INVEST SAUDI

www.investsaudi.sa

Investment Highlights

A special report by SAGIA - Summer 2019

The number of new foreign investor licenses granted continues to grow in Q2 2019.

- 291 foreign firms established operations in Saudi Arabia in Q2 2019
- New foreign firms up 103% on the same period last year
- 5 new foreign investor licenses issued per day on average

Inside this report:

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

In research partnership with global think group

OPENING REMARKS

Majed Al Qasabi
Minister of Commerce and Investment

2019 is proving to be an exceptional year for Saudi Arabia.

According to the most recent figures, **foreign direct investment inflows increased by 24% in Q1 2019. In the first half of the year, new foreign investor licenses rose by 85% and economic reforms implementation by the National Competitiveness Centre hit 55%**. Major investor deals are being signed and giga-projects continue to move ahead.

These figures demonstrate the clear momentum we are seeing in foreign investment in the Kingdom. We continue to pursue further reforms and incentives to make it easier for international investors to play a role in our economic transformation in the years to come – bringing jobs, growth and opportunity to Saudi citizens.

And the world is taking notice. In May, prominent business school IMD published their World Competitiveness Yearbook 2019. The report saw Saudi Arabia ranking as the 26th most competitive economy, rising 13 places in the global ranking from last year—the fastest improving country among those assessed.

The International Monetary Fund also painted a promising picture for Saudi Arabia's economy, highlighting that "economic reforms have started to yield positive results."

For all of us—Saudi policy makers and civil servants working tirelessly to achieve the goals laid out in Vision 2030—these results represent a source of great pride. More importantly, however, **Vision 2030 achievements are resulting in tangible opportunities for local and foreign investors, enabling them to contribute to the Kingdom's economic diversification and development.**

At the G20 Summit held in Osaka in late June, Saudi Arabia was able to showcase its journey toward economic and social transformation on the world stage. The Summit was not only an occasion for the Kingdom to further bilateral partnerships with the world's leading economies, it also helped to catalyze the discussion on key Vision 2030 themes that hold global relevance. These include the digital economy, energy sustainability, and women's empowerment.

In 2020 Saudi Arabia will proudly host the G20 discussions, with the leaders' summit scheduled for 21-22 November in Riyadh. **The Kingdom looks forward to making an even greater contribution to the global agenda, while showcasing the cultural, social, and economic benefits of Vision 2030**.

As we carry the Invest Saudi message to investors around the world, we are seeing tangible enthusiasm and excitement from business leaders from across a wide range of new sectors. **As we move into the remainder of 2019, we look forward to hearing from stakeholders about how we can help them access the growing opportunities in Saudi Arabia**.

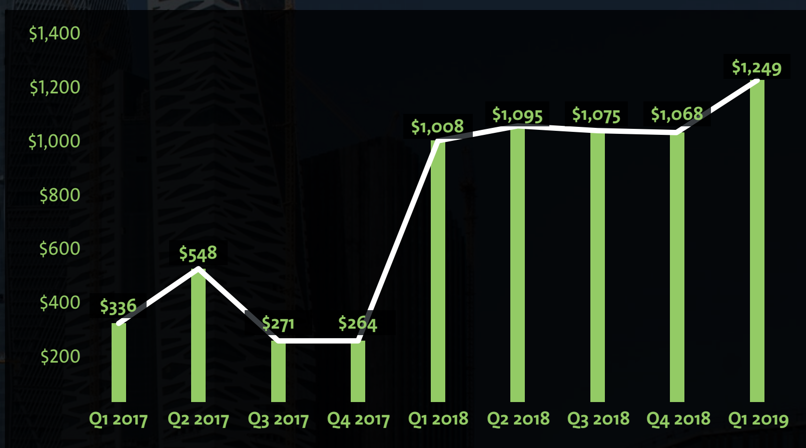
FDI Spotlight

FDI inflows:

+24% in Q1 2019 vs Q1 2018

+199% in 2018 vs 2017

Saudi Arabia FDI Inflows (Quarterly, $ Million)



Source: SAMA

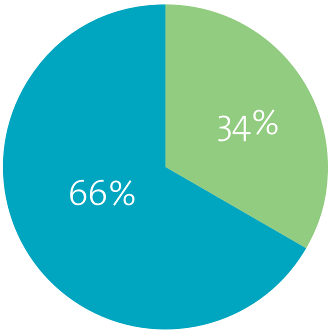
INVESTOR LICENSES

Foreign Investor Licenses Highlights in Q2 2019

Investor interest in Saudi Arabia's economy keeps growing as Vision 2030 reforms continue to yield results

New foreign investor licenses in Q2 2019:

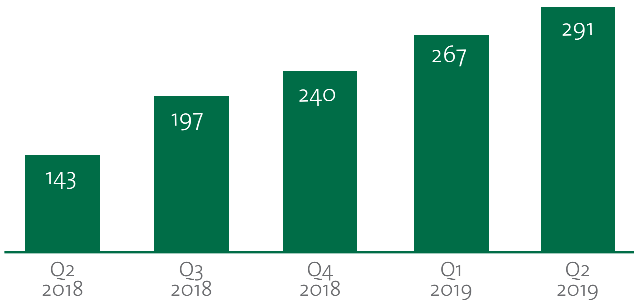
+103%
vs Q2 2018



Of which:

- **66%** full foreign ownership
- **34%** joint venture partnerships with local investors

New Foreign Investor Licenses - Quarterly



New Foreign Investment Licenses across Top Sectors

Sector	Q2 2018	Q2 2019
Construction	15	61
Information and communication	20	51
Manufacturing	27	45
Professional, scientific and technical	22	35
Wholesale and retail trade	13	23
Administrative and support services	6	20
Accommodation and food services	7	13
Transportation and storage	4	6
Financial and insurance	1	7
Human health	1	7

New Foreign Investment Licenses across Top Countries

Country	Q2 2018	Q2 2019
UK	18	45
India	11	29
USA	16	23
Jordan	8	22
Egypt	4	22
France	4	19
UAE	5	17
China	5	9

INVESTOR LICENSES

Spotlight: Education Sector in H1 2019

Saudi Arabia's education sector is **one of the most attractive investment opportunities in Saudi Arabia and the region beyond.**

In the first half of 2019, 9 new foreign education companies were awarded investor licenses, amounting to a total of $141 million of investment deals.

9 New foreign education companies licensed

$141 million of deals closed

Licenses

Niagara College Canada — APPLIED DREAMS.

EduReach EDUCATION

TTRO.COM

Education First

ACCEL — ARIZONA CENTERS for COMPREHENSIVE EDUCATION and LIFE SKILLS

INTUITIVE EDUCATION

NATIONAL GEOGRAPHIC LEARNING

CareTech foundation

REGULUS CAPITAL

Why invest in Saudi Arabia's education sector?

80%

Saudi Arabia's education sector accounts for almost 80% of **public education expenditure in the GCC region.** In 2019, education became the largest item in Saudi Arabia's fiscal budget.

$37.2bn

The private sector currently accounts for only 12.6% of a $37.2bn market, 15.7% of 7.7m students, and 18.3% of 36,461 educational institutions in Saudi Arabia. Significant demand for private education is being driven by population growth and a desire for high-quality education.

100%

In addition to allowing 100% **foreign ownership in 2018**, Saudi Arabia has undertaken a number of initiatives to encourage private investment, including subsidies for kindergarten and nursery schools, school construction financing, and PPPs.

BUSINESS REFORMS HIGHLIGHTS

Premium Residency System launched

On May 14th, the Saudi Council of Ministers approved the launch of the Premium Residency System. The move is yet another landmark reform positioning **Saudi Arabia as a dynamic global hub for investors, entrepreneurs, and innovators.** Premium Residency will allow qualified international expatriates to apply for Saudi residency and hence access the unprecedented investment and business opportunities Vision 2030 is creating. Under this new scheme, expats will enjoy many **attractive benefits,** including:

- The right to open a business in accordance with the Foreign Investment Law, which allows **100% foreign business ownership** in most sectors
- The right to directly **invest and trade in the Saudi capital market,** the largest in the MENA region
- The right to **own real estate** for residential, commercial, and industrial purposes, at a time when Saudi Arabia is pioneering some of the largest mega-projects globally
- **No personal income tax** applied to Premium Residency holders, who will be subject to the same tax provisions as any other resident

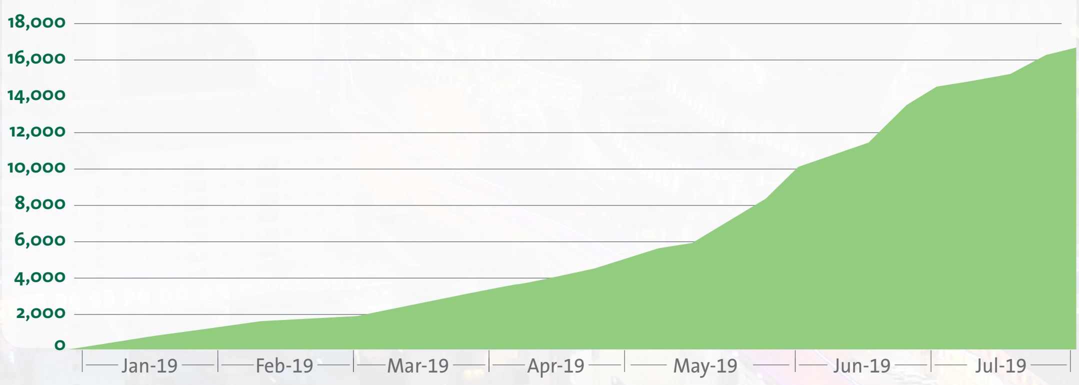
The Saudi government has established a dedicated Premium Residency Center. Find out more about the application process, conditions, and costs at saprc.gov.sa

Ownership limit for foreign strategic investors in the Saudi capital market removed

On June 26th, the Capital Market Authority announced the **removal of the 49% ownership limit for foreign strategic investors** in companies listed on the **Saudi Stock Exchange (Tadawul).** This will allow foreign strategic investors to own controlling stakes in companies listed in the Tadawul, the largest capital market in the MENA region.

The move follows four years of profound capital market liberalization, leading to the Tadawul receiving 'emerging market' status from leading index providers such as MSCI and FTSE. This inclusion has so far led to an unprecedented injection of **$14.4 billion** by foreign portfolio investors in the first half of 2019.

Foreign Portfolio Investment-Net ($ million, cumulative)



Source: Tadawul

BUSINESS REFORMS HIGHLIGHTS

Reforms mark Saudi Arabia on the global competitiveness map

تيسير Tayseer | المركز الوطني للتنافسية National Competitiveness Center

In early 2019, Saudi Arabia established the **National Competitiveness Center (NCC).** The NCC aims to enhance the Kingdom's competitiveness relative to global benchmarks in order to foster productivity and innovation. To this end, the Center is working in partnership with over 40 government organizations as well as the private sector, represented by the Council of Saudi Chambers.

The NCC is the successor of **Tayseer,** a government committee created in early 2016 to support the performance of the private sector, increasing its participation in the Kingdom's economic development.

NCC Objectives:

- Develop and improve the kingdom's competitive economic environment
- Improve the Kingdom's ranking in international competitiveness reports
- Communicate with the private sector to address challenges

As of the **second quarter of 2019,** the NCC has achieved some **impressive results:**

300+
Economic reforms in the pipeline

55%
Of reforms implemented

Economic reforms receive international recognition

Saudi Arabia jumped 13 places in the May **IMD World Competitiveness Yearbook 2019,** making it **the country with the highest rise among the participating countries.** Specifically, the Kingdom was ranked as the 26th most competitive country among the 63 surveyed and the 7th among G20 countries. As Vision 2030 reforms start to bear significant results, the IMD report recorded major leaps forward in government efficiency (from 30th to 18th) and business efficiency (from 45th to 25th).

Saudi Arabia's Ranking

26th
most competitive country
(up 13 places)

7th
most competitive
among G20

IMD Main Indicators

18th
in Government Efficiency
(up 12 places)

25th
in Business Efficiency
(up 20 places)

38th
in Infrastructure
(up 6 places)

IMD Sub-Indicators

2nd
in Export of
Goods Growth

4th
in General Government
Debt (%GDP)

8th
in Adaptability of
Government Policy

"Economic reforms have started to yield positive results." International Monetary Fund, May 2019

GIGA-PROJECTS

NEOM Bay Airport launched

NEOM Bay Airport (NUM Airport Code) opened on June 25th as the first airport serving NEOM city, an independent economic zone and a strategically located global hub for trade, innovation, and knowledge. The airport will operate regular flights for investors and NEOM project employees until the opening of the official international airport.

- First commercial flight landed on June 30th
- First airport using the fifth generation (5G) wireless network service in the region
- 70% of the world's population live within 8 hours of NUM by plane

Qiddiya Giga-project reveals Master Plan

On June 26th, Qiddiya Investment Company revealed the first glimpse of the Saudi "Capital of Entertainment, Sports, and the Arts" by releasing the Qiddiya Master Plan, created in conjunction with Bjarke Ingles Group (Denmark). Located just 45km from Riyadh, just 30% of the 334km^2 site is slated for development, leaving the remainder for natural conservation. The site is organized around five primary development nodes:

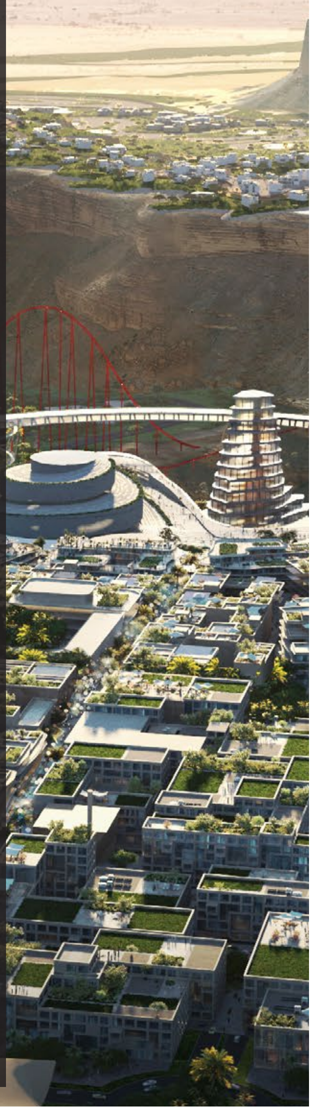
Resort Core
- Retail, Dining and Entertainment district, along with a portfolio of resort hotels
- Six Flags Qiddiya, the Kingdom's first family-oriented park under the Six Flags brand showcasing six themed lands
- Water-oriented park with an integrated resort hotel
- Speed Park, a motor sport experiences destination

Eco Core
- Nature and wildlife encounters, ecologically-sensitive golf course, and other outdoor sporting adventures

City Centre
- Sports Venues: 20,000 seat cliff-top stadium, 18,000 seat multi-purpose indoor arena, aquatic center, and sports hub
- Arts and Entertainment: 2,000 seat performing arts theatre and premier multiplex cinema
- Creative Campus: workspace, media production, and education facilities
- Lifestyle: private school, sports medicine hospital, private villas and biking/walking paths as well as retail, services, and dining options

Motion Core
- Events, experiences, and residential and hospitality offerings driven by advanced fitness technologies
- "Race Resort," where homes and club facilities provide access to a challenging 15km performance driving course, with facilities for both on-road and off-road driving experiences

Golf and Residential Neighborhood
- Championship 18-hole golf course and club house facilities, luxurious resort hotel and spa, and equestrian facilities-all accessible from villas, townhomes and private retreats



STARTUPS

Exciting times for startups seeking a growth market

Incentives for global VCs joining the VENTURE by Invest Saudi platform

On April 24th, Invest Saudi launched VENTURE, a new initiative aimed at **attracting global venture capital (VC) firms** to the Kingdom. The platform will provide streamlined licensing processes for VC portfolio companies, including an **"instant licensing"** service that takes less than 3 hours. Over 25 VCs have already signed agreements under the VENTURE platform, including representatives from the **United States,** the **United Kingdom, China,** and **Singapore.**

Foreign startups raise capital in Saudi Arabia

The last few months have seen some notable success stories from foreign startups entering the Saudi market targeting local investors for their financing rounds. Here are the highlights:

AWOK – $30 million
On April 8th, UAE-based mass e-commerce platform AWOK closed a $30 million Series A financing round jointly led by StonePine ACE Partners and **Al Faisaliah Ventures,** the new VC arm of Saudi holding Al Faisaliah Group. The capital will mostly support the startup's expansion to Saudi Arabia.

Jamalon - $10 million
Online book retailer and publisher Jamalon of UAE closed the first leg of a Series B funding round on March 19th, raising over $10 million from a pool of regional and global investors including Saudi-based **Anova Investments.**

Tarjama - $5 million
On March 18th, language service provider Tarjama closed a $5 million Series A round led by Saudi-based **Anova Investments.** The new funds will allow the UAE-based startup to further develop its service offering and to enter the Saudi market.

STARTUPS

First startup Demo Day by a Silicon Valley accelerator in Saudi Arabia

مسك الابتكار
MISK INNOVATION
Accelerators
500

On May 13th, the **Misk 500 Accelerator Program** hosted its first demo day following a 16-week accelerator program run in collaboration with Silicon Valley-based **500 Startups,** its MENA-focused fund **500 Falcons,** and Saudi-based **Misk Innovation.** The program attracted more than **20 visiting mentors** from United States, United Kingdom, Indonesia, Canada, Portugal, and Germany.

19
participating startups from 6 countries and 13 sectors

37%
of these companies had at least one female founder

50+
hours of lectures delivered

512
one-to-one office hours

$50,000
invested into each participating startup in exchange for 7% equity

Since its inception in Silicon Valley, 500 Startups has run one of the world's top-ranked accelerator programs, investing in over 2,200 companies via its 4 global funds and 15 thematic funds dedicated to specific geographic markets or verticals. Applications are now open for Batch 2 of the Misk 500 Accelerator Program. Find out more at misk.500.co

ENTERTAINMENT

Saudi Seasons

Saudi Arabia launched the Saudi Seasons initiative earlier this year, with 11 tourism seasons covering each region of the Kingdom. The program includes events and activities specifically designed to complement the cultural, touristic, and historical touchstones of Saudi Arabia.

مواسم السعودية
Saudi Seasons

Season Eastern Province
Mar 14 - 30

- **3.2+** Million visitors (16% of which are foreigners)
- **9** Cities in Eastern Province
- **3,000+** Temporary jobs
- **116** Activities and programs
- **13** Organizing groups
- **4,000+** Volunteers

Season Ramadan
May 6 - June 3

- **2+** Million visitors
- **5** Cities
- **7** Supporting organizations
- **21** Activities
- **100+** Million online impressions
- **7** Million views of the promo video

Season Eid Al-Fitr
Jun 4 - 8

- **5+** Million visitors
- **90** Cities
- **24hr** Open malls
- **350+** Activities
- **800** Shows
- **500+** Eid-themed restaurants & cafes

ENTERTAINMENT

Saudi Seasons across the Kingdom

Saudi Arabia's first international film festival launched

On June 27th, the **Red Sea International Film Festival** announced the hosting of its inaugural event from 12th-21st March 2020 in the old town of Jeddah. **Saudi Arabia's first ever international film festival** aims to develop and promote the film industry, establishing itself as a premier event for the discovery of up-and-coming talent in the region and beyond.

This comes after the Kingdom reopened cinemas in April of last year as part of Vision 2030's Quality of Life program, which seeks to attract **national and international players to invest in the construction of over 45 cinemas across the 13 regions of Saudi Arabia by 2020.**

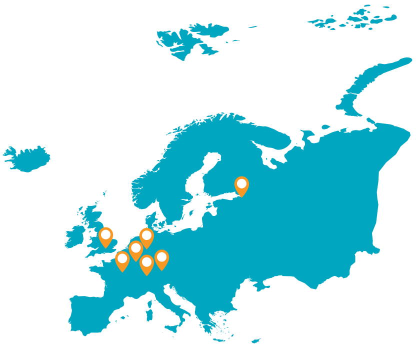
مهرجان البحر الأحمر السينمائي الدولي

RED SEA
INTERNATIONAL
FILM FESTIVAL
2020
MARCH 12-21

INTERNATIONAL EVENTS

You can find us at events all over the world.

EUROPE



June

Transport Logistic 2019
Munich - Germany

St. Petersburg International Economic Forum (SPIEF 19)
Saint Petersburg Russia

5G World
London - UK

London Summit (edu)
London - UK

Chempsec Europe
Basel- Switzerland

July

Arab British Economic Summit 2019 (ABES 2019)
London - UK

September

DSEI Defense & Security Equipment International
London - UK

October

Anuga Food Fair
Cologne - Germany

Trade Fair Plastic and Rubber - (K 2019)
Düsseldorf - Germany

November

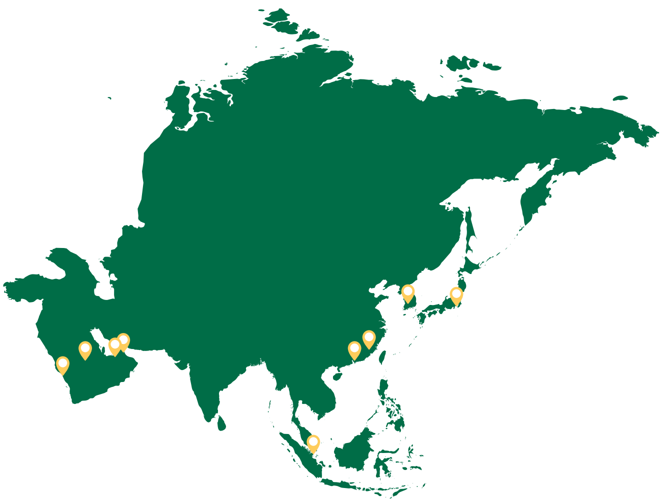
The International Tourism & Investment Conference (ITIC)
London - UK

World Travel Market (WTM 40th Edition)
London - UK

Web Summit 2019
Lisbon - Portugal

European Utility Week
Paris - France

ASIA



May

World Opportunities Forum
Singapore

June

Aquatech China 2019
Shanghai - China

Saudi Japanese Vision Business Forum
Tokyo - Japan

Saudi-South Korean Partnership Convention
Seoul - South Korea

Harvard Business School Alumni Visit
Riyadh - KSA

July

KME Workshop
Riyadh - KSA

September

Food & Pharmeceuticals Mnufacturing Workdshop
Jeddah - KSA

UTECH Asia
Guangzhou - China

China International Fair Investment and Trade
Xiamen - China

24th World Energy Congress
Abu Dhabi - UAE

Belt and Road Summit
Hong Kong

The First Saudi International Iron & Steel Conference
Riyadh - KSA

Chemical - Japan Roadshow
Tokyo - Japan

Cityscape Global
Dubai - UAE

October

SFDA Annual Conf. & Expo
Riyadh - KSA

GITEX 2019
Dubai - UAE

SCCA19 International Conference
Riyadh - KSA

The Future Investment Initiative (FII) 2019
Riyadh - KSA

December

Saudi Malaysian Business Forum
Jeddah - KSA

Gulf Petrochemicals and Chemicals Association
Dubai - UAE

23rd Middle East Iron & Steel Conference
Dubai - UAE

NORTH AMERICA

May

Waste Expo
Las Vegas, NV

June

Select US Investment Summit
Washington DC - USA

August

Energy Exchange NAESCO Regional Meeting
Denver, CO - USA

AUSTRALIA

June

The World Forum for FDI
Sydney - Australia

INTERNATIONAL EVENTS

Saudi Arabia at the G20 Osaka Summit

G20 2019 JAPAN

Strengthening global partnerships

Whilst at the Summit, the Saudi delegation held bilateral meetings with:

- India
- Singapore
- Netherlands
- USA
- Russia
- UK
- Argentina
- Brazil
- Indonesia
- Egypt
- South Africa
- World Bank

Key themes raised by Saudi Arabia's delegation, and how they relate to Saudi Vision 2030

Digital Economy

Saudi Arabia aspires to be among the top global models of digital transformation and innovation by 2030

Women's Empowerment

Saudi Arabia aims to increase the participation of women in the workforce from 22% to 30% by 2030

SME Support

Saudi Arabia aims to increase SME contribution to GDP from 20% to 35% by 2030

Climate Change, Energy, and the Environment

Saudi Arabia aims to reduce its carbon dioxide emissions by 130 million tons by 2030

Cooperation with Low Income Countries

Saudi Arabia has provided $3.25 billion of aid across 44 countries since 2015 through the King Salman Humanitarian Aid & Relief Center

Water Security and Sustainability

Saudi Arabia will increase the reuse rate of treated wastewater from 13.6% by 2015 to 35% in 2020

INTERNATIONAL EVENTS

Strengthening global partnerships

Saudi-Japan Vision 2030 Business Forum

Tokyo - June 17th

300+ participants

11 MoUs signed

2 licenses awarded to Japanese investors

20 one-to-one meetings

Saudi-South Korean Partnership Convention

Seoul - June 26th

200+ participants

15 MoUs signed

2 licenses awarded to Korean investors

70 one-to-one meetings

4 investor workshops

INTERNATIONAL EVENTS

Inaugural Financial Sector Conference a Resounding Success

مؤتمر القطاع المالي
FINANCIAL SECTOR CONFERENCE

The first edition of the **Financial Sector Conference** took place in Riyadh on April 24-25. The Conference brought together financial sector business leaders from around the world, representatives from leading public and private sector financial institutions, financial rating agencies, and internationally recognized capital markets experts.

Topics

- Capacity building in the financial sector
- Competitiveness of the financial sector
- Financial technology (FinTech)
- Islamic finance
- Real estate financing
- Challenges and opportunities in the insurance market

Key Facts

14
Plenary sessions

12
Expert focus sessions

140
Speakers

40
Represented countries

4,200
Attendees

Major international speakers

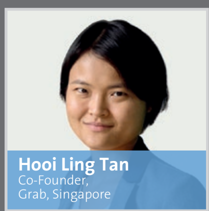

Laurence Fink
Chairman & CEO, BlackRock


John Flint
Group CEO, HSBC


Nobuyuki Hirano
Chairman, Mitsubishi UFJ Financial Group


Daniel Pinto
Co-President & COO, JP Morgan Chase

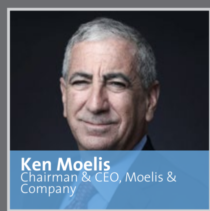

Patrick Zhong
Founding Managing Partner M31Capital, China

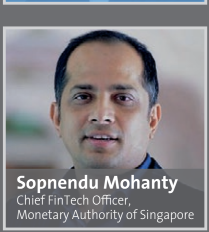

Hooi Ling Tan
Co-Founder, Grab, Singapore


Frédéric Oudéa
CEO, Société Générale


Clare Woodman
Head of EMEA & CEO, Morgan Stanley International

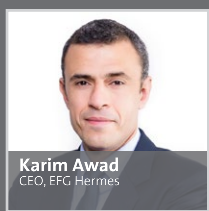

David Schwimmer
CEO, London Stock Exchange


Ken Moelis
Chairman & CEO, Moelis & Company


Sopnendu Mohanty
Chief FinTech Officer, Monetary Authority of Singapore

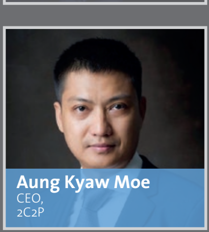

Penny Bodle
Partner & Head of EMEA Investor Relations, SoftBank Investment Advisers, SoftBankGroup Corp. UK


Jamal Al Kishi
CEO Middle East and Africa, Deutsche Bank

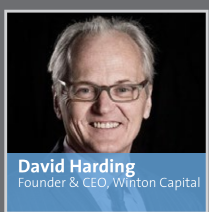

Karim Awad
CEO, EFG Hermes

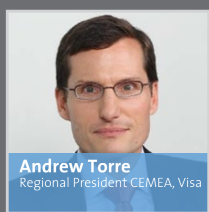

Tom Finke
Chairman & CEO, Barings

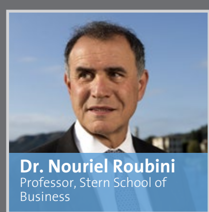

Martin Gilbert
Co-CEO, Standard Life Aberdeen


Aung Kyaw Moe
CEO, 2C2P


Timothy Collins
CEO, Ripplewood Advisors


David Harding
Founder & CEO, Winton Capital


Andrew Torre
Regional President CEMEA, Visa


Dr. Nouriel Roubini
Professor, Stern School of Business


Tim Called
Mission Chief, Saudi Arabia, International Monetary Fund

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Invest in Saudi Arabia

Getting an investor license takes just:

2 documents

3 hours

- Find out more at InvestSaudi.sa
- Contact the Investment Team:
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  Local: 800 244 9900
  International: 00966 11 204 5777