

WHY SAUDI

Feb 2019



AGENDA

1. Saudi Arabia at a Glance
2. Vision 2030
3. Tayseer
4. Invest Saudi
5. Success Stories

01 Saudi Arabia at a Glance



Saudi Arabia at a Glance



32.5 MILLION
Total Population



6.7 MBPS
Internet Speed



5.7 MILLION
Saudi Labor Force



\$19,858
GDP Per Capita



\$231 BILLION
FDI Inward Stock



2.5%
Population Growth Rate



\$646 BILLION
Nominal GDP



50%
Percentage of Youth
(Under age of 30)

The Economy of Saudi Arabia



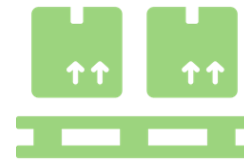
19th

**Largest
Economy**



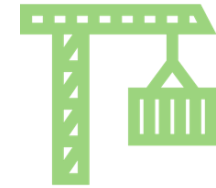
11th

**Highest
Growth (G20)**



27th

**Largest
Exporters**



31st

**Largest
Importers**

02 Vision 2030





was introduced in April 2016 by Crown Prince Mohammed bin Salman Al Saud to achieve King Salman Ibn Abdulaziz Al Saud's directions with the aim of diversifying and expanding the economy's competitiveness.



“My First Objective Is For Our Country To Be A Pioneering and Successful Global Model Of Excellence, On All Fronts, And I Will Work With You To Achieve

That ”

Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz Al-Saud

is Based on 3 Main Pillars



A HUB Connecting
Three Continents



The **HEART** of the
Arab and Muslim
World



INVESTMENT
Powerhouse

Vision 2030 is an ambitious commitment for KSA to transform its economy

Expected impact—Selected target indicators



A vibrant society

- To increase **SME contribution to GDP** from 20% to 35%
- To lower the **rate of unemployment** from 11.6% to 7%
- To increase **private sector contribution** from 40% to 65% of GDP



A thriving economy

- To increase **foreign direct investment** from 3.8% to 5.7% of GDP
- To move from current position as the 19th largest economy in the world to the Top 15
- To increase **localization of oil and gas** sectors from 40% to 75%



An ambitious nation

- To increase **non-oil government revenue** from SAR 163B to 1T
- To increase **Public Investment Fund** assets from SAR 600B to 7T
- To rise from current position of 25 to the top 10 countries on the **Global Competitiveness Index**

Vision 2030 will be realized through implementation of 13 nation-wide programs



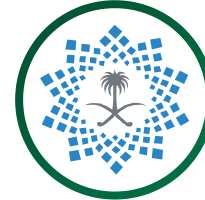
Financial Sector
Development Program



Fiscal Balance Program



Strategic Partnerships
Program



Saudi Character
Enrichment Program



Human Capital Program



Privatization Program



The Housing Program



National Companies
Promotion Program



Enriching the Hajj
& Umrah Experience Program



Public Investment
Fund Program



National Industrial Development and
Logistics Program



National
Transformation Program



Quality of Life Program

Source: Vision 2030, SAGIA analysis

Key milestones have been achieved to improve the business environment, culture and entertainment, and social welfare initiatives

01

Ease of doing business



02

Economic growth



03

Strategic partnerships



04

Culture and entertainment



05

Women's empowerment



06

Sports



07

Financial reforms



08

Government efficiency



09

Social welfare





A thriving
economy

Key milestones have been achieved to improve the business environment and boost the economy



01

Ease of doing business

Ranked

7th best country worldwide in protecting interests of minority investors according to a World Bank report

Allowed

100% foreign ownership across most sectors

Ranked

5th worldwide in shareholder governance (improving significantly from rank 77th in 2017) according to the global competitiveness report by the world economic forum

Issued

New corporate governance regulation to protect minority investors

Ranked

39th out of 140 countries (improving from 41st in 2017) in Global Competitiveness according to the world economic forum

Reduced

Time for business visas issuance to 24 hours

Introduced

Insolvency law

to encourage the participation of investors

Reduced

Import documents from 12 to 4 and export documents from 9 to 3



A thriving
economy

Key milestones have been achieved to improve the business environment and boost the economy



02

Economic growth

Forecasted to become the
18th largest economy in 2018 by IMF

Managed to control inflation at acceptable rates (less than 1%
variation) in 2018

45% growth of non-oil revenues in the first 9 months
of 2018

Attained secondary emerging market status in FTSE Index

Fiscal deficit decreased by 60% in the first 9 months
of 2018 to 49 SAR Billion

Won coveted “Emerging-Market Status” in MSCI⁶ upgrade,
resulting, in anticipated \$35B
of inflows in KSA’s capital markets³

PIF-managed assets
increased by 47%²

31.7% increase seen in commercial licenses issued in Q1’ 2018
over Q1’ 2017⁴



A thriving
economy

Key milestones have been achieved to improve the business environment and boost the economy



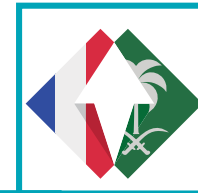
03

Strategic partnerships

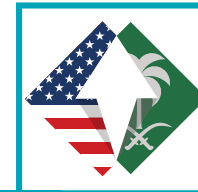
Saudi Arabia and the **United Kingdom** agree on **multi-billion trade deal**—a landmark deal for around £65B of mutual trade and investment opportunities over the coming years



Saudi Arabia and **France** sign **economic deals** and align politically—including a \$9B deal between Aramco and Total to build a petrochemical complex in the Kingdom



Saudi Arabia and **USA** sign **economic deals** and agreements worth USD 280B





A vibrant
society

Important achievements were recorded especially in culture and entertainment, women's empowerment and sports



04

Culture and entertainment

First cinemas launched since 35 years

Launch of Saudi Film Council and participation in the Cannes Film Festival 2018

Participation in the Venice Biennale exhibition

Al-Ahsa Oasis becomes a UNESCO World Heritage Site

Licensed 8 private museums incl. heritage, archeological, & specialized marine museums²

~5,000 entertainment events (live shows, festivals, concerts) planned across KSA in 2018

GEA entertainment campaigns attracts 3M visitors across in mid-year school vacation²

Recorded high 6.7M Hajj and Umrah visitors³ in 2017



A vibrant
society

Important achievements were recorded especially in culture and entertainment, women's empowerment and sports



05

Women's empowerment

Dr. Tamader bint Youssef Al Rammah appointed as the **first female deputy minister** of labour and social development

Sarah Al-Suhaimi appointed as **first female chairperson** of Tadawul

Enji Al Ghazzawi appointed as **first female Executive VP of Operations** at Riyadh Bank

Saudi women allowed to start own business and are **without male permission**

General Sport Authority (GSA) begins granting **licenses for women's gyms**

Women not required to obtain consent from their guardians to receive **public services**

Ministry of Education (MoE) approves **physical education program** for girls

Women **allowed to drive** for the first time in KSA



A vibrant
society

Important achievements were recorded especially in culture and entertainment, women's empowerment and sports



06

Sports

The General Sports Authority set up **seven new sports federations** to encourage participation⁴

KSA hosts **World Chess Championship** with participation of 400 international players

GSA reports an increase in **sports participation** from **13% to 23%**, achieving 2020 target⁵

Privatization the top 14 professional **football clubs** underway

Created **450 amateur clubs** and provided **491 sport-friendly sites** towards achieving 40% sport participation rate by 2030⁶

Formula E to be hosted in Saudi Arabia on December 15th, 2018



An ambitious
nation

Financial reforms, government efficiency and social welfare initiatives have been implemented



07

Financial reforms

Public sector spending rationalization office
saves SAR 17B of public funds¹ in 2017

VAT system successfully implemented²

Second wave of energy price reforms in Q1
2018²

KSA launched “Beinah”, a centralized
touchpoint for all consumer services⁴

Budget deficit fell from 12.9% of GDP in 2016
to 9.3% of GDP in 2017³



An ambitious
nation

Financial reforms, government efficiency and social welfare initiatives have been implemented



08

Government efficiency

Launching of **Cloud Hub** to establish a public cloud data center in the KSA and have an open platform for local developers / start-ups

Saudi ranks 7th in **Efficiency of Government Spending Index**

Increased productivity by 40% in Ministry of Justice

Saudi has one of the lowest public sector debt in the world (17% total general government debt as % of GDP by IMF)



An ambitious
nation

Financial reforms, government efficiency and social welfare initiatives have been implemented



09

Social welfare

Number of **volunteers** up by 64% in 2017⁵

Launch of Citizen Account Program to **protect low income households** from impact of energy price reforms. Over 700,000 households are already benefitting

Increase in women contribution to **volunteering to serve Hajj pilgrims** resulting in 2,500 female volunteers registered

Recent improvements in KSA economy were recognized by IMF and the World Bank...



"**KSA is making good progress** in implementing reforms in line with its Vision 2030 initiative which will help spur economic growth"

Real GDP to increased by 2.2% in 2018

"The **government remains committed to wide-ranging economic and social reforms** to transform the economy away from its traditional reliance on oil and to create a more dynamic private sector that creates jobs for the growing working age population"

"**Growth is expected to pick-up this year** (2018) and over the medium-term as reforms take hold"



"The **KSA economy is projected to expand again in 2018** with a 1.8% increase in GDP"

"As the National Transformation Program (NTP)-related reforms and direct government initiatives aimed at the private sector are implemented, while capital spending is simultaneously ramped up, **further domestic growth opportunities are foreseen to open up**"

Source: IMF, The World Bank

... and by leading international companies

Non-Exhaustive

J.P. Morgan

“The basis has been laid for a **successful and buoyant capital market in Saudi**, it’s quite impressive what they’ve done... players consider the kingdom to be **one of the key and most attractive markets in the region**”

*Sjoerd Leenart , Global
Head of Corporate
Banking (Aug 2018)*

Moody

“The inclusion of Saudi stocks in the MSCI Emerging Markets Index will **facilitate investors’ accessibility** to the local stock market and will **attract foreign investments into Saudi Arabia**”

*Vanessa Robert , Vice
President and Senior
Credit Officer (June 2018)*

Moelis &
Company

“I think it’s **one of most exciting regions** to be in at a time when there is so much transformation going on ”

*Eric Cantor , Vice
Chairman (May 2018)*

Abu Dhabi National Oil
Company

“Saudi Arabia, as the largest oil producer in the world, is taking steps that will **ensure its long-term sustainable economic development and prosperity**. It is **ambitious, bold** and **achievable**.”

*Dr. Sultan Ahmed Al Jaber,
Group CEO (October
2018)*

03 Tayseer



Tayseer has been established by the Council of Economic Development and Affairs (CEDA), No. 9/36, on Sept. 2, 2015. The government of Saudi Arabia has brought together over 35 government entities to work together towards the singular mission of enabling and growing the private sector. Tayseer is tasked with continuously improving the way business is conducted in the Kingdom, in an effort to create a conducive, mature and stable environment for doing business.



Increase the efficiency
of government services



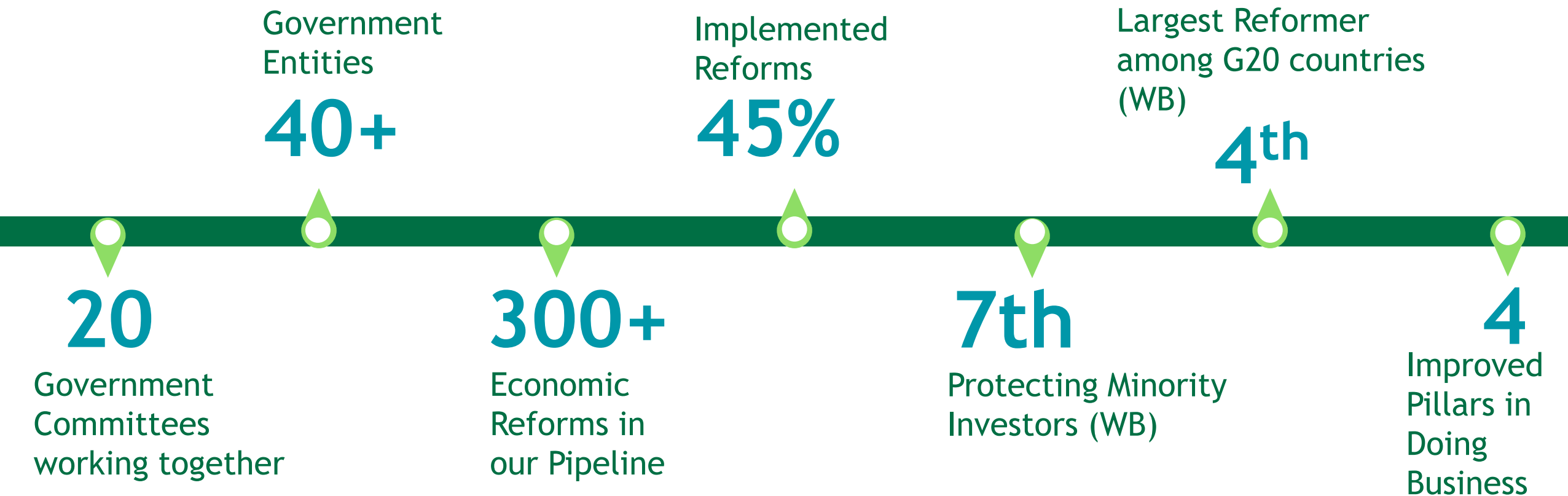
Position Saudi Arabia
among the top 20
countries globally for
doing business



Implement
regulations aimed at
stimulating the
private sector growth



Increase the
engagement of the
private sector with
direct involvement in
decision-making



1st

Macroeconomics
stability (WEF)
w/30 countries

2nd

Roads Connectivity
(WEF)

Reliability of Police
Services (WEF)

13th

1st

Debt Dynamics (WEF)

1st

Inflation (WEF)

5th

Future Orientation
of Government
(WEF)

04 Invest Saudi





General
Investment
Authority



The General Investment Authority is the Kingdom's investment promotion agency, tasked with attracting diversified investments into the country and serving as an advocate for investors.

As a result, “Invest Saudi” brand has been created to promote Saudi Arabia as a world-class destination for investments.

6 KEY REASONS TO INVEST IN SAUDI ARABIA

Saudi Arabia's reform journey



- Development of Vision 2030, with clear priorities & alignment amongst stakeholders
- Strong governance
- Clear 3-year planning, through 12 programs
- Undeniable initial successes across multiple themes (ease of doing business, entertainment, social, cultural, localization of industries, women participation in work, fiscal balance)

Game-changing opportunities



- Privatization program to unlock state-owned assets and to increase private investors participation
- Localization of value chain cooperating with both local and international investors
- Giga projects to create integrated economic ecosystems
- Large commitment to attract investors by improving overall business environment

Integrated infrastructure



- Strategic natural location linking three different continents
- Largest seaport on Red Sea, capturing 80% of maritime flows
- Internal transport network well-interconnected
- Efforts to optimize logistics for turning Saudi Arabia into a leading logistic hub
- Digital infrastructure development with private sector

Attractive property solutions



- >35 industrial and economic cities, strategically positioned
- Many of those creating cluster-effects (e.g., chemicals, mining, maritime) leveraging synergies and fostering system productivity
- Presence of ready-built supporting infrastructure
- Land at very competitive prices

Young and skilled workforce



- ~30% of Saudi working age population below 29 years old
- ~400k young Saudis entering the labor market every year, contributing to strengthen the development of workforce capabilities
- Education as the second largest area of government spending
- Leading universities growing scientific research activities

Expanding quality of life



- Tax free salaries
 - Among the world's lowest levels of tax
- High safe and security
 - One of the safest place in the world
- Advanced healthcare systems and facilities
 - Ranking 26th worldwide
- Expanding lifestyle
 - Women driving, entertainment, plan for cultural projects, alternative tourism

25 SERVICES OFFERED TO INVESTORS



Market and Economic intelligence

- ❑ Provide standard information packages
- ❑ Provide periodic reports and case studies
- ❑ Develop Ad-hoc info packages/reports
- ❑ Share contacts and databases



Matchmaking and linkage

- Connect to
 - ❑ industry/trade associations, commissions
 - ❑ large local companies for potential partnership
 - ❑ professional services
 - ❑ other FDI companies for reference
 - ❑ SMEs for supply-chain universities & research centers



Site visits

- ❑ Plan trip, set-up logistics and bookings
- ❑ Set up meetings with ministries and other stakeholders



Location search

- ❑ Provide High-touch guide on site/property search
- ❑ Connect with real estate agencies for deep assistance and evaluation



Set-up assistance

- ❑ Liaise provides advice on corporate structure
- ❑ Liaise with Gov. entities and provides advice on applying for visas, permits, licenses and Energy & Water
- ❑ Connect with executive onboarding assistance agencies
- ❑ Connect with recruiting employees agencies
- ❑ Generate publicity, joint press release, launch events
- ❑ Connect with financial partners for co-financing and support



Incentives assistance

- ❑ Build business case and feasibility studies
- ❑ Advice and develop specific incentive packages, and mediate negotiations with local authorities



Improving business climate

- ❑ Develop policy recommendations based on feedback
- ❑ Submit investors' proposals for amendment of legislation
- ❑ Troubleshoot investor operational issues

100% Foreign Ownership

in:

1. Trading License
2. Industrial License
3. Services License
4. Contracting License
5. Engineering Consultation License
6. Innovation Licenses

05 Success Stories





Baker Hughes Multiple Deals Concluded

“We are honoured to win the integrated services contract from Saudi Aramco, which highlights our strong performance track-record in Saudi offshore operations. With a significant number of wells, the Marjan expansion requires proven and efficient technology, matched by digital competencies that BHGE can deliver, which will make the operations seamless.”

Lorenzo Simonelli
Chief Executive Officer, BHGE



Pan Asia \$1.04Bn Deal was signed in FII

“The Kingdom is a leading producer of para-Xylene and Mono Ethylene Glycol, which are exported worldwide. The project represents an important step towards maximizing value addition through local conversion of these basic petrochemicals into PET, an important plastic used in water, beverage and food packaging.”

Guan Lingxiang
Chairman, Pan Asia





NOV \$200MM deal was signed in FII

“We have a long and significant relationship with Aramco. We wanted to strengthen and enhance this relationship by forming a partnership to build the most advanced Drilling Rigs for utilization in the Kingdom and in the wider Middle East market place. We are excited about this opportunity with this venture forming a key element of our overall supply chain.”

Joe Rovig
President, Rig Systems & Aftermarket, NOV



Dow 40 YEARS OF SUCCESS

“Dow is truly honored to be the first company to receive a trading license and advance our legacy of strategic partnerships and investments in the Kingdom...Dow has been a strategic partner in Saudi Arabia for nearly 40 years and we look forward to playing a key role in helping advance the Saudi's Vision 2030 plan designed to create a vibrant society and a thriving diversified economy.”

Andrew N. Liveris
Dow Chairman and Chief Executive
Office Dow Chemical Company





TOTAL Petrochemicals 11 YEARS OF SUCCESS

“Investors should focus on the industrial clusters as opportunities. Through the National Industrial Cluster Development Program, the government has already done all of the necessary feasibility studies that highlight where Saudi Arabia can excel and what potential exists.”

Benoît Chagué
Managing Director
Total Refining & Chemicals
and Total Country Chair in KSA



TOTAL
PETROCHEMICALS



INVEST
SAUDI



Schmid \$200MM Deal was signed in FII

“Saudi Arabia’s strategic vision to enable establishment of a globally leading local industry focusing on future oriented segments provides an excellent growth platform for technology oriented companies. SCHMID is proud to have the opportunity of partnering with a KSA based global leader like SABIC, we are confident that the possibilities enabled with this partnership will significantly contribute to realization of our joint target of creating a locally based global champion.”

Christian Schmid
Chief Executive Officer, Schmid

SCHMID





Honeywell 55 YEARS OF SUCCESS

“We have found that Saudi presents a tremendous opportunity in terms of its local talent potential. The Saudi youth makes up more than 50 percent of the country’s population and this will provide a sustainable pipeline of talent to drive Saudi’s growth and economic diversification”

Norm Gilsdorf, President
High Growth Regions, Middle East,
Russia, Central Asia, Honeywell



3M 35 YEARS OF SUCCESS

“As a global leader in developing innovative solutions, our goal is to play an important role in the Kingdom’s effort to diversify its economy through knowledge and technology transfer. We will work closely with the Saudi government to enhance our manufacturing investment plans, invest in specialized research and development centers, and create high-value, technically sophisticated jobs.”

H. C. Shin
Executive Vice President for
International Operations 3M





General Electric 75 YEARS OF SUCCESS

“Over the last decade we’ve made a tremendous amount of progress in the Kingdom helped by good guidance across the government. We believe that we’ve gotten a good return on our investment for our shareholders too.”

John G. Rice
Vice Chairman GE



Huawei 16 YEARS OF SUCCESS

“Huawei has proudly been operating in the Kingdom of Saudi Arabia since 2002, and views the country as a key market regionally and globally. We were honored to be granted an investment license in 2016, allowing Huawei to retain 100% ownership of its trading operations in the Kingdom,”

Ramadan Ding, CEO
Huawei Tech Investment
Saudi Arabia





John Hopkins Medicine 8 YEARS OF SUCCESS

"Johns Hopkins Medicine is happy to share its 127 years of health care expertise with its renowned partners in Saudi Arabia. The resulting collaborations have opened up great potential to address the most critical health challenges facing the Kingdom and the region."

Pamela D. Paulk, M.S.W., M.B.A.
President, CEO
Johns Hopkins Medicine International



Pfizer 58 YEARS OF SUCCESS

"We are proud to be the first pharmaceutical company to be granted the trading license from the General Investment Authority. ("SAGIA"), which emanates as a result of our commitment toward Saudi government since our agreement in 2011 to establish our manufacturing facility in King Abdullah Economic City ("KAEC"). With this license Pfizer Saudi will further enhance its presence in the Kingdom ensuring faster access to medicine for patients with supply chain integrity and it will help to accelerate our Saudization plan."

Hussein El Hakim
Country Manager
Pfizer Saudi Arabia





IBM 71 YEARS OF SUCCESS

The presence of IBM in Saudi Arabia dates back to 1947, when it installed the first computer in the Middle East region at Saudi Aramco over 50 years ago. Today, IBM's customer portfolio in Saudi Arabia embodies its profound commitment to innovation.



Cisco 20 YEARS OF SUCCESS

"Saudi Arabia has a bold plan for fostering an innovation, talent and entrepreneurship ecosystem that will shift the economy towards greater private sector participation and a more market-based approach. We are honored to collaborate closely with them to realize the immense benefits that Saudi Arabia's accelerated digital journey will deliver."

John Chambers
Cisco's Executive Chairman





SAP 10 YEARS OF SUCCESS

“Saudi Vision 2030 is a milestone for nationwide digital transformation – with public-private partnerships driving innovative new business models and solutions in the Digital Economy. With highly talented Saudi nationals and advanced technology infrastructure, the Kingdom is set to leapfrog established economies to become one of the world’s most innovative, from government to SMEs.”

Bill McDermott, CEO
Global Enterprise Software Company SAP



HPE 30 YEARS OF SUCCESS

“Today, in an age of digital disruption, HPE continues to accelerate innovation for our customers helping them on their digital transformation journey. The Saudi nation is embarking upon just such a journey with the 2030 Vision and Transformation Plan. HPE is honored to be involved helping make a significant impact and we are committed to a long-term engagement. I am excited for the opportunities this partnership can bring both for HPE and Saudi Arabia. Together, we can achieve great things and realize the Saudi Vision.”

Meg Whitman
President and CEO
Hewlett Packard Enterprise



Hewlett Packard
Enterprise





Cerner 6 YEARS OF SUCCESS

“Our mission of improving the health of populations is very much in line with the Kingdom’s Strategic Healthcare Plan and we are fully committed to support the Saudi government and citizens in the development of a world class healthcare system.”

Michael Pomerance
Vice President & Managing Director
Cerner Middle East



DHL 40 YEARS OF SUCCESS

“The Saudi market is one of the large markets in our network. It is a market that is good to do business in for a number of reasons.

I think it is important for any investor to feel safe in a market, to feel encouraged by the government, and to feel that they can repatriate their profits. Saudi Arabia is just that. It has its challenges like any other market, but overall, if you work hard to promote your technology and services, you will succeed.”

Faysal El Hajjami
Vice-President and Country
General Manager
DHL Saudi Arabia





Sanofi 9 YEARS OF SUCCESS

“Sanofi has taken the decision to start its production facility in the kingdom 9 years ago, and in 2010 Sanofi has signed its agreement with SAGIA and the Saudi authorities, the essences of having this investment is to help the Saudi economy diversification as a part of the Kingdom’s vision.”

Ahmed Serag
Sanofi KSA General Manager
Country Chair



Thank you

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