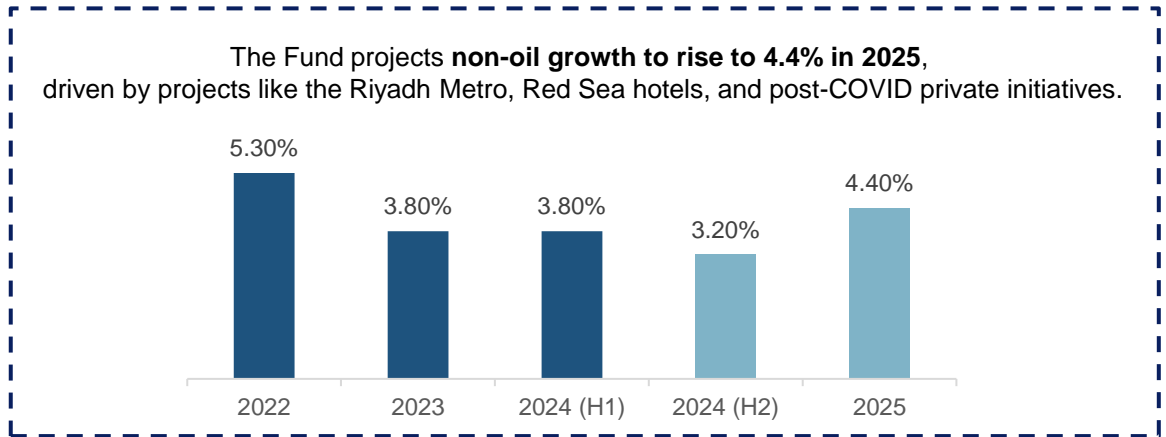
# The Slowing Oil Reliance

## The Economic Transformation

### Saudi's Historical Reliance



### Non-Oil Sector Growth (% p. a.)



### Saudi Arabia's Response: Vision 2030

Saudi Arabia is expected to **invest \$1t** across **6 strategic sectors**. Thus, **73%** of the investment will go to **non-oil sectors**.

PIF is driving Saudi Arabia's economic transformation, **with assets up 33%** in 2023 to \$766 billion and **76% invested locally**, including **\$40 billion annually**.

Given Saudi Arabia's progress, the government may announce a **Vision 2040 or 2050** later this decade, **focusing on long-term energy transition goals**.

### Key Drivers of the Economic Transformation

**Financial Sector**

Significant **expansion in Sukuk issuance** since 2017, with the PIF actively **issuing \$7.8 billion** in bonds in **2024** to support economic diversification

**Clean Energy**

**Oil capex to drop by \$40B** (2024-2028); **natural gas drives decarbonization** and diversification; **solar target increased to 100-130 GW** by 2030

**Sport Investment**

Estimated to have invested **£5bn in the past 3 years** into sports by holding **stakes** in clubs and hosting **global tournaments**

## Cornerstones of Vision 2030

### Significance of the NEOM

- 1 **\$500 billion** project in the northwestern part of the country
- 2 Covering **approximately 26,500** square kilometres
- 3 Incorporates **smart cities** and AI driven infrastructure
- 4 Comprises **five distinct regions** under construction



- MAGNA** Coastal destination aimed to host 300,000 guests per year
- ALMAJARA** Industrial hub focused on manufacturing, logistics, and tech
- SINDALAH** Island for high-end tourism featuring marinas, resorts, and entertainment facilities
- TEGIENA** Mountain tourism destination offering outdoor activities and luxury living
- THE LINE** Linear smart city, spanning 170 kilometres and has no cars

### King Abdullah Economic City

**Strategic Location for Global Trade:**  
Situated on the Red Sea, providing **direct access to key global shipping routes**, making it attractive as a logistics hub

**Special Economic Zone Incentives:**  
Range of incentives to attract investors, including 100% foreign ownership, and **streamlined regulations** by the ECSZA

**King Abdullah Port:**  
In 2021 it was ranked as the **most efficient container port** globally, achieving an **average of 97 container moves** per hour of vessel port time

**It aligns with V2023 goals by fostering industries such as logistics, and manufacturing**

### Riyadh Metro

**Urban Mobility**

Spanning **176 km** over its **6 automated lines**

Welcoming up to **3.6 million passengers** daily

**Record Targets**

One of the **largest metro projects** in the world

Reduces daily car trips **saving 400,000 litres of fuel** per day

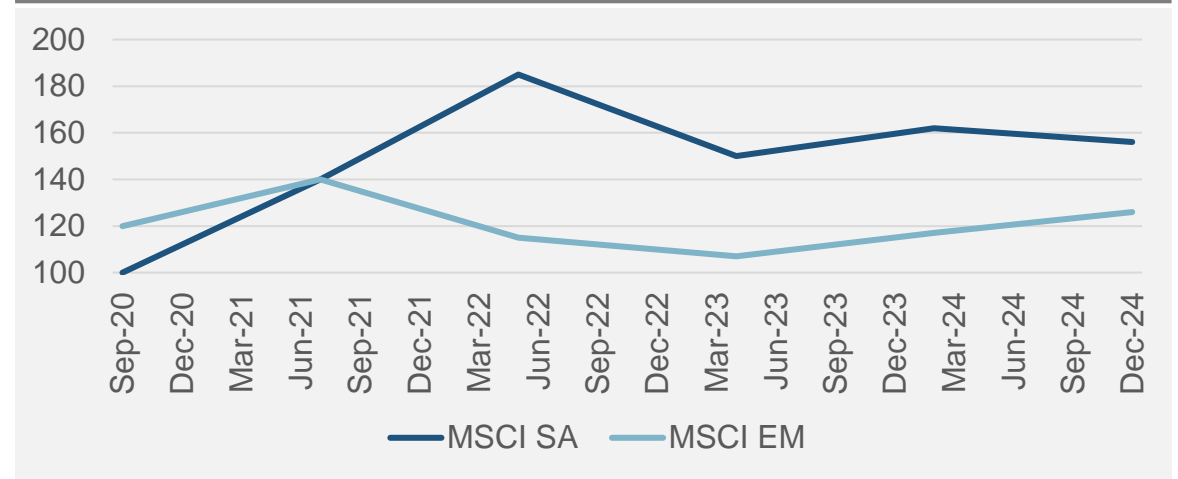
# Saudi Stock Exchange: Tadawul

From Regional Dominance to Global Recognition

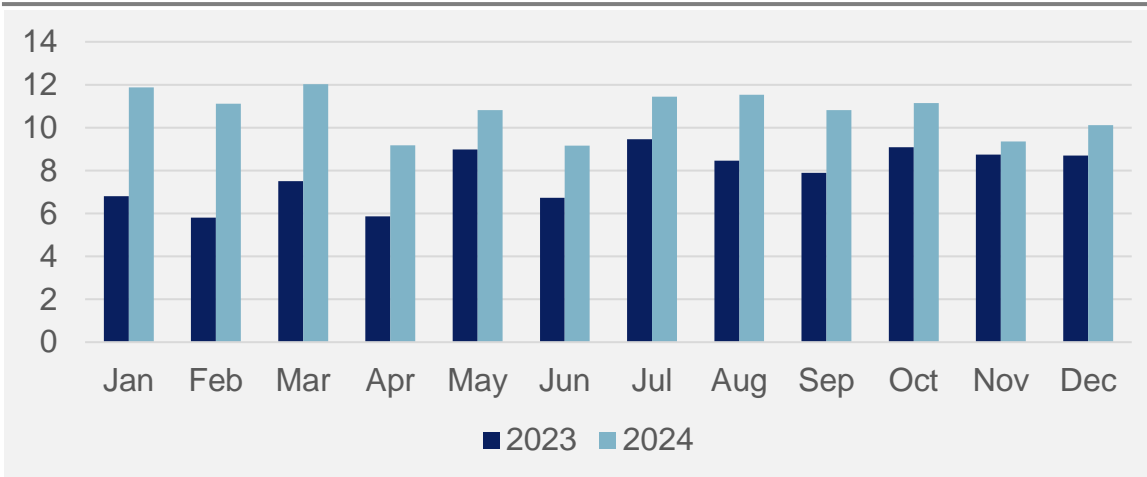
## Key Facts and Figures



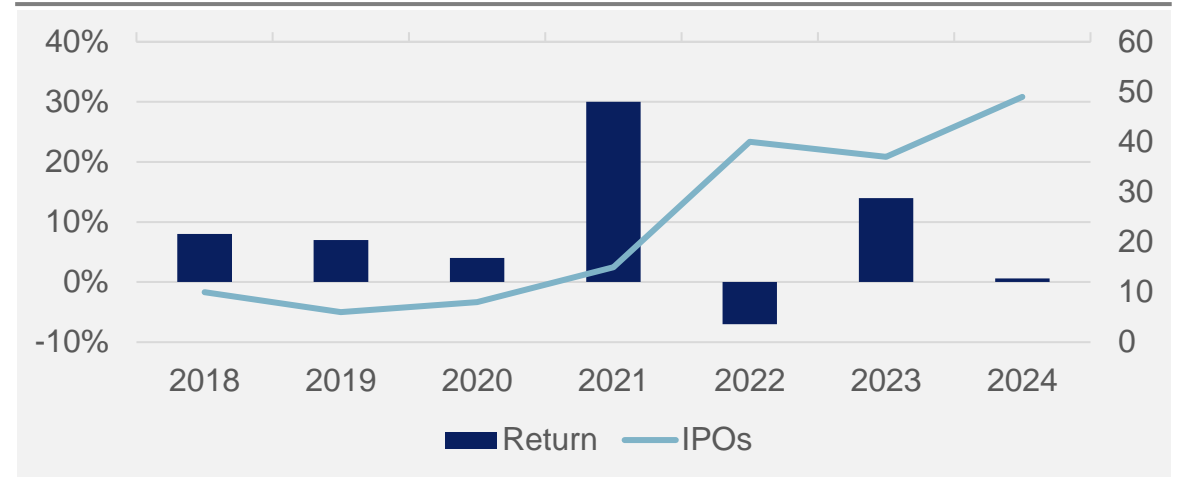
## Cumulative Index Performance – Net Returns (USD)



## Transactions Executed (millions)



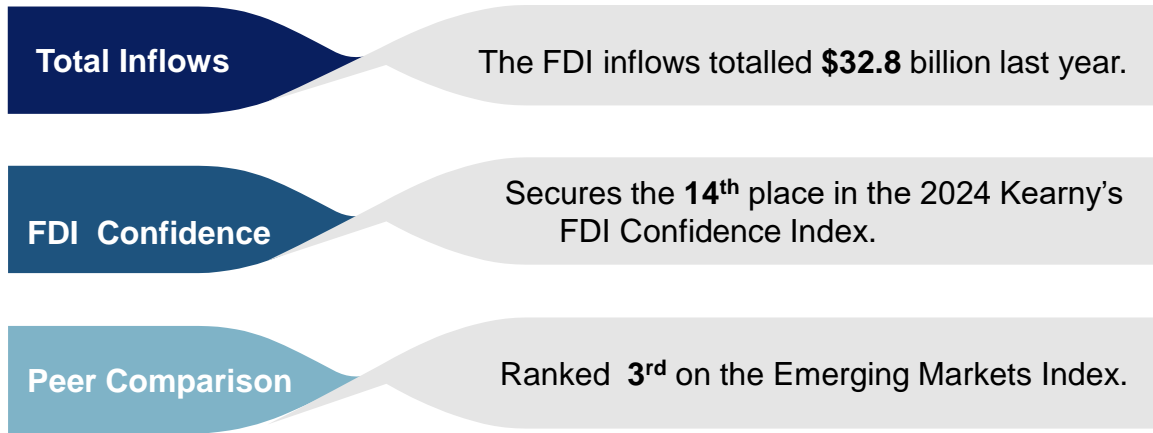
## TASI Performance and IPO Activity (including Parallel Market)



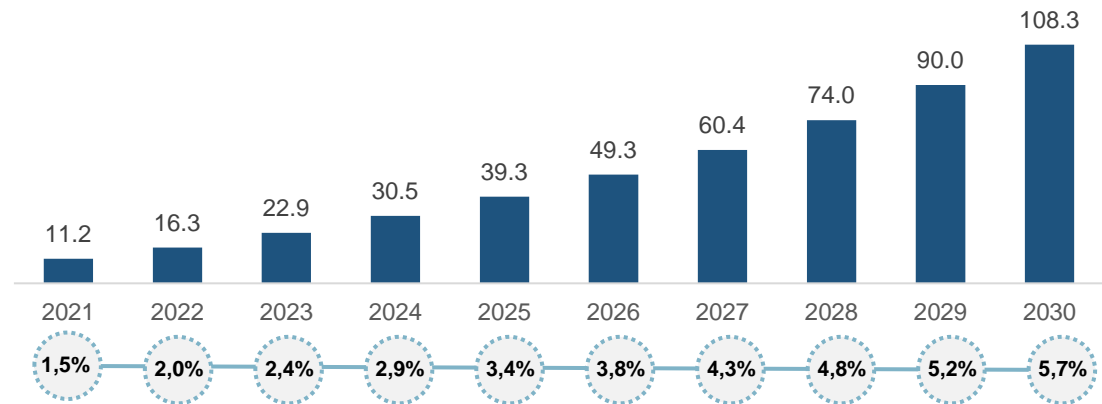
# Foreign Direct Investment

## Saudi Arabia's Strategic Advances for Increasing the Country's Competitiveness for FDI

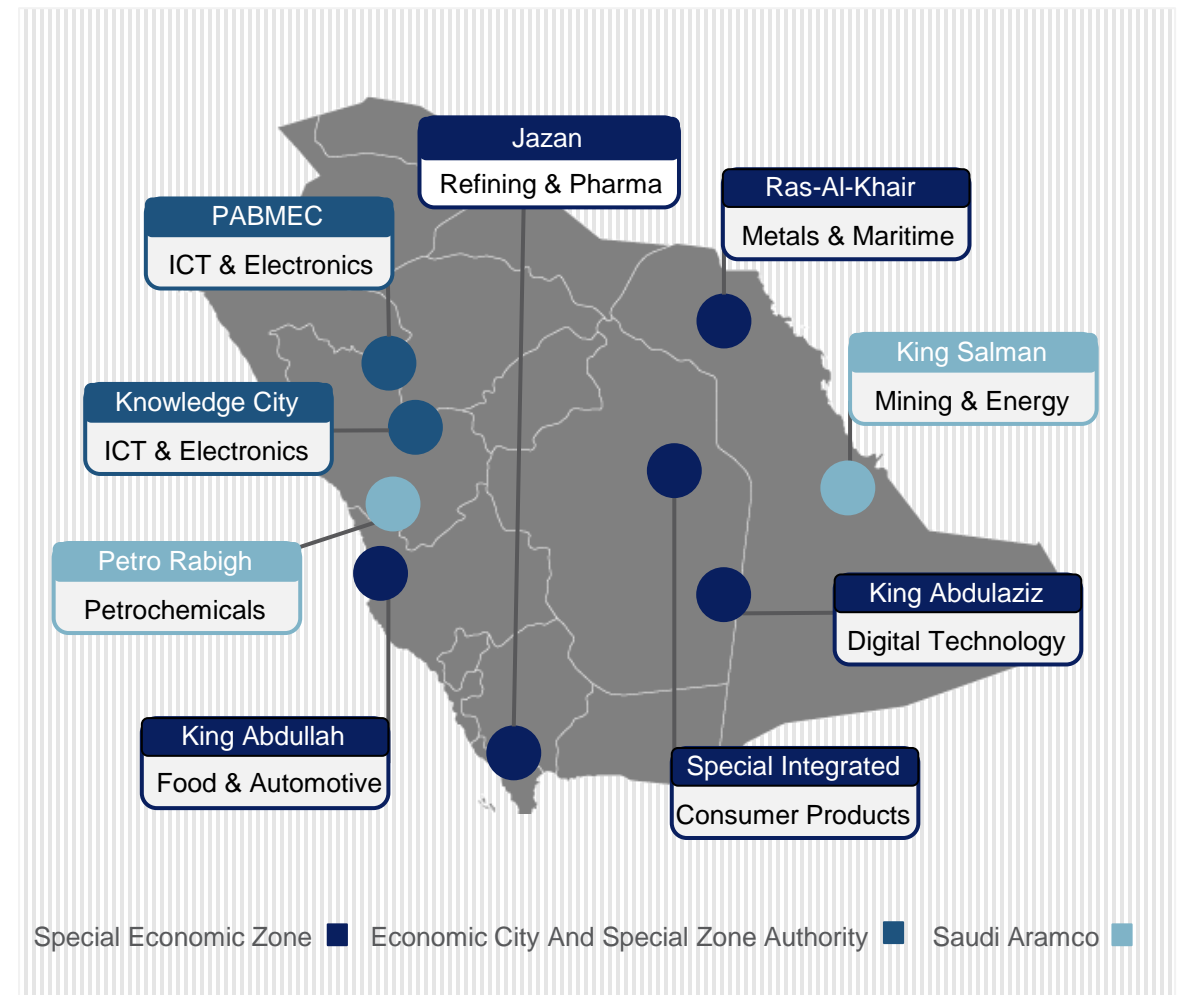
### Key Figures



### Forecasts of FDI Inflows (\$ Billions) & Their GDP Contribution (%)



### Special Economic Zones





# Country Choice Rationale: Revised

## Main Drivers for Economic and Strategic Choice



### Stable Economy

Demonstration of economic stability marked by a **low inflation rate** (1.9%), a **modest debt-to- GDP ratio** (28%) & GDP growth of 1t in 2025



### Government Support

PIF and government reforms are providing **substantial backing to key projects** and businesses.



### Growing Capital Markets

Saudi Arabia's Tadawul ranks **largest in MENA** and **9th globally**, driven by IPOs, investments, and Vision 2030 reforms



### Surging Foreign Direct Investment

Saudi Arabia has been attracting growing FDI by **easing restrictions** and **offering incentives** to businesses.



### Strategic Geopolitical Position

Investments in **logistics & transportation infrastructure**, enhance its connectivity & regional importance



### Economic Diversification

Saudi Arabia is actively **reducing its dependence** on oil through **Vision 2030**, focusing on developing non-oil sectors.



# Portfolio Construction



### Attractiveness of the sector

- **Islamic finance:** Demand for Sharia-compliant products.
- **Government support:** Policy initiatives and Vision 2030.
- **Regulatory progress:** Sector reforms and transparency.



### Selection criteria

- Revenue Growth (YoY) & Recent Financial Performance
- Market Capitalization
- Return Ratios & EPS Development



### Selected stocks



**Saudi Tadawul Group Holding Co. (1111)**



**United International Holding Co. (4083)**



### Attractiveness of the sector

- **Medical tourism:** KSA becomes a regional hub for healthcare.
- **Private sector growth:** Boosted by regulatory reforms.
- **Wealthy population:** with rising lifestyle-related diseases.



### Selection criteria

- Revenue Growth (YoY) & Recent Financial Performance
- Market Capitalization
- Return Ratios & EPS Development



### Selected stocks



**Mouwasat Medical Services Co. (4002)**



**National Medical Care Co. (4005)**



## Renewable Energy & Technology



### Attractiveness of the sector

- **Vision 2030:** Targeting 50% energy from renewables by 2030
- **Government support:** Backed by significant funding
- **Rising energy demand:** Driven by urbanization and industry



### Selection criteria

- Leaders in renewable energy project development
- Active involvement in national renewable energy initiatives
- Strong financial backing or government support



### Selected stocks



**ACWA Power Co.**  
(2082)



**Saudi Electricity Co.**  
(5110)



### Attractiveness of the sector

- **Vision 2030:** Saudi Arabia's digital transformation goals
- **Growing IT demand:** Cybersecurity and digital solutions
- **Cloud & AI growth:** Government initiatives and investments



### Selection criteria

- Companies with a proven record of innovation and scalability
- Backed by Saudi Telecom or related national entities
- Strong market presence in rapidly growing tech subsectors



### Selected stocks



**MIS**  
(7200)



**Elm Co.**  
(5110)



**Solutions  
by stc** (7202)



### Attractiveness of the sector

- **Market growth:** \$ 75B (2025) → \$ 110B (2030), CAGR 8%
- **Vision 2030:** \$ 1.3 T projects, HQ policy
- **Housing:** 330K units in 5 years – Riyadh Pop. +40% by 2030






### Selection criteria

- Revenue growth, ROA, P/E, P/B, and D/E ratios
- Alignment with Vision 2030
- Strategic fit and market position



### Selected stocks

 <p><b>Dar Al Arkan</b> (4300)</p>	 <p><b>Retail Urban Dev.</b> (4322)</p>	 <p><b>Arabian Centres</b> (7200)</p>
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### Attractiveness of the sector

- **Global energy demand:** 3% of production comes from oil
- **Alignment with Vision 2030:** integration of energy initiatives
- **Economic support:** Backed by substantial investments




### Selection criteria

- Market capitalization
- Profit margin
- P/E ratio & ROA



### Selected stocks

 <p><b>Saudi Arabian Oil Co.</b> (Aramco) (2222)</p>
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Rooted in Local Culture, Driving Regional Growth.

## Overview

### Understanding Sukuk

An Islamic **financial certificate** resembling a bond, but it complying with **Sharia law** by avoiding interest; instead, it represents **partial ownership in an asset** or its income.

#### Compliance

- Western “interest” is prohibited
- Backed assets must be halal

#### Differences

- Asset ownership (not debt obligation)
- Appreciation possible (backed asset)

## Benefits and Features



**Global issuance** reached approximately **\$170 billion in 2024**. **Global outstanding total** is estimated currently at **\$875 billion**, surpassing European high-yield market and Swiss bond market by size.

## Selection

### Maturity

Maturity date in **2030**, in line with the investment horizon

### Profile

**Government-issued** for higher ranking and lower default risk

### Return

Yields in **4-5%** range, **fixed** profit rates, **semi-annual** profits

### Liquidity

Coming from **large issuances** of beyond SAR 10 billion

### Price

With **moderate price discounts**, but not already distressed

KSA Sukuk  
SA162G0IJH34

Coupon: **Fixed**  
Coupon Rate: **3,95%**  
Maturity: **2030-06-23**  
Yield: **4.7082%**  
Par Value: **1,000 SAR**  
Price: **96,29%**

KSA Sukuk  
SA15GG0IJ336

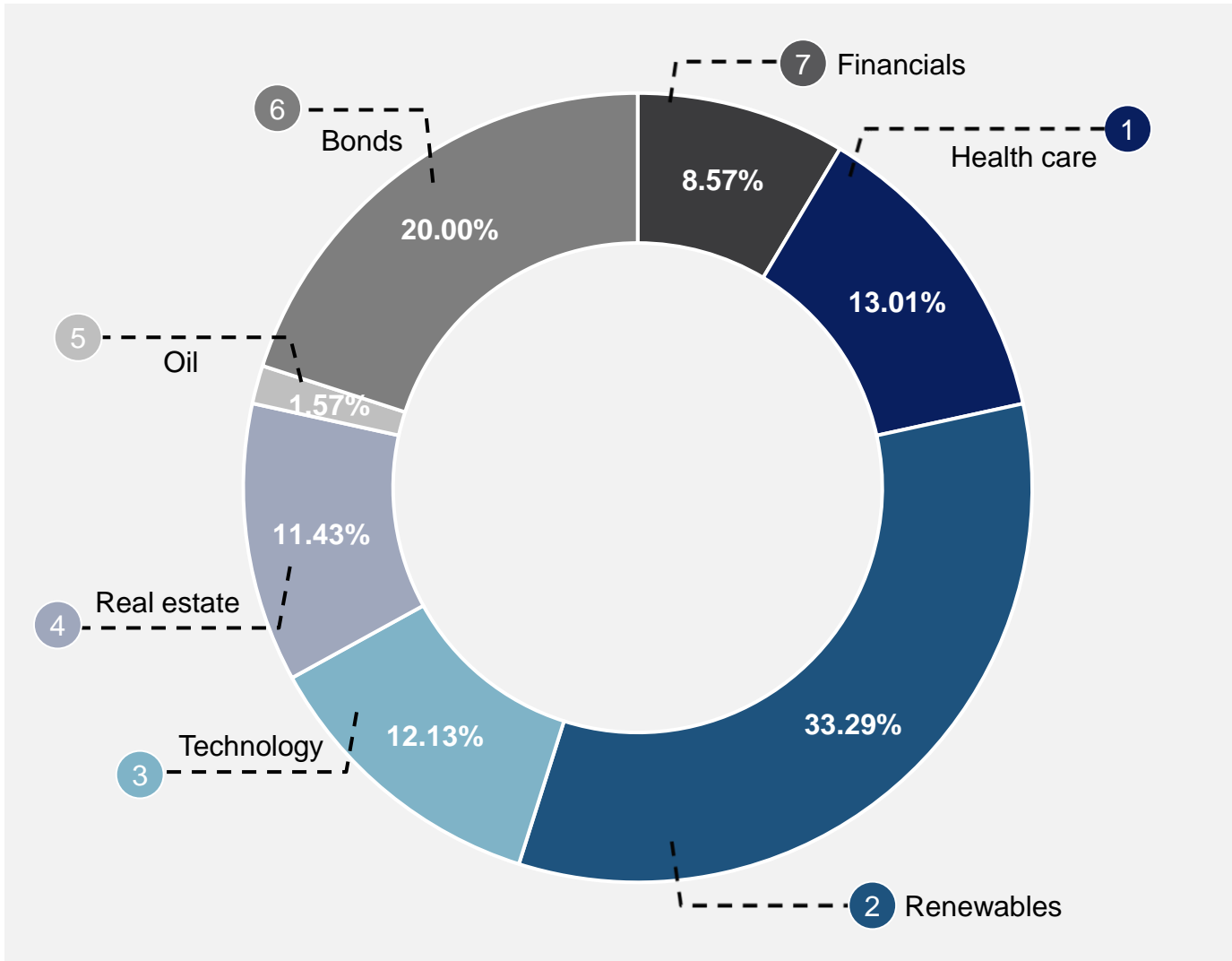
Coupon: **Fixed**  
Coupon Rate: **2,77%**  
Maturity: **2030-01-20**  
Yield: **4.7206%**  
Par Value: **1,000 SAR**  
Price: **91,23%**

KSA Sukuk  
SA14T00IIH32

Coupon: **Fixed**  
Coupon Rate: **2,69%**  
Maturity: **2030-03-23**  
Yield: **4.7686%**  
Par Value: **1,000 SAR**  
Price: **90,34%**

# Portfolio Allocation

Optimizing the Weights for a Balanced and Considerate Outcome.



**Class Allocation**  
An 80:20 split of stocks to bonds for a higher risk-reward profile.

**Asset Weighting**  
Based on the sectoral CAGR to reflect the hierarchy of opportunities.

**Identified Risks**  
Vulnerability to changes in global oil prices; minimal currency risk despite the dollar peg.

**Practical Information**  
Qualified Foreign Investor Programme – registering and compliance.

**Final Reflection**  
Dynamic investment opportunities in the momentum of Vision 2030.



# Appendix



## Sources

Source Name	Link	Date of Retrieval	Used for
IMF	<a href="#">Link</a>	09.01.2025	The slowing of the oil reliance
Goldman Sachs	<a href="#">Link</a>	09.01.2025	The slowing of the oil reliance
PWC	<a href="#">Link</a>	09.01.2025	The slowing of the oil reliance
KPMG	<a href="#">Link</a>	09.01.2025	The slowing of the oil reliance
BBC	<a href="#">Link</a>	09.01.2025	The slowing of the oil reliance
PIF	<a href="#">Link</a>	09.01.2025	The slowing of the oil reliance
Arab News	<a href="#">Link</a>	09.01.2025	Country Overview
NEOM	<a href="#">Link</a>	07.01.2025	Infrastructural Projects
ECZA	<a href="#">Link</a>	07.01.2025	Infrastructural Projects
KAEC	<a href="#">Link</a>	07.01.2025	Infrastructural Projects
World Bank	<a href="#">Link</a>	07.01.2025	Infrastructural Projects

## Sources

Source Name	Link	Date of Retrieval	Used for
Insights 10	<a href="#">Link</a>	20.01.2025	CAGR of Healthcare
Mordor Intelligence	<a href="#">Link</a>	20.01.2025	CAGR of Financial Services
Statista	<a href="#">Link</a>	19.01.2025	CAGR of Oil
The Association of Corporate Treasures	<a href="#">Link</a>	20.01.2025	Sukuk
Tadawul Stock Exchange	<a href="#">Link</a>	20.01.2025	Sukuk
Capital IQ	<a href="#">Link</a>	15.01.2025	Financial Services and Healthcare Screening
Riyadh Metro	<a href="#">Link</a>	15.01.2025	Infrastructural Projects
World Bank Open Data	<a href="#">Link</a>	10.01.2025	FDI Inflow
Ministry of Investment	<a href="#">Link</a>	10.01.2025	FDI Inflow
Kearney	<a href="#">Link</a>	10.01.2025	FDI Inflow
Reuters	<a href="#">Link</a>	10.01.2025	Country Overview

## Sources

Source Name	Link	Date of Retrieval	Used for
Arab News	<a href="#">Link</a>	15.01.2025	Overview
Reuters	<a href="#">Link</a>	15.01.2025	Overview
Saudi Express Agency	<a href="#">Link</a>	15.01.2025	Overview
Trading View	<a href="#">Link</a>	16.01.2025	Renewable Energy and Technology
Saudi Exchange	<a href="#">Link</a>	16.01.2025	Renewable Energy and Technology
Gulf Business	<a href="#">Link</a>	16.01.2025	Renewable Energy and Technology
Reve News	<a href="#">Link</a>	16.01.2025	Renewable Energy and Technology
ITP Net	<a href="#">Link</a>	16.01.2025	Renewable Energy and Technology