

The background of the slide is an aerial photograph of the Jeddah skyline at sunset. The sky is filled with large, dramatic clouds in shades of orange, pink, and blue. The city below is densely packed with buildings, with several prominent skyscrapers standing out. The lighting is warm and golden, creating a high-contrast scene between the illuminated buildings and the darker sky.

## **SAUDI ARABIA:** **The Vision Driving a Renaissance**

**May 2023**



- **Vision 2030 is driving a complete transformation of Saudi Arabia and has created the most profound opportunities in the region.** What makes the change so remarkable is that it is not merely about economic reforms. It is a fundamental renaissance, which is transforming all aspects of the society, from culture, politics, entertainment to education, foreign policy, and the societal outlook. Some observers believe that the reformation surpass that of Europe post World War II and China under Deng Xiaoping. We believe that the changes have made Saudi Arabia an open, welcoming, progressive market and more importantly, a young, energetic, optimistic and positive society. This is a rare combination, and this is why we think Saudi Arabia is the most important investment story in the world right now.
- **Saudi Arabia is the most important investment opportunity in the region.** The economic opportunity is pretty straight forward. KSA is the fastest growing economy in the G20. GDP grew by 8.7% in 2022 and crossed \$1 trillion (18<sup>th</sup> biggest economy in the world). High oil prices have always led to windfall gains but unlike in the past, it is not just an oil price shock story this time. Non-oil GDP grew by 5.4% in 2022 and outpaced oil sector growth in 4Q. Fiscal prudence led to a current account surplus of \$150bn. While overall GDP growth is expected to taper to 3% in 2023, non-oil sector will sustain 5-6% growth on the back of the economic initiatives set under Vision 2030. The Saudi sovereign wealth fund, PIF has over \$620bn of AUM and is actively deploying that to accelerate growth and investment in non-oil sectors. Additionally, under Vision 2030, the government has allocated \$1 trillion for ambitious giga-projects such as Neom. While it is the news of investments by PIF and Aramco which makes headlines, we think the most critical and rewarding reform is opening of the labour market for women. Female workforce participation has increased from less than 20% in 2018 to over 38.5%; a major supply side boost.
- **The opening up of the market will pull in global capital.** Historically KSA has been a closed and conservative society. This is best indicated by the fact that until 2019, there was no tourist visa in Saudi. Direct foreign investment was almost not possible and overseas investors were barred from investing in local stocks. This has all changed. The KSA of today is welcoming and facilitating investors. Given that KSA is the biggest market in the MENA region in terms of both economic size and population, we think the size will attract regional capital to flow in. Peace with Iran and diplomatic engagements with China, Turkey, Russia can make Saudi the ideal pivot for regional trade, manufacturing, tourism and investment.

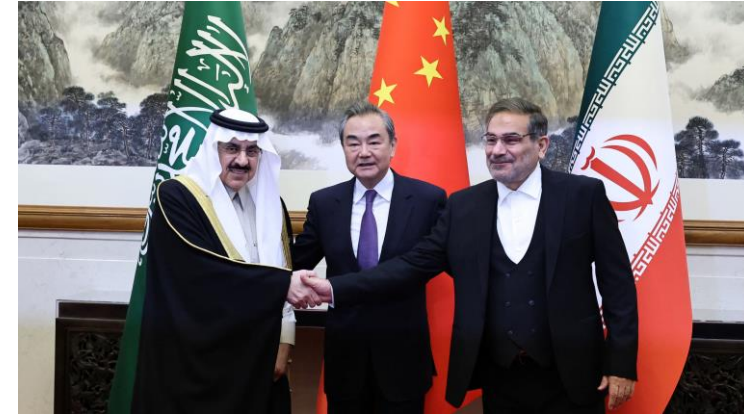


- **The young population is optimistic about its future.** A common and obvious question we get is whether these changes are sustainable. Is it possible to do such drastic changes in a society which was tribal, traditional, religious and conservative? It is hard to appreciate the changes from outside, without visiting the place. More than 50% of the population is under the age of 35 and everyone is digitally connected. Consumer sentiment surveys show that over 91% of the population supports the reforms. During our roadshows to the country over the past 6 months, we have seen the evidence of this. The leader at the helm of affairs, the Crown Prince, is himself 37 years old. This also gives confidence that the new policy direction will be stable and sustainable. The reforms have only just started, and we expect them to accelerate.
- **We think that every regional company and investor needs to have a Saudi strategy.** The Saudi gold rush has started. The first wave was of leading global funds and banks such as Softbank, Blackrock, Credit Suisse etc. which have been seeking capital from PIF. But now it is inbound investment. Global brands in consumer, food and beverage, entertainment and sports are flocking in. Riyadh is already starting to match Dubai and Hong Kong in terms of the restaurant brands. We think the next wave would be in healthcare, education and technology (especially in cloud computing, AI and computer games). In this report we have given an overview of the economy and the economic changes and highlighted some of the areas of opportunities. The Saudi stock exchange, Tadawul (\$2.6 trillion market cap) had close to 50 listings last year (including the new junior board, Nomu) where over \$10bn was raised. We think there is an opportunity for global companies to list locally on Tadawul to raise domestic capital. Our team at KTrade is available to assist you with your Saudi market strategy.
- **We think that the developments in Saudi are a great template and inspiration for the region and have the potential to trigger.** Saudi reforms have shown that it is possible to transform a society peacefully and in a way which has the support of the leadership, government and the people. It doesn't need to be triggered by protests or global pressure. The key to success is in the implementation. Most emerging markets, including Pakistan have struggled to implement Western driven reforms agendas. The blueprint and lessons from the Saudi model can benefit countries like Pakistan and other regional Muslim countries far more than just the flow of capital. Most importantly peace in the region could open regional trade, tourism and investment.



# Executive Summary: A bold and wise foreign policy

- **The initiatives for peace.** The picture on the right is perhaps the most significant development in the world. Establishment of relationship between Iran and Saudi Arabia could lead to peace in the wider region. The multi decade long conflict had a direct impact on countries like Yemen, Syria, Lebanon, Turkey and Pakistan. The China brokered deal has already started to show wider impact as there are encouraging signs of peace in Yemen and Syria.
- **Saudi diplomatic initiative is clearly well thought out, bold and wise.** Not many people could have ever expected a thaw in the relationship with Iran. But it is not limited to the region. The relationship with Turkey and Qatar also seems to have become more cordial and cooperative. Saudi has also economically supported Egypt and Pakistan. Interestingly if we look at a map, Saudi foreign policy seems to be the pivotal lynchpin which is connecting Africa, Europe, South Asia and China. While China might have made the concept of Silk Route popular, to us it seems that Saudi might be the main driver of the route. Encouragingly, the approach taken is inclusive, collaborative, open and engaging.
- **We think cross border investment between China and Saudi will be a major impetus of economic growth in the region.** As China gets pushed out of the US, we think its strategy for both capital as well as markets will be Middle East and South Asia focused. We think Tadawul can emerge as an alternative to Nasdaq for Chinese companies seeking global listings.





# Executive Summary: Key sectors and growth opportunities which we like



- **Tourism, Hospitality and Entertainment.** The Vision 2030 aims at creating, a vibrant society, a thriving economy and an ambitious nation. We think one common denominator of the giga-projects such as Neom, Red Sea, Diriyah, as well as initiative such as Green Riyadh Project and the new Special Economic Zone is that they will attract more people. Riyadh is targeting to double its size over the next seven years – an increase of 5 million people. This influx will create massive opportunities in tourism, hospitality, entertainment and food and beverage sectors. In sports, bold Saudi investments, such as the \$2bn LIV Golf tour, Formula 1, and the purchase of Newcastle football in the UK show intent. KSA is also widely anticipated to launch the richest cricket Twenty20 league. The government is targeting 100 million tourists per year from 2030. We think Neom and the Red Sea Tourism projects have the potential to attract tourist flows currently heading to Levant, Egypt, Turkey, and the GCC. There is already a hotel shortage in Riyadh, and we think the whole sector has a massive growth potential.
- **Healthcare and Education.** Historically Saudi population relied on overseas health providers. The growth in population will lead to an increase in the demand for services for critical services such as healthcare and education. Education is a big priority for the government due to the needs of the young population and the ambitions under Vision 2030. We think there will be preference for global leaders who can transfer technology and focus on R&D. Saudis have the ambition, will and resources to be global leaders in these areas. In education, we think training Saudi youth on digital skills is a very attractive area, given the targets of the government to train 40% of its workforce in AI and data skills. \$50bn budget has been allocated for education.
- **Technology.** Technology, we think is one of the most promising areas of growth in Saudi. PIF has always been an active investor in global tech focused VCs and PE such as Softbank. The local venture capital scene is also booming due to the initiatives driven by Jada, Sanabil and Saudi Venture Capital (SVC). \$987m were raised by KSA startups in 2022 (+72%). SVC has invested in 35 funds who have financed 525 companies. In Computer Games, the PIF has announced plan to invest \$38bn via its subsidiary Savvy. They have taken a 9% stake in Nintendo and have also invested in EA and Activision. Savvy wants to create 250 gaming companies and create 39,000 jobs. We think other sectors with high growth potential are AI, fintech, cybersecurity and AR.
- **Alternative energy.** KSA plans to meet 50% of their energy needs through alternative energy by 2030 under the Saudi Green Initiative. Aramco is also leading the charge in this area and has set a target of net zero by 2050.



# Executive Summary: Saudi Arabia in a snapshot



GDP (\$) bn	1,076
GDP Per Capita	\$30,493
Population (million)	35.9
GDP growth (2022)	8.7%
Tadawul Market Cap (\$bn)	2,700
Price Earnings (x) 2023	13.9
Dividend Yield	4.5%
Literacy rate	97.6%



**About KTrade Securities.** KTrade (brand name of Oxford Frontier Capital UK) is a MENAPT (MENA, Pakistan and Turkey) focused investment firm. KTrade Securities (formerly KASB Securities) is the leading securities brokerage in Pakistan. Founded in 1953, KASB is the oldest capital markets business in Pakistan. It has been responsible for investment deals of over \$10bn in Pakistan. KTrade app connects retail investors to investment products and has over 1 million downloads. KTrade is backed by a consortium of regional and global VC funds, such as Apeiron from Germany, HOF Capital from New York, Dragonstone Capital from Beijing, Sturgeon Capital from the UK, TTB Partners from Hong Kong, Shorooq Partners from Saudi Arabia and Zayn Capital from Pakistan and leading angel investors. Ktrade has won recognition and awards from CFA Society Pakistan, Pakistan Software Association, Asia Money, Finance Asia and TIM. A case study about KASB KTrade has been published by Harvard Business Publishing. Oxford Frontier has opened an office in Riyadh in 2023.

**KTrade provides services related to investment advisory, corporate finance, economic and corporate research and execution in equities, commodity futures, money market and FX. For more details visit [www.kasb.com](http://www.kasb.com) or contact [ali@oxfordfrontier.com](mailto:ali@oxfordfrontier.com)**



# Section 1

Economic  
Overview



# Section 2

Vision 2030  
at a Glance &  
Giga Projects



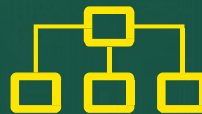
# Section 3

Transition to  
Non-Oil Economy



# Section 4

Transformational  
Social Reforms



# Section 5

Saudi Tadawul



# Section 6

KTrade  
Corporate Profile





The background of the slide is a wide-angle photograph of the Dubai skyline at sunset. The sky is a mix of orange, yellow, and blue, with scattered clouds. In the center, the Burj Khalifa stands prominently, its spire reaching into the sky. Other skyscrapers are visible around it, some with construction cranes still attached. In the foreground, there are multi-lane highways with light trails from cars, and some green spaces with palm trees. A semi-transparent white box with a green vertical bar on its left side is positioned in the lower right, containing the title.

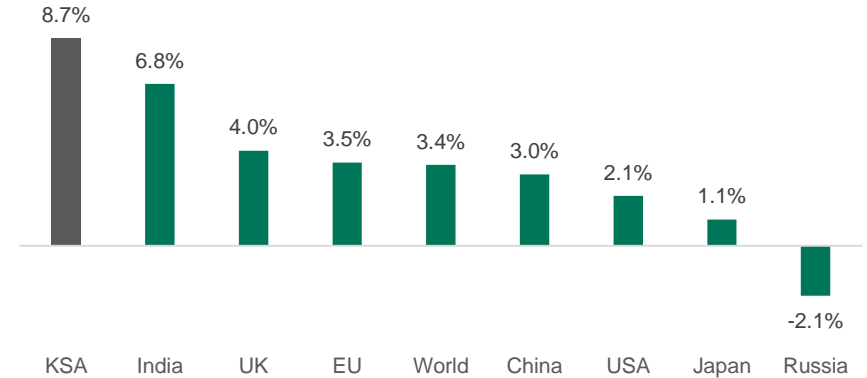
# Economic Overview



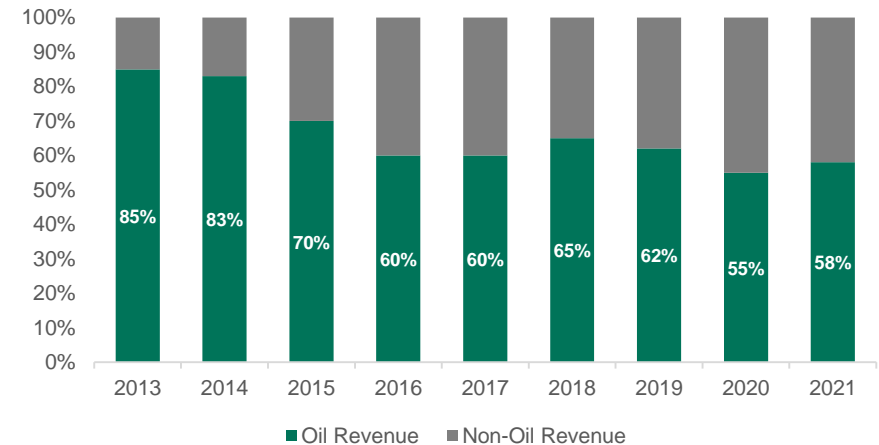
# Strong growth momentum which we think is sustainable

- **Vision 2030 driving the economy:** Saudi Arabia's Vision 2030 economic and social reforms program is driving its economy, gaining considerable momentum in recent years. The country has **committed nearly USD 1.0tn** for its vision through large-scale, mega projects. Its social reforms resulted in a substantial increase in the female labor-force participation, rising by over 15pps to 35% over the past three years.
- **Growth outpacing the developed and emerging world:** Saudi Arabia's economy outpaced both emerging economies and the developed world in 2022 with a growth rate of 8.7%. The country's efforts to diversify away from its reliance on the oil & gas industry paid off as its GDP exceeded USD 1.0tn.
- **Non-oil exports gaining grounds:** KSA's non-oil activities have shown consistent growth over the past year, averaging 5.4% in CY22. Most notably, Q4 2022 saw non-oil activities grow by 6.2%, outpacing oil-based activities, which saw a growth of 6.1%.
- The country's sovereign wealth fund, Public Investment Fund (PIF), is gaining traction with **AUMs of USD 620bn**. The fund has made investments in a diversified portfolio of industries, including entertainment, technology, and financial services. The Crown Prince reportedly has plans to enhance the fund's size to USD 1.0tn by the end of 2025.

2022 GDP Growth Rate



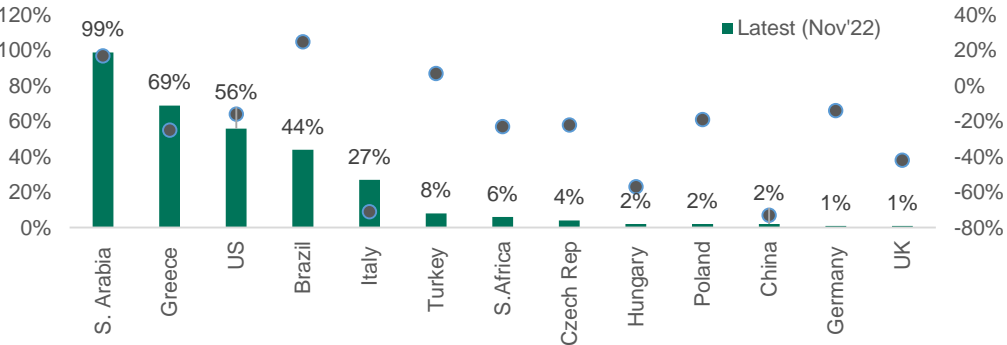
Oil vs non-oil government revenues, pre and post launch Vision 2030





- **Consumer confidence at an all-time high:** Consumer confidence appears at an all-time high as, according to a survey by IPSOS, 91% of the Saudi population agree to the direction the economy is moving towards. Many credit heightened confidence to the aforementioned social reforms, which have been broadly accepted by the Saudi Population, 60% of which fall under the age of 30.
- **SEZs developed to attract foreign investment:** In a bid to attract foreign investments, Saudi Arabia launched its first integrated special-economic zone (SEZ), negotiating with several multi-national companies to set up their operations. The zone is built on 3 million sq. meters and offer competitive corporate tax rates; exemption from customs duties on imports, production inputs, machinery and raw materials.
- **Four additional SEZs announced:** Saudi Arabia has announced plans to set up four additional SEZs. The zones aim to provide opportunities for developing the local economy, generating jobs, and localizing supply chains. These zones are part of the efforts to transform KSA into a global investment destination and a hub for global supply chains.

Consumer confidence across selected countries (percentile)



## A connected economy sitting at the heart of global trade

- Game Changing Opportunities
- Strategic Global Location
- Leading Financial Sector
- Competitive Cost of Doing Business
- Skilled Workforce
- Expanding Quality of Life
- Ambitious Reforms

Source: Haver Analytics



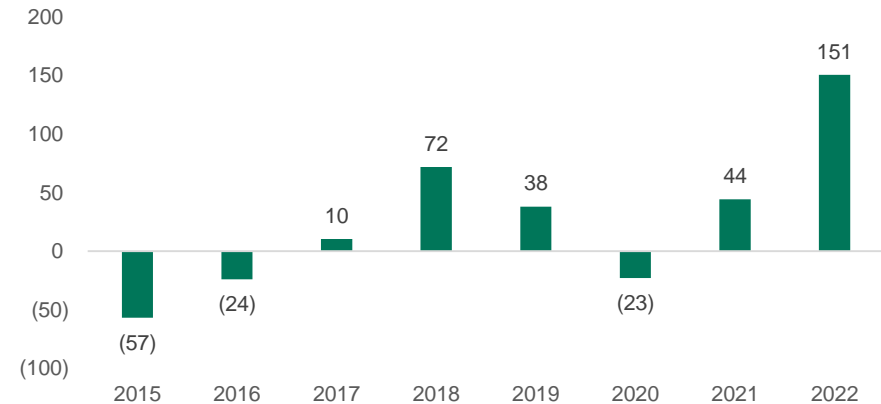
- The country's current account balance is projected to record a **10yr-high surplus of USD 150bn**, driven primarily by oil-based exports (USD 326bn in CY22). Notably, its non-oil exports also grew to USD 84bn, registering a 2yr CAGR of 26%.
- Despite the global inflation wave, Saudi Arabia's inflation rate remains fairly manageable, **averaging 2.5% in 2022**. CPI inflation in 2023 also witnessed a declining trend in March 2023, falling to 2.7% compared with Jan2023's high of 3.4%.
- On the fiscal space, KSA is targeting a slight surplus of 0.4% of GDP in 2023, as against a surplus of 2.6% in 2022 because of lower oil prices.
- A key attractiveness of Saudi market is that it is insulated from exchange rate volatility which has affected many emerging market economies.

## Medium Term Fiscal Projections (SAR bn, unless otherwise stated)

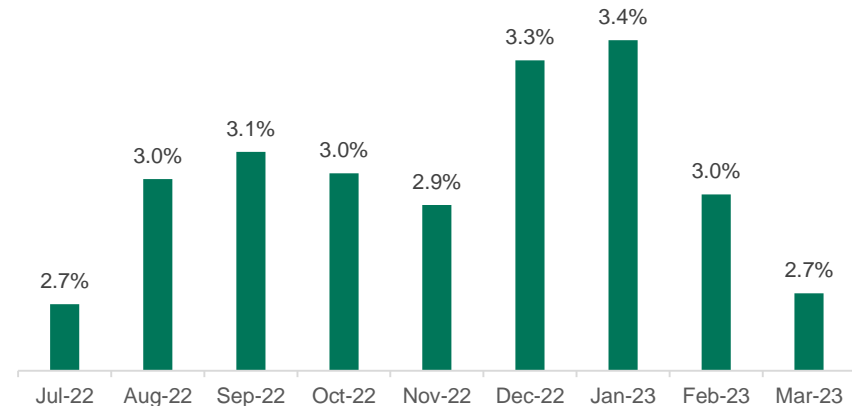
	Actual	Budget	Estimate	Budget	Projections	
	2021	2022	2022	2023	2024	2025
Total Revenue	965	1,045	1,234	1,130	1,146	1,205
Total Expenditure	1,039	955	1,132	1,114	1,125	1,134
Budget Surplus/Deficit	-73	90	102	16	21	71
As percentage to GDP	-2.30%	2.50%	2.60%	0.40%	0.50%	1.70%
Debt	938	938	985	951	959	962
As percentage to GDP	30%	25.90%	24.90%	24.60%	24.20%	22.60%

Source: MoF Saudi, General Authority of Statistics

## Current Account Balance



## Saudi Arabia: CPI Inflation averages 2.5% in 2022





# Tadawul Index Overview

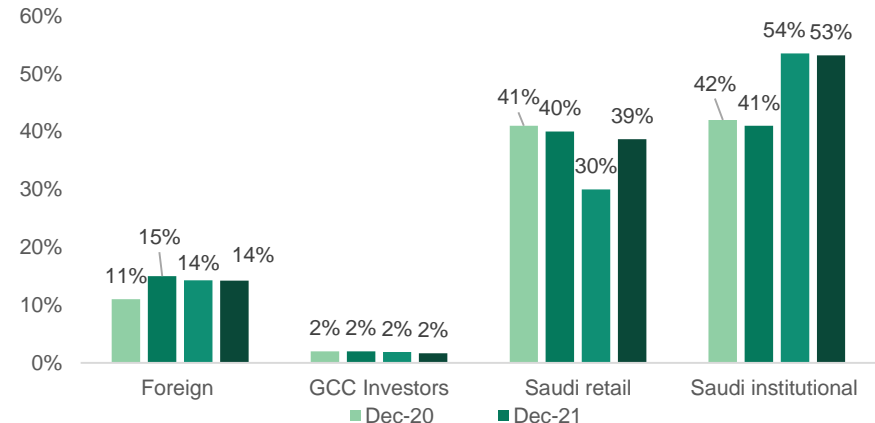


- The Tadawul Index is Saudi Arabia's key index with a market capitalization of **around USD 2.6 trillion**. MSCI Saudi is 31% of MSCI EMEA and 3.9% of MSCI EM, the biggest CEEMEA market and the 6th biggest in EM, after China, India, Taiwan, Korea and Brazil.
- The Bulk of the index's free-float is tilted towards the financial sector, followed by Materials (petrochemicals).
- The index remains highly liquid with an average daily traded **value of around USD 1.5bn**. Trading volumes have notably slowed down from around USD 2.0bn a year prior, driven by a shift towards fixed income securities amidst rising interest rates.
- Foreign ownership in the Saudi Market **stands at 14.2%** while the bulk is owned by Saudi Institutional (53.2%).
- 2022 saw 18 companies list on the Saudi Stock market and 33 on Nomu, with a total offer of USD 10bn. The market capitalization of new IPOs stood at 1.5% of the total exchange.
- In 2022, Utilities, Software & Services, and Healthcare were the top performing with returns of 21%, 25% and 25%, respectively.

## Tadawul Index trades at a market cap of USD 2.6 trillion

Market Overview		
USD mn	Free-Float Market Cap	ADTV
Financials	193,230	338
Energy	119,022	82
Materials	85,359	286
Communications	26,384	76
Real Estate	19,162	74
Consumer Staples	15,845	82
Consumer Discretionary	13,839	85
Health Care	13,198	45
Utilities	12,208	34
Industrials	8,133	61
IT	5,149	42

## Ownership breakdown of the Saudi stock market



Source: Tadawul



- The Tadawul Index has generally traded at a premium to regional markets, **presently trading at fwd. PE of 14.5x**. Recent months, however, saw the index de-rate, trading at considerable discounts to its 5yr historical averages.
- Most notably, utilities is trading at a PE of 8.3x, nearly a 67% discount to its historical average. The health sector, however, continues to trade at premium multiples.
- The index offers a **dividend yield of 4.0%**, slightly higher than its 5yr historical average of 3.8%.

## Saudi Arabia forward PE by key sectors

As of 20-Feb-2023	Weight in index (%)	12m fwd PE	5 yr avg	Prem./disc.to 5 yr. avg. (%)
Banks	36.8	11.3	14.3	-21
Material	16.6	15.5	19.5	-20.5
Energy(Aramco)	15.3	13	19	-31.7
Telecoms	4.8	13.5	19.7	-31.8
Food and Bev	3.2	20.5	25.1	-18.6
Health Care	2.7	30.2	26.4	14.6
Utilities	4.5	8.3	24.9	-66.7
Retail	1.4	19.2	20.3	-5.4
<b>Tadawul All share</b>		<b>13.9</b>	<b>16.7</b>	<b>-16.3</b>

## Tadawul's Largest sectors by Dividend Yield

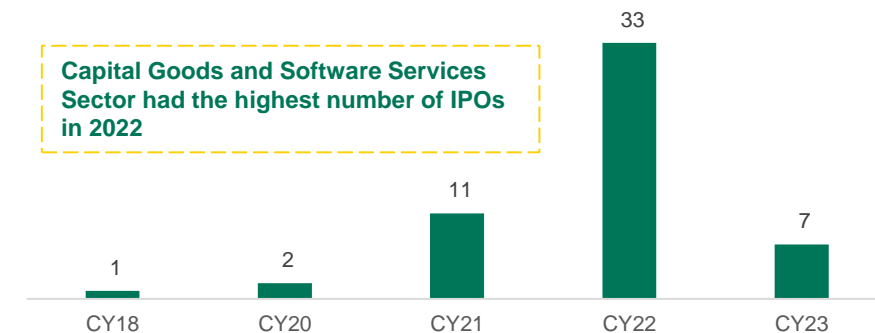
As of 20-Feb-2023	Weight in index (%)	12m fwd Div Yld	5 yr avg	Prem./disc.to 5 yr. avg. (%)
Banks	36.8	4.1	4.1	-0.1
Material	16.6	4.8	4.1	15.4
Energy(Aramco)	15.3	4.5	4.1	9.7
Telecoms	4.8	4.7	3.7	27.4
Food and Bev	3.2	2.4	2.1	13.1
Health Care	2.7	2	2.3	-15.4
Retail	1.4	4.5	4.2	5.8
<b>Tadawul All share</b>		<b>4.0</b>	<b>3.8</b>	<b>3.8</b>



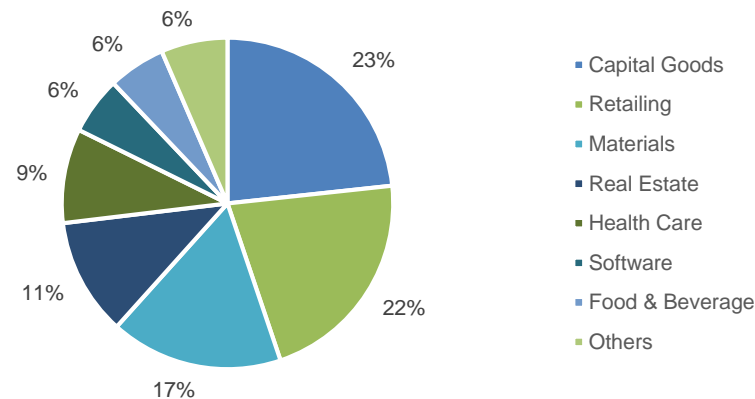
# Nomu – Parallel Market Overview

- The Nomu is a parallel equity market with lighter listing requirements that serves as an alternative platform for companies to go public, and the investment in this market is restricted to Qualified Investors.
- Listing in the Parallel Market requires a minimum market cap of SAR 10 million (\$2.6 million), and at least 20% of the shares are owned by the public.
- The Nomu market has gained considerable traction of the past four years with a turnover of nearly 165mn shares, depicting a **CAGR of 63%**.
- Its **market capitalization stands at around USD 10.0bn** with average daily traded value (**ADTV**) of around **USD 10.0mn**.
- In 2022, there were 19 IPOs with an offered value of USD 333mn. The cumulative market capitalization of the companies were **USD 1.5bn**. Total listings now stand at 54 companies.

## New Listings in NOMU peaked in 2022



## Market Cap by Sectors





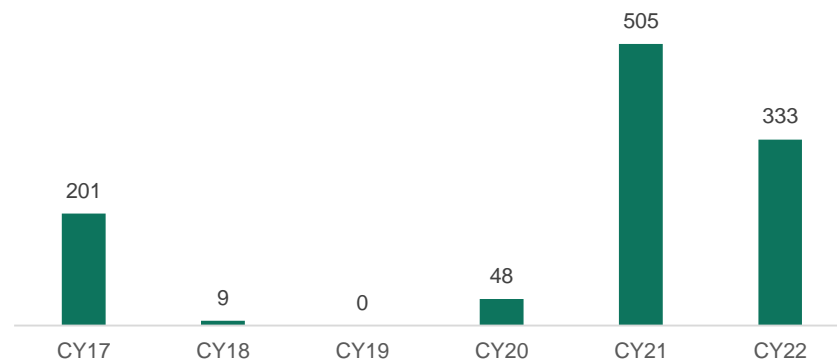
- Since 2021, the Nomu index gained considerable momentum with several new listings witnessed.
- CY21 saw the index raise USD 505mn and CY22 saw the index raise USD 333mn. In 2022, the index witnessed 32 new listings, of which 19 were IPOs
- Major listings during the year were focused on healthcare, materials, software and capital goods. The largest listing in 2022 was Arabian International Healthcare, **which raised USD 109mn**. In 2021, the largest list was Jahez International Company, **which raised USD 428mn**.
- 2023 saw Nomu have eight listings so far, **raising USD 76mn**. Moreover, six more IPOs are in process whose offering dates are between May23 and Jun23.

## Nomu Parallel Market – Top IPOs of 2022

Company	Sector	Amount Raised USD mn
Arabian Int'l Healthcare	Healthcare	109
Saudi Top for Trading Co.	Materials	31
Saudi Networkers Services	Software	28
Ladun Investment	Real Estate	24
Raoom Trading	Capital Goods	21
Naba Alsaha Medical	Healthcare	21
Gas Arabian Services	Capital Goods	19

Source: Saudi Exchange

## Capital raised on Nomu (USD mn)



Source: Saudi Exchange



- The Tadawul index has five list Software & Services companies with a cumulative **market capitalization of USD 20.5bn**. The two largest companies are Elm Company (USD 9.2bn) and Arabian Internet and Communications (USD 9.2bn).
- On the Nomu Parallel Index, there are also five listed companies with a **market capitalization of USD 1.95bn**. The largest company is Saudi Azm with a **Mkt. Cap of USD 678mn**.
- Saudi Arabia has a booming start-up ecosystem with rapid growth in the tech, and fin-tech space. In 2022, it was estimated that the sector's **value reached USD 11.0bn via 1,031 start-ups**.
- During the year, Saudi start-ups raised USD 972mn, rising by over 50% compared to the preceding year.
- Saudi Arabia's Minister of Communications and IT, announced **new investments of USD 9.0bn** to support future technologies, digital entrepreneurship and tech start-ups during LEAP23, Saudi's tech conference event.
- Notably, Saudi Fransi and Riyadh Bank have pledged USD 1.0bn each to support the IT start-ups

## Technology Sector Overview (Tadawul and Nomu) - 2022

Stock	Market Cap.	Value Traded	Volume
	USD mn*	USD mn	mn shares
Elm Company	9,212	8,124	126
Arabian Internet & Communications	9,197	3,469	56
Al Moammar Information System	968	792	26
Perfect Presentation CmrcI	893	516	11
Arab Sea Information System	221	3,432	144
<b>Nomu Listings</b>			
Saudi Azm	678	75	1.7
Naseej for Technology	393	5	0.2
Saudi Networkers Services	336	51	3.0
Sure Global Tech	298	22	1.3
Edarat Communications	246	13	0.2

*\*based on prices as of May 02'23*

*Source: Saudi Exchange*

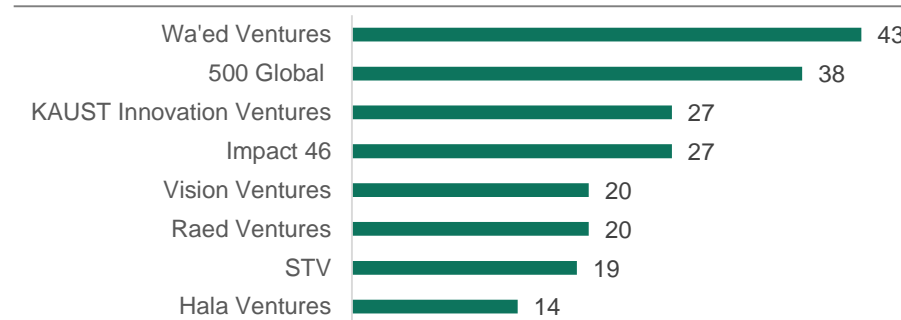


# Venture Capital (VC) Investments

- Venture Capital investments gained considerable traction of the past three years, surging to **nearly USD 1.0tn in 2022**, an **increase of nearly 20x** since 2018's investment figure of USD 50mn. This figure allowed the Saudi VC industry to jump to the 2<sup>nd</sup> highest in the MENA region.
- The number of deals closed nearly tripled to 144 in 2022, compared to 56 deals in 2018.
- Major deals during the year included USD 170mn in Series C funding by Foodics, USD 100mn in series B by FinTech Tamara, and USD 100mn in series C funding by Trukker.
- Major investments were witnessed in the **fin-tech space (funding: USD 239mn)** through 28 deals, **Food industry (funding: USD 187mn)**, and **Transportation (funding: USD 180mn)** through 23 deals.
- Major VC players include Wa'ed Ventures, 500 Global, Shorooq Partners (also an investor in Ktrade), Impact 46 and Raed Ventures.

Source: Saudi Exchange

## Most Active VCs – Deals Finalized



Source: Lucidity Insights

## Notable VC activity

5+ Deals	3-4 deals	2 deals
500 Global	Arzan Venture Capital	Nuwa Capital
Impact 46	BIM Ventures	Oryx Fund
Oqal Angel	Derayah Ventures	OTF Jasoor Ventures
Sanabil Invesments	Global Ventures	RAAF Holding Company
Saudi Aramco Entrepreneuship	Hala Ventures	Riyad TAQNIA Fund
Saudi Venture Capital Co.	Nama Ventures	Riyadh Angel Investors
SEEDRA Ventures	Rua Growth Fund	RZM Investments
Shorooq Partners	Scopeer	Sadu Capital
VentureSouq	Sukna Ventures	Wallan Trading Company

Source: SVC

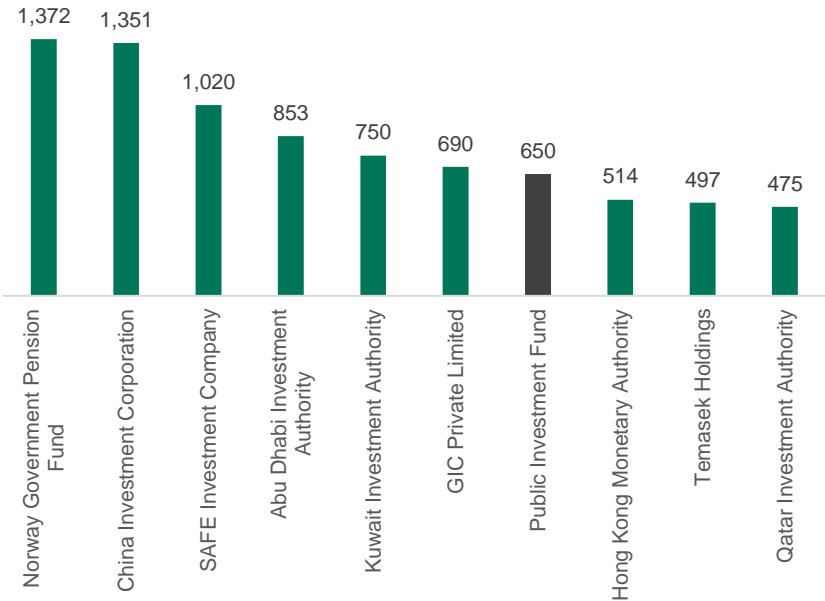


- Saudi Arabia's Public Investment Fund (PIF) stands as the 7<sup>th</sup> largest sovereign wealth fund globally with AUMs of around USD 650bn. The Saudi Price has suggested that the country plans to enhance **its AUMs to over USD 1.0tn**.
- PIF will invest in Saudi Arabia's 6 Giga projects, which will focus on developing sustainable cities, with focus on promoting tourism.
- PIFs investments also include a controlling stake in Lucid Motors (Market Cap: USD 13.5bn), which focuses on Electric Vehicle (EV) technology. It has made notable investments in Uber, Facebook, Alphabet, Citigroup, Bank of American, and Disney. PIF also purchased a 2.32% stake in India's Jio Platforms.
- Besides the PIF, other active and large investment funds backed by the state are the National Development Fund which manages \$152bn and Wa'ed backed by Aramco which manages \$500m.

## Investment Pools

- The Fund consists of six investment portfolios, (04 local and 02 global) which are as follows:
  1. International Diversified Pool
  2. International Strategic Investment
  3. Saudi Giga-Projects
  4. Saudi Real Estate & Infrastructure Development
  5. Saudi Sector Development
  6. Saudi Equity Holdings

Top 10 Sovereign Wealth Funds (USD bn)



Source: Sovereign Wealth Fund Institute



# Economic Snapshot



	2016	2017	2018	2019	2020	2021	2022E	2023F
<b>Nominal GDP</b>								
(SR billion)	2,497	2,681	3,175	3,145	2,754	3,257	4,034	3,941
(\$ billion)	666	715	847	839	734	869	1,076	1,051
(% change)	-0.5	7.4	18.4	-0.9	-12.4	18.3	23.9	-2.3
<b>Real GDP (% change)</b>								
Oil	3.6	-3.1	2.3	-3.3	-6.7	0.2	15.4	-0.2
Non-oil activities	1.9	3.0	-2.4	4.1	-3.7	7.2	5.4	5.5
Government activities	0.2	0.3	3.9	1.7	-0.6	1.1	2.2	2.2
Total	2.4	-0.1	2.8	0.8	-4.3	3.9	8.7	2.8
<b>Oil indicators (average)</b>								
Brent (\$/b)	43	54	71	66	42	71	104	90
Production (million b/d)	10.4	10.0	10.3	9.8	9.2	9.1	10.6	10.5
<b>Budgetary indicators (SR billion)</b>								
Government revenue	519	692	906	926	782	965	1,234	1,181
Government expenditure*	936	930	1,079	1,059	1,076	1,039	1,132	1,144
Budget balance	-417	-238	-173	-133	-294	-74	102	37
(% GDP)	-16.7	-8.9	-5.5	-4.2	-10.7	-2.3	2.5	0.9
Gross public debt	317	443	560	678	854	938	985	951
(% GDP)	12.7	16.5	17.6	21.6	31.0	28.8	24.4	24.1
<b>Monetary indicators (average)</b>								
Inflation (% change)	2.1	-0.8	2.5	-2.1	3.4	3.1	2.5	2.6
SAMA base lending rate (% , end year)	2.0	2.0	3.0	2.25	1.00	1.00	4.50	5.00
<b>External trade indicators (\$ billion)</b>								
Oil export revenues	137	171	232	201	120	203	331	297
Total export revenues	184	222	294	262	174	280	414	383
Imports	128	123	126	140	126	142	170	185
Trade balance	56	98	169	121	48	138	243	199
Current account balance	-24	10	72	38	-23	56	124	86
(% GDP)	-3.6	1.5	8.5	4.6	-3.1	6.5	11.5	8.2
Official reserve assets	536	496	497	500	454	455	460	478
<b>Social and demographic indicators</b>								
Population (million)	31.7	32.6	33.4	34.2	35.0	34.1	35.3	35.9
Saudi Unemployment (15+, %)	12.5	12.8	12.7	12.0	12.6	11.0	9.8	9.4
GDP per capita (\$)	20,981	21,924	25,336	24,506	20,971	25,464	30,493	29,308



A photograph of a young child with dark hair, wearing a light-colored shirt, seen from behind. The child is looking out of a rectangular window frame. The window is set into a wall made of rough, grey stone or concrete. The view outside the window is a clear, bright blue sky. The surrounding architecture includes wooden beams and a patterned metal grate on the right side.

**Why is Vision 2030 so important ?**



# What is the Vision 2030 and why is it important ?

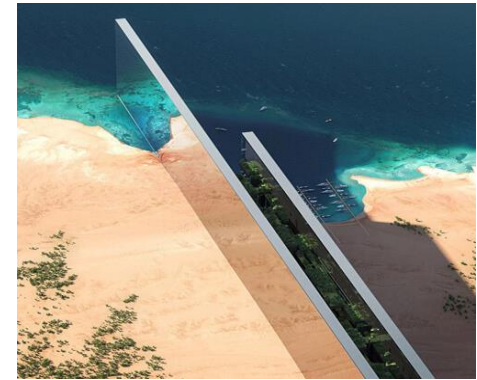
- **What is the Vision 2030:** Vision 2030 was launched seven years ago, by the Crown Prince Mohammad bin Salman under the leadership of King Salman. It is an ambitious plan to build on the inherent strengths of Saudi Arabia, its strategic location, investments and its place at the center of the Arab and Muslim worlds. The plan has three broad pillars; 1) to create a **Vibrant Society** by strengthening Islamic national identity and offer a fulfilling and healthy life to its citizens, 2) create, a **Thriving Economy** – to increase employment and drive sustainable economic growth and diversify into non-oil sectors and 3) create an **Ambitious Nation** by enhancing government effectiveness and enable social responsibility.
- **The key is in the implementation.** While the objectives seem far reaching and felt too ambitious, the implementation drive has been meticulous, focused and single minded. As a result, the Kingdom is ahead of many its targets. During our meetings in KSA we frequently hear about how the Crown Prince himself monitors the progress and how senior leadership works around the clock. This is a massive change from the generally laid-back work culture in the Middle East. The plan was wisely designed, and the Vision was cascaded into strategic objectives through Vision Realization Programs to enable effective implementation. The three pillars cascade into 6 overarching objectives, 27 branch objectives and 96 strategic objectives.
- **11 Vision Realization Programs drive the implementation of the Vision.** These VRP created specific objectives and KPIs tied to 5- year milestones. The VRP include Financial Sector Development Program, Fiscal Sustainability Program, Health Sector Transformation Program, Housing Program, Human Capability Development Program, National Industrial Development & Logistics Program, National Transformation Program, Pilgrim Experience Program, Privatization Program, Public Investment Fund Program, and Quality of Life Program. The remarkable thing is that these provide a very open and transparent blueprint of the economic policy and objectives. We were hugely impressed with the team at Financial Sector Development Program. In fact, we were rather surprised by their openness, and the desire and willingness to support initiatives which assist in meeting their goals. It is far different from the usual bureaucracies and red tape, typical of emerging markets. People who have gone to pilgrimage over the past few years would have noticed the change in Mecca and Medina.





# What is the Vision 2030 and why is it important ?

- **The reforms have support of the people.** Various sentiment surveys and opinion polls such as IPSOS consumer survey, Serco and AlphaWise show massive support within Saudi Arabia for these reforms. IPSOS survey ranked Saudi Arabia the second most happy place globally. World Happiness Index ranked Saudi at 25<sup>th</sup> globally, the highest in the Middle East and ahead of most G20 countries. For visitors to Saudi Arabia, it is hard to miss the positive energy and optimism. During our roadshows in Riyadh, we found a single-minded drive within the government entities which was not driven by fear or pressure but by a shared vision for a progressive nation. Coming from London and Karachi, we found this a major contrast from the polarized society and growing anger and disillusion in our home countries. Saudi has shown that you don't need an Arab spring or union strikes or a West pushed agenda to bring about reforms and transformation in the society. Vision 2030 is not just a long-term economic plan, we think that it is a social and cultural transformation which is changing how the people think, work, interact, and how they see themselves, others, and where do they want to be.
- **Understanding the new Saudi Arabia requires an update of old mental maps.** The author of this report did his first investment roadshow in Saudi Arabia in the summer of 2008 when he was a fund manager for an emerging markets fund based in London. The contrast between the country and society, then and now is as stark as day and night. So, we can understand why many investors and analysts struggle to fully comprehend the changes from outside. Dealing with the new Saudi Arabia requires a complete update of the mental map. A view based on historic perception could be stale.
- **Neom is perhaps the most well-known project of Vision 2030, but the \$500bn project is only one of the Giga projects and other mega projects.** Most people think that Vision 2030 is mainly about building Neom, the new futuristic city in the Northwest of the country (Tabuk) and its highlight, the vertical city – Line. However, it is only one of the six giga projects. The others are Red Sea, Diriyah, Roshn, Qiddiya and AIUla. Besides these, the PIF is investing \$13bn on 21 other entertainment destinations. In total \$7trillion will be invested to develop these projects. We think these projects would be the key drivers for the continued transformation of the society. The government is targeting to attract 100 million tourist per year (37 million religious tourist) and expects tourism to generate 10% of GDP and create one million jobs. Influx of tourist and expats could lead to a similar virtuous cycle which regions like Hong Kong, Dubai, Singapore and earlier to that the US has gone through.





# Targets set in Vision 2030

	2030 Target
<b>Economic Goals</b>	
<b>General Diversification</b>	
Non-oil government revenue	\$265bn
Share of non-oil exports in non-oil GDP	50%
Population size**	50mn
Private sector's contribution to GDP	65%
SME contribution to GDP	35%
Household savings as a % of total household income	10%
<b>Investment</b>	
PIF (Sovereign Wealth Fund) assets	\$1.86trn
<b>Tourism</b>	
Tourism sector contribution to GDP	10%
Number of tourist visits	100mn
Number of direct sector employees	1.6mn
Become top-5 tourism destination globally	Top 5 globally
<b>Social Goals</b>	
<b>General</b>	
Household spending on cultural and entertainment activities	6%
Ratio of individuals exercising at least once a week	40%
Average life expectancy (years)	80
<b>Employment</b>	
Unemployment rate	7.0%
Women % of Saudi National workforce	30%
<b>Global Rankings</b>	
Size of Economy (GDP)	Top 15
Global Competitiveness Index (World Bank)	Top 10
Government Effectiveness Index (World Bank)	Top 20
Stock Exchange**	Top 3



- Another initiative recently announced by the government is establishing five Special Economic Zones (SEZ). Each of the zones have different industrial specialization and all of them offer incentives to attract businesses.
- In launching these zones, which support a wide range of industry sectors and business activities, the Kingdom offers a platform for investors to accelerate their regional and international growth through a globally connected market.
- The first five Special Economic Zones are:
  - **King Abdullah Economic City Special Economic Zone** - Located at the heart of the Red Sea and close to Africa markets. Focused sectors include, Automobile supply chain and assembly, Consumer goods, ICT (Electronic light manufacturing), Pharmaceuticals, MedTech, and Logistics.
  - **Ras Al-Khair Special Economic Zone** - Located in Ras Al-Khair Industrial city, giving access to global markets. Focused sectors include, Shipbuilding and Rig platforms.
  - **Jazan Special Economic Zone** - Red Sea location in the close proximity to key mines and industrial assets. Jazan SEZ will enable Saudi Arabia's mining industry to play an increasingly important role in global construction and processed metals and minerals markets. Focused sectors include, Food Processing, Metal conversion and Logistics.
  - **Cloud Computing Special Economic Zone** - Headquarters in Riyadh with the ability for businesses to build and operate data centers from all over the Kingdom. The government is targeting investing \$13bn in this sector.
  - **Special Integrated Logistics Zone (ZILS)** - Adjacent to the King Khalid International Airport, Riyadh in Riyadh with excellent air connectivity. Focused sectors include, Consumer products, Computer parts, Pharmaceuticals, Nutritional and medical supplies, Aerospace spare parts Luxury goods, jewelry and precious metals

## Key Incentives



5% Corporate Income Tax  
for up to 20 years



0% withholding tax permanently for  
repatriation of profits from SEZ into  
foreign countries



0% customs duties deferral  
for goods inside the SEZ



0% VAT for all intra-SEZ goods  
exchanged within the zone  
and between zones



The background of the slide is a collage of four images representing different types of 'Giga Projects'. From left to right: a coastal landscape with a sandy beach and turquoise water; a lush green golf course with a winding path and a small town; a large dam or bridge structure spanning a wide river; and a modern, curved architectural structure with a green roof and a large circular opening. The text 'Vision 2030: Giga Projects' is overlaid on the right side of the collage.

## **Vision 2030: Giga Projects**



## THE NEOM

**Vision:** A smart city situated in north-western Saudi Arabia, including investments across 14 different sectors

**Size:** 26,500 KM<sup>2</sup>

**Location:** Tabuk Province

## DIRIYAH GATE

**Vision:** Central Point of Urban Communities and Tourism cities across 4 regions

**Size:** 07 KM<sup>2</sup>

**Location:** Riyadh

## QIDDIYA

**Vision:** Entertainment destination consisting of Sports Arenas, Parks, Culture and etc.

**Size:** +334 KM<sup>2</sup>

**Location:** Riyadh

## ROSHN PROJECT

**Vision:** The project is aimed at improving the quality of life, and quality of housing, and creating job opportunities nationwide.

**Size:** +200 KM<sup>2</sup>

**Location:** Multiple Cities

## RED SEA PROJECT

**Vision:** A luxurious destination consisting of eco-friendly resorts.

**Size:** 28,000 KM<sup>2</sup>

**Location:** Tabuk Province

## AMAALA

**Vision:** The project is the first integrated family wellness destination in the world

**Size:** +20 KM<sup>2</sup>

**Location:** Riyadh





- **NEOM.** The Vision 2030 aims at creating, a vibrant society, a thriving economy and an ambitious nation. We think one common denominator of the giga-projects such as Neom, Red Sea, Diriyah, as well as initiative such as Green Riyadh Project and the new Special Economic Zone is that they will attract more people. Riyadh is targeting to double its size over the next seven years – an increase of 5 million people. This influx will create massive opportunities in tourism, hospitality, entertainment and food and beverage sectors. In sports, bold Saudi investments are making global marks, such as the \$2bn LIV Golf tour, Formula 1, purchase of Newcastle football in the UK. KSA is also widely anticipated to launch the richest cricket Twenty 20 league. The government is expecting Neom to attract one million tourists a year and the Red Sea Tourism project has the potential to attract tourists flows currently heading to Levant, Egypt, Turkey, and the GCC. There is already a hotel shortage in Riyadh, and we think the whole sector has a massive growth potential.





- **Red Sea Project.** A luxury and eco-friendly resort will be developed here. This area has a vast archipelago of over 90 islands over an area of 28,000 square kilometers. Out of this 22 islands will be developed at a cost of \$16bn. The area includes beaches, coastal line, islands, deserts and volcanos. The projected completion date is 2030.
- Projects worth \$8bn have already been awarded. 12 major brands including the Ritz Carlton, Four Seasons, Miravel, and Rosewood signed deals to operate resorts on the Red Sea. The project includes an airport and a bridge which connects the mainland. Red Sea will compete with Maldives and Mauritius. It will welcome the first group of tourists this year.





- **Diriyah Gate Project.** Diriyah is the old city where the Al Saud family traces its origin. At Turaif is the place where the first Saudi state was formed in 1727. The location is just 20 minutes drive away from Riyadh. This 7.1 square meter area will be developed as a celebration of Saudi Arabian culture and identity. 19 resorts and hotels will be made here with 3000 rooms. There will be 5 museums and 5 cultural academies. The government expects the project to contribute SAR27bn to its economy, generate 55,000 jobs and annually attract 27 million tourist. The total budget for the project is \$63.2bn.
- The project includes At-Turaif District, Wadi Hanifah, Bujairi District, King Salman Square, King Salman University and House of AlSaud Museum.





# Introduction to GIGA & MEGA Projects

- **ROSHN.** ROSHN is a community developer backed by PIF with the goal of providing community home ownership to Saudi population. Its target is to increase home ownership to 70%.
- Under the project, six residential communities are being developed in Riyadh, Makkah, Asir, Eastern Region, Jeddah and Al Kharj. This is a \$90bn project.





- **AlUla.** TAIUla is home to Hegra, a UNESCO World Heritage site. The ancient tombs here date older than the Pyramids (dates back more than 5000 years). Lying on the route that connected Aden in the south to Damascus in the north, and from there onwards to Europe, AlUla is believed to have been on the crossroads of several civilizations and multiple cultures. We think this would become a key landmark for the cultural and tourist map of Saudi Arabia. Ula project will develop an archaeological, cultural and touristic complex - an open-air living museum - in a region as vast as Belgium.





# Introduction to GIGA & MEGA Projects

- **Qiddiyah.** Qiddiya, a Public Investment Fund project, aims to become the capital of Entertainment, Sports, and Arts. This project is making an entertainment zone which is three times the size of Walt Disney World. It will include the largest water park in the Middle East, a Six Flag, Golf Community, and an Aquatic Zone.
- The cost of the project is \$9bn and it is in the Riyadh region.





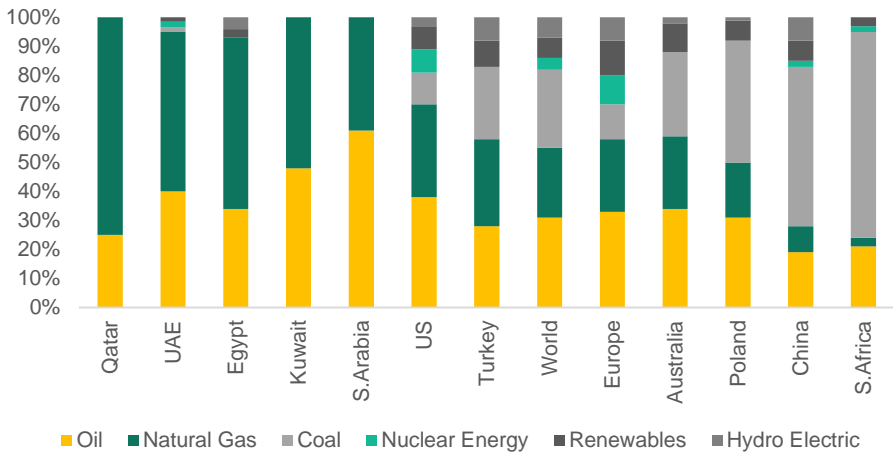
The background image shows a vast solar farm with rows of photovoltaic panels in the foreground. In the distance, several wind turbines are visible against a clear sky. The sun is low on the horizon, creating a bright lens flare and casting a warm glow over the entire scene.

## **Transition to Non – Oil Economy**

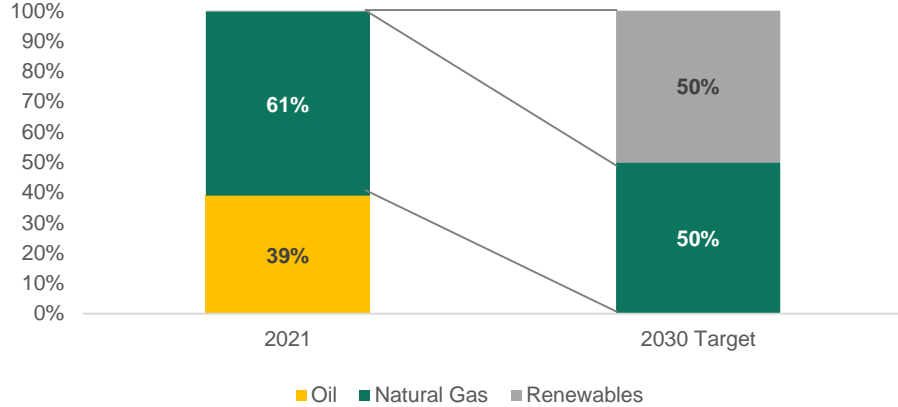


- The Saudi government plans **renewables to reach 50%** (59GW) of its national power mix by 2030
- Factoring in 59GW of new renewables, it is estimated that the implied national power output will experience a CAGR of 4.5-5.0% through 2030
- 59GW of renewables should be sufficient to **displace** the consumption of **750mn barrels of oil** or other liquid fuels per annum by the domestic power sector
- Based on CO2 content of 0.43 tonnes per barrel of oil, we estimate that this would reduce Saudi Arabia's domestic **CO2 emissions by 115mn tonnes annually**.

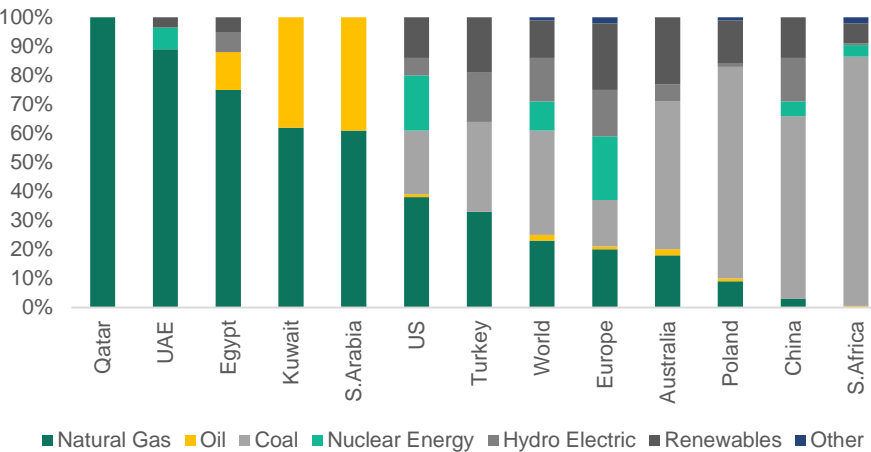
Primary energy consumption by fuel (2021)



Saudi Arabia: Electricity generation mix by fuel



Electricity generation mix by fuel (2021)



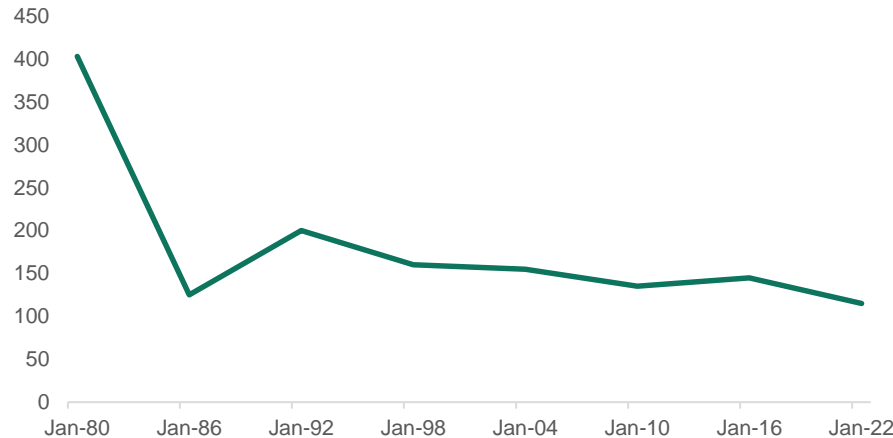
Source: BP Statistical Review of World Energy (2022)



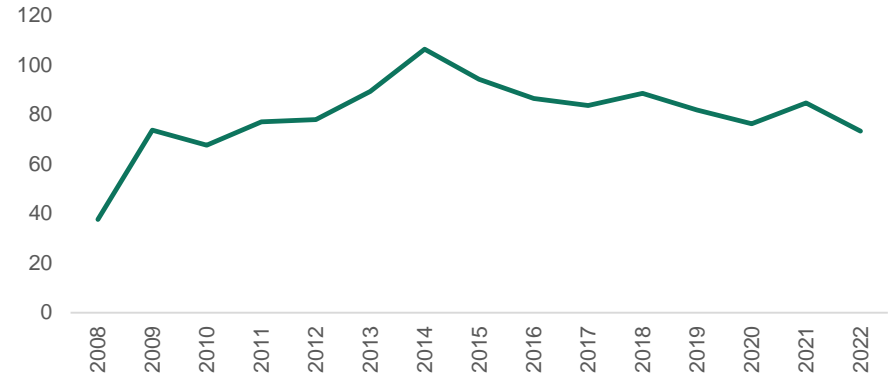
# Oil vs Non – Oil Economy (1/2)

- Vision 2030 has prioritized fiscal prudence. This can be seen from the decline in the fiscal breakeven price of oil for Saudi budget. This has declined from
- We can track Saudi's oil dependence via the fiscal breakeven as well as noting the oil production per capita. Every six months in its World Economic Outlook, the IMF reports the fiscal breakeven point for oil exporters – it's the oil price at which the budget would be in balance. Saudi benefitted heavily with a low fiscal breakeven in recent years.
- One way to understand the **Vision 2030** plan to change the Saudi economy – raise non-oil taxation, lower subsidies, more citizens working – is to see it as a **mechanism to reduce the fiscal breakeven**.

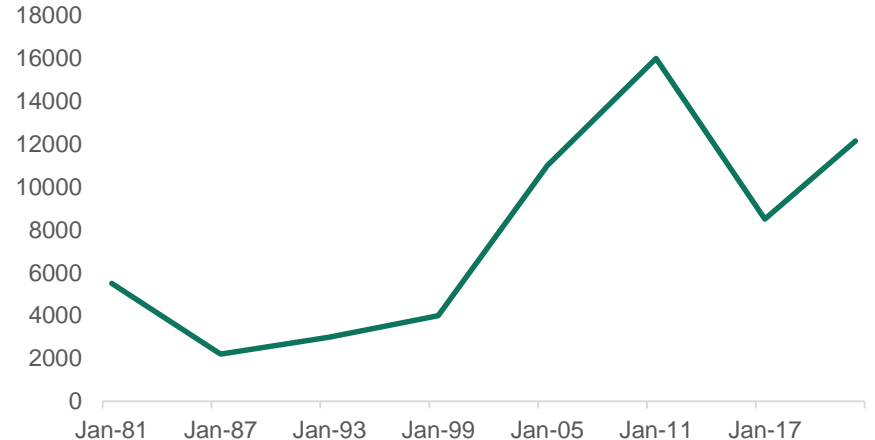
## Saudi Arabia: Oil Production (Barrells) Per Capita



## Saudi Arabia: breakeven fiscal oil price (USD/barrel)



## Saudi Arabia: Annual Oil Revenue Per Capita (USD)

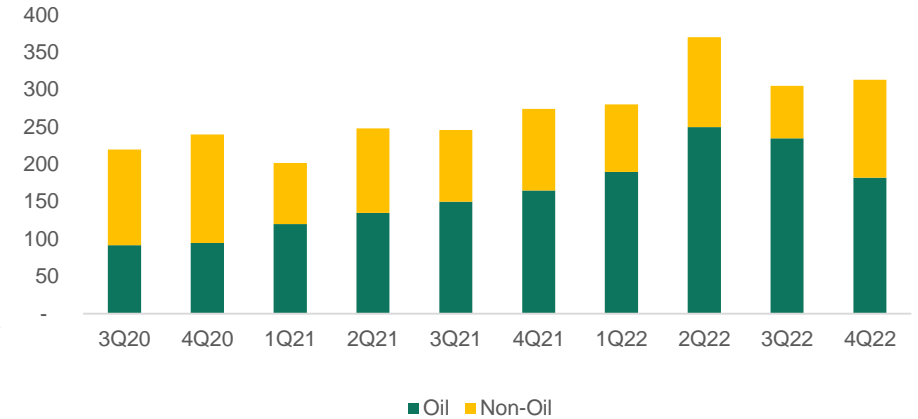


Source: IMF – Regional Economic Outlook Oct'22

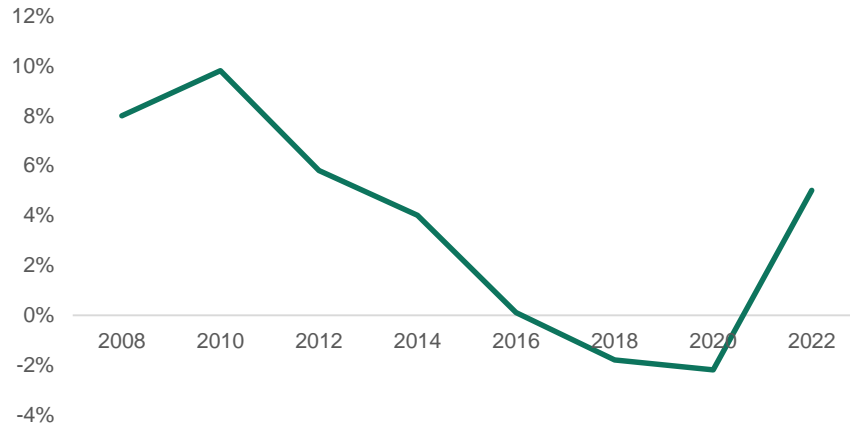


- Non-oil real GDP, which includes private non-oil activities and government activities, rose by 4.9% last year and is up an estimated 4.9% YoY in the first three quarters of this year. While real gross fixed capital formation increased by 23.7% YoY in 1H22
- As for the measure of **non-oil activities sector alone, it rose by 6.1% YoY** last year and is up 5.8% in the first three quarters of 2022
- Under the Vision 2030, the strategy is to prepare Saudi for a world where oil is no longer in demand. Having said that, the reality is that that day is still far away as fossil fuels currently account for 82% of world energy demand in 2021. However, the strategy shows a long term vision.

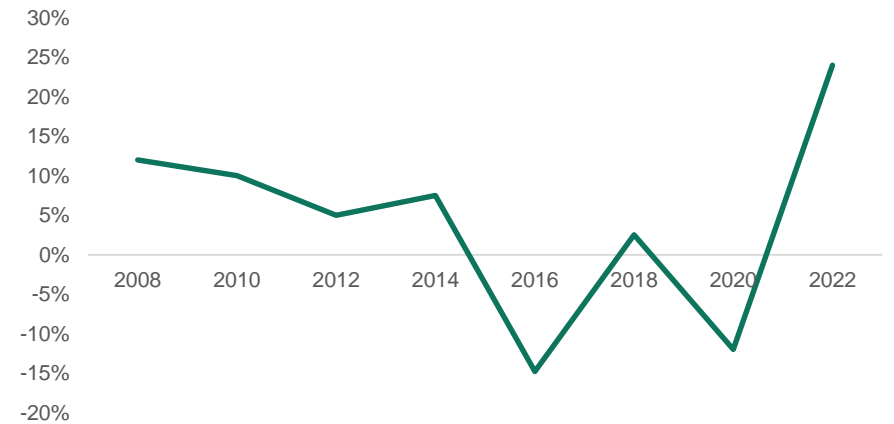
Saudi Arabia Oil vs Non-Oil Revenue (SAR bn)



Saudi Arabia real non-oil GDP growth (%)



Saudi Arabia real gross fixed capital formation growth



Source: MoF Saudi, General Authority of Statistics



01



## Global Supply Chain Resilience Initiative

1. Sustainability and Climate Change
2. Future Industry Enablement
3. Global Supply Diversification
4. Advanced Manufacturing
5. US\$10.7bn of FDI to be attracted through GSCRI within the first two years
6. US\$ 2.7bn Incentives to be provided

04



## Digital Economy Policy

Setting out guiding principles for government agencies to promote the digital economy through:

1. Issuance of Mandates and special guidance for respective digital segments
2. The broader goal is to achieve sustainable economic growth
3. Build a competitive advantage for the Kingdom

02



## Saudi Green Initiative

1. Uniting the country to address the climate challenge
2. It will help to achieve key strategic initiatives by attracting quality FDI
3. Allows diversification of the economy by supporting strategic sectors

03



## National Industrial Clusters Development Program

Stimulating the establishment and development of five industries in the Kingdom:

1. Manufacture of cars and their parts
2. Metals and steel industry
3. Solar energy industry
4. Plastic and packaging materials industry
5. Home appliances industry

05



## Labor Market Initiative

Focusing on bringing about radical reforms in the labor market, including packages of initiative,

1. To increase the rate of economic participation
2. Raising skills and productivity
3. Improving market efficiency



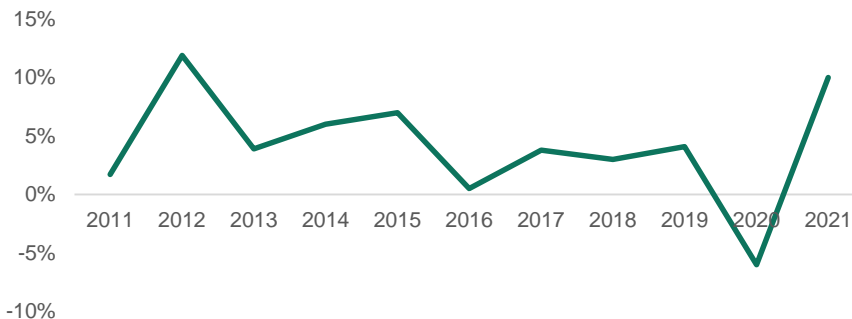
The background of the slide is a dark blue space filled with stars. In the lower-left foreground, there is a stylized globe showing the continents of North and South America. Overlaid on the globe is a complex network of glowing blue lines and dots, representing global connectivity or data flow. A bright light source at the top left creates a lens flare effect across the scene.

## **Transformational Social Reforms**



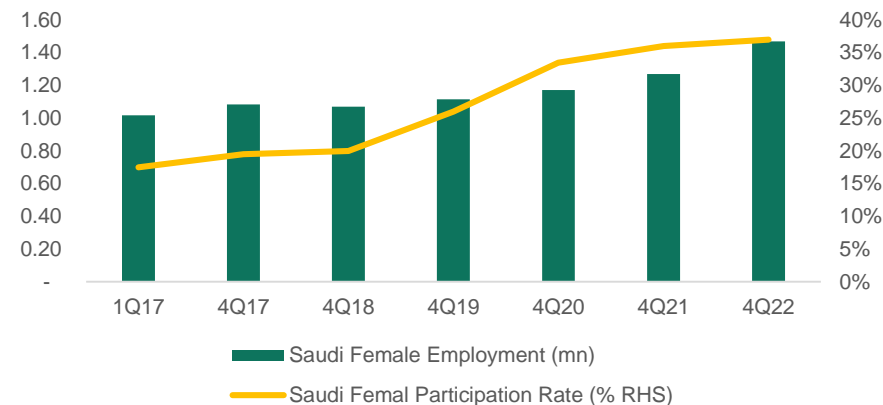
- A key element and underlying driver of Saudi Arabia's ambitious reform program is the rapid easing of social restrictions on women in recent years. It in our interactions, we have seen that Saudi women have the most energy, excitement, optimism and eagerness in that society. It is clear that they want to fully embrace the change. Women have already risen to the top ranks, the Chairman of Saudi stock exchange, Tadawul and the Saudi Ambassador to the US are ladies. We think women will quickly rise up the management ranks across the board and will be main engine of growth.
- **Saudi female employment has increased by 313,325 or 29.5% since 2Q19 to 1.38m in 2Q22.** Saudi female labor participation rate has risen from 20.2% in 4Q18 to 35.6% in 2Q22. While the **Saudi female unemployment rate has declined from 33% in 1Q17 to 19.3% in 2Q22.**
- The positive consequences can be seen in the rise in household consumption as real private consumption rose by 9.7% YoY in 2021 and was up 6.3% YoY in 1H22.

## Saudi Arabia real private consumption growth (%)

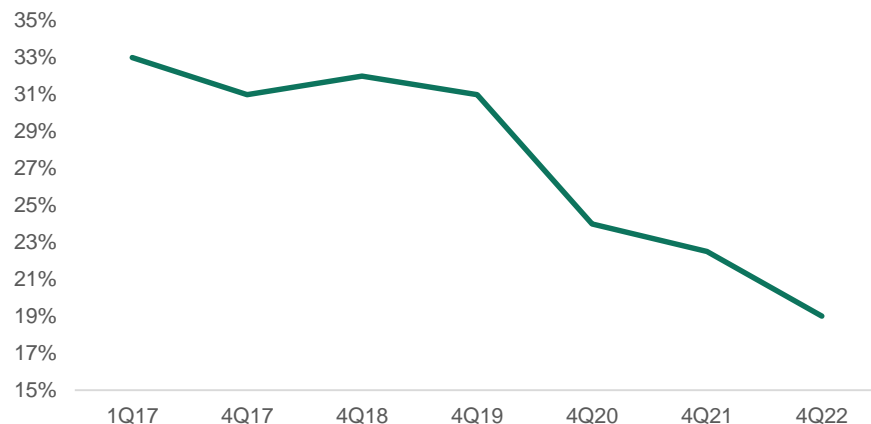


Source: General Authority of Statistics

## Saudi Female Employment and labor participation rate



## Saudi female unemployment rate (%)



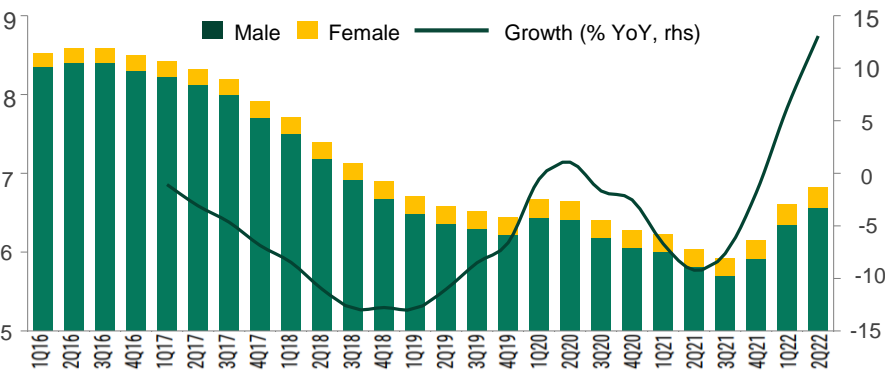


# Expats: The catalyst to rising skilled labor force



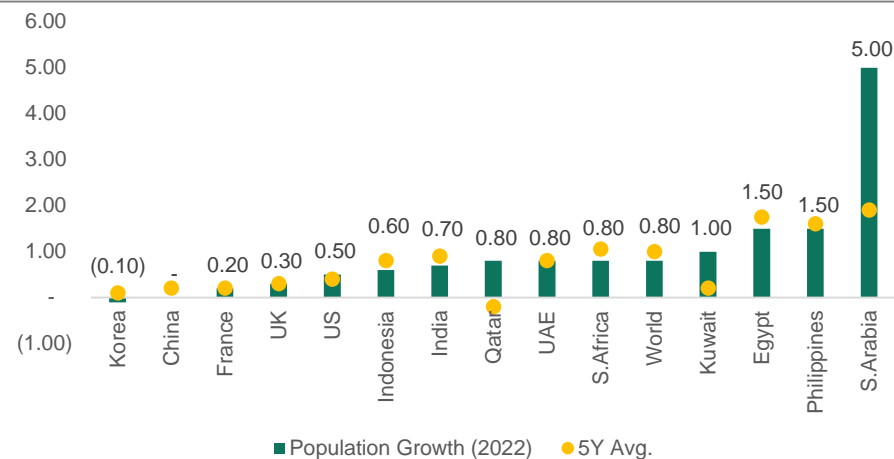
- Saudi Arabia has one of the fastest rates of population growth in the world, and the delta amid accelerating growth is expats.
- Saudi Arabia's total **population growth** has averaged 1.9% in the last 5 years, but in 2022 it has increased to an **estimated rate of 5%**
- Reform experts, companies, and locals, clearly indicates that this boom in expat population growth is driven by accelerating momentum in gigaprojects, and helped by rapid social reforms.
- Government targets imply that Saudi Arabia's population will rise to 50-60 million people by 2030, with **expats reaching 50% of the population** by this time
- Government targets imply that population growth in Saudi may see a CAGR of 4.4% to 2030, fueled by expat population growth.

Saudi Arabia: Registered non-Saudi employees in private sector (mn)

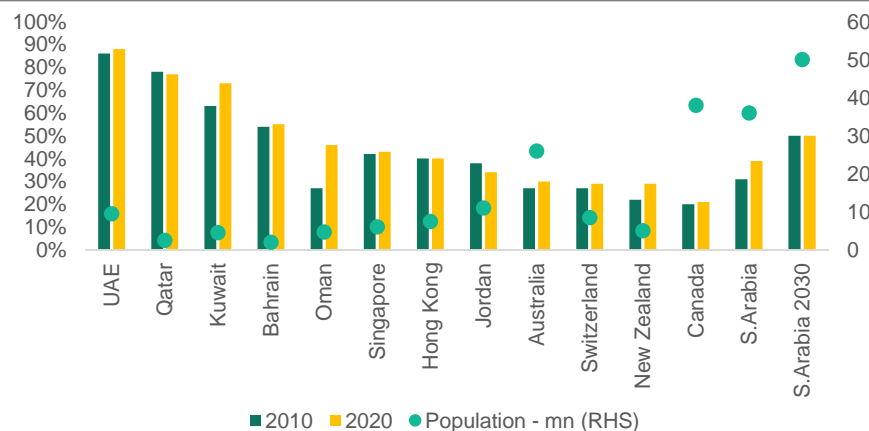


Source: General Authority of Statistics, United Nations

Saudi's population growth to reach at least 5% in 2022, above most other major countries



Saudi Arabia & select global countries: expats as % of population (%)







## STRATEGIC LOCATION

1. Access to 70% of the world's population within 8 hours of flight time
2. 13% of global trade passes through the Red Sea



## ROBUST AIR CARGO

US\$100bn plan to grow the Kingdom's air cargo capacity - to more than 4.5m tons per year by 2030



## ROAD CONNECTIVITY

1st worldwide for road connectivity by WEF, the Kingdom has over 200,000 km of roads (2022)

## RAILWAY NETWORK



Convenient connectivity across the Kingdom provided by 5,330km of railways (2022).

## CROSS BORDER LOGISTICS



**10 seaports processing over 20m 20ft containers in 2022** – The Middle East's largest maritime network

## SEZS

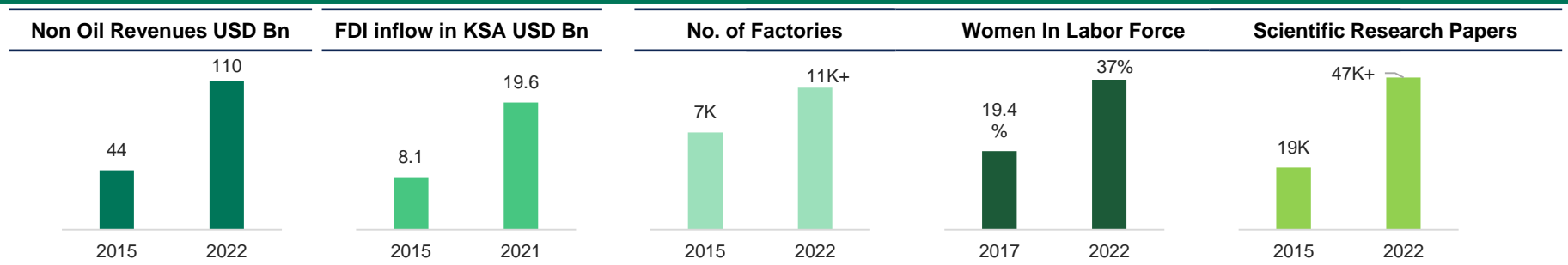


Prime locations at the heart of global trade routes with features such as:

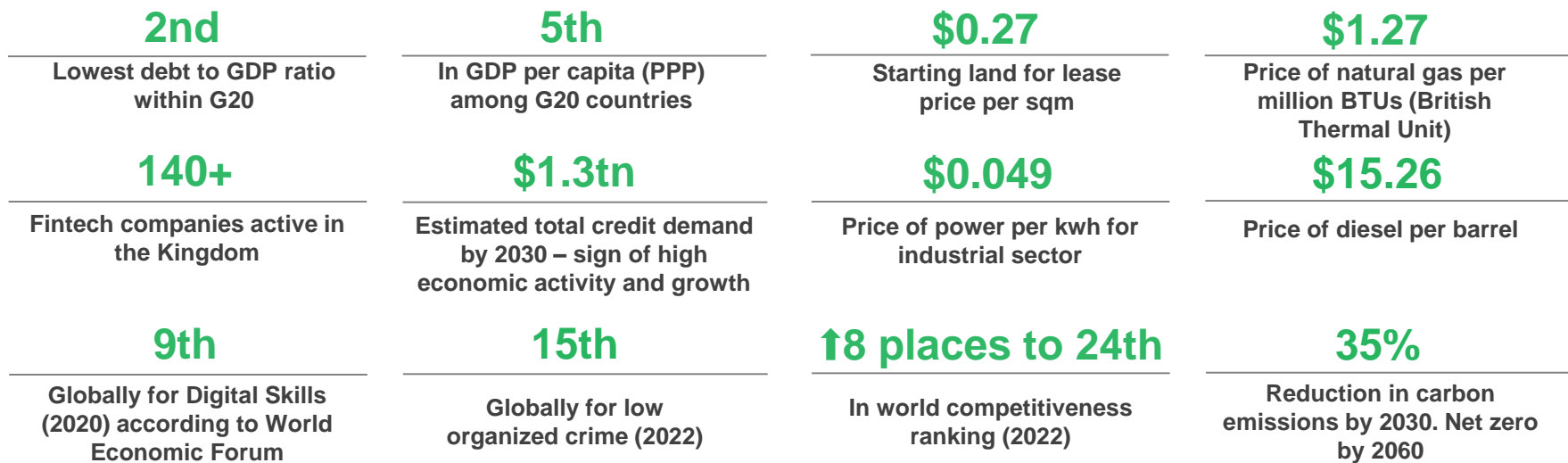
1. 62% of the world's population within 6 hours
2. 31% of global GDP within 6 hours
3. 1<sup>st</sup> most efficient port globally
4. Up to 18M Berth Depths



# Ease of Doing Business in Numbers



Saudi Arabia is striving to become a global investment powerhouse through a network of SEZs and integration with the Global Supply Chain



Source: ecza.gov.sa



- As part of a broader plan of Vision 2030 (on the right), Kingdom's Tourism Industry is set to undergo a major overhaul for the better
- First of all, the Contribution of Tourism to GDP is projected to be 10% by 2030 from roughly 2-3% in recent years, making it one of the largest contributors to GDP barring the energy sector
- The Public Investment Fund (PIF), has invested in a series of megaprojects to develop parts of Riyadh and build new cities to boost non-religious tourism.
- Moreover, The Kingdom is targeting to become a top-5 global travel destination by 2030 by achieving the following numbers:



100mn

Visitors annually by 2030



55%

International Visitors by 2030



45%

Domestic Visitors by 2030



Biggest Airport

Expected to have 120mn passengers per year by 2030



310K+

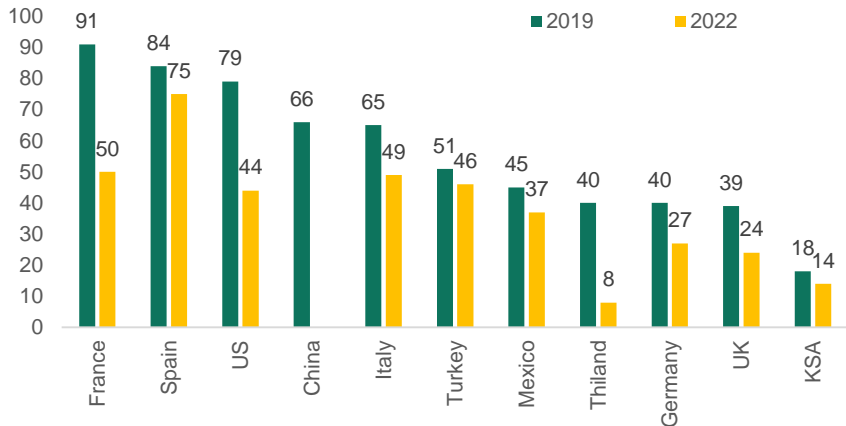
Hotel Rooms to be completed



11

New Seasons For tourist has been launched all over the Kingdom

Top-10 tourism destinations and S. Arabia: International overnight visits (mn)





01

"It is a state-sponsored annual entertainment and sports festival, part of the larger Saudi Seasons initiative held since 2019 from October to March during winter in Riyadh, Saudi Arabia"

**Riyadh season**

02

"Season includes interactive experiences, entertainment offerings for gamers, Arab plays, international plays, marine experiences and events, as well as international exhibitions, an interactive waterfall, and over 90 stores and restaurants"

**Jeddah season**

03

"Season has a strong focus on sporting and entertainment events. Most of the events are hosted in two areas of Diriyah, these are Diriyah Oasis and Al Bujaira. Including Grand Prix events, Formula E, Boxing, and much more"

**Diriyah season**

04

Known as the city of roses, Taif is based in the western province of Saudi Arabia. This Season boasts over 100 fun and exciting events targeted at locals and ex-pats. Taif season showcased what Saudi Arabia had to offer in cultural authenticity and artistic heritage "

**Taif season**

05

"It is aimed to achieve cultural, entertainment, sporting, and religious goals. The season was created to showcase the virtues of the holy month. However, like so many other seasons, it aimed to bring in exciting sporting and entertainment events"

**Ramadan season**

06

"It is predominantly targeted at locals, however, does also attract international visitors as well. With a number of exciting events in multiple cities across the Eastern Province, this season offers a variety of cultural and entertainment-based events"

**Eastern province season**



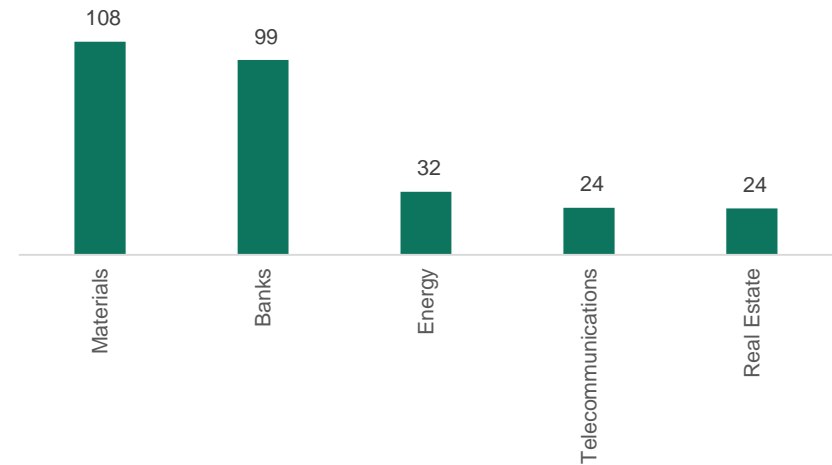
The background of the slide is a dark blue grid with a faint, stylized financial chart. The chart includes a line graph showing fluctuations and several vertical bars of varying heights, suggesting a combination of price movement and volume data.

## **Saudi Tadawul**



- The market capitalization of the Tadawul index stands at **around USD 2.6tn**. The largest listed company by a wide margin is Saudi Aramco, with a **market capitalization of USD 2.1tn**.
- In 2022, the cumulative value-traded stood at USD 455bn, and the cumulative turnover stood at 45.1bn shares. The past five years saw the **market's traded value grow at a CAGR of 14.0%**.
- In 2022, the most active sector stood as **Materials** (petrochemicals), with **value traded at USD 108bn** (24% of total market). The **banking industry was the 2<sup>nd</sup> most traded with a cumulative value-traded at USD 99bn** (22% of total market).
- The Bulk of the volumes were witnessed in the **materials sector** with a **turnover of nearly 9.0bn shares** (20% of total market), following by the **banking sector** with a **turnover of 7.7bn shares** (17% of the total market)

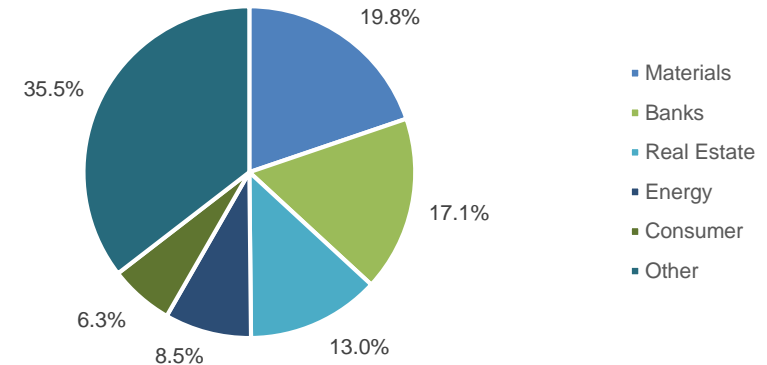
Sector Wise Value Traded (USD bn)



Most Active Stocks (2022) – Tadawul

Stock	Value (USD bn)	Stock	Volume (bn shares)
Alrajhi	37	Dar Alarkan	3.66
Saudi Aramco	19	Saudi Aramco	1.94
Alinma	18	Alinma	1.93
Sabir	18	Alrajhi	1.48
SNB	17	Petro Rabigh	1.46

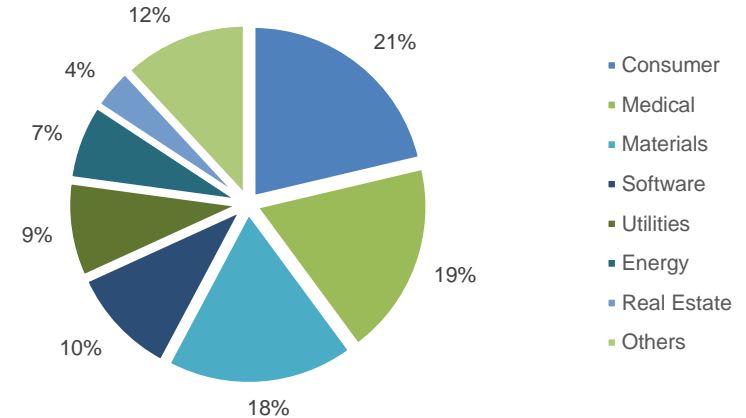
Saudi Arabia & select global countries: expats as % of population (%)



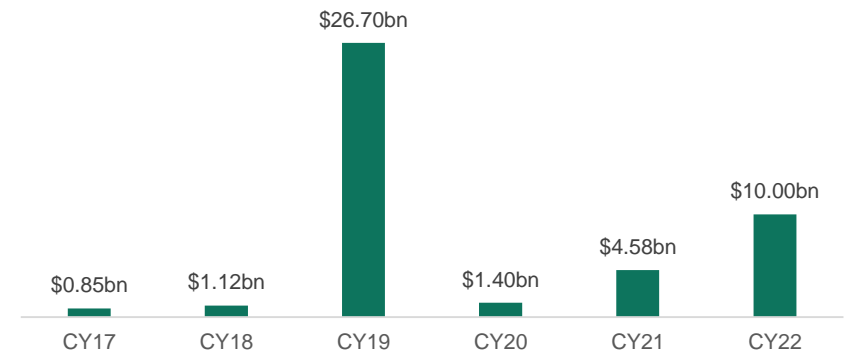


- **USD 10.0bn raised in IPOs:** The Saudi Market saw over USD 10.0bn raised in new listings in 2022 as 18 companies went for an Initial Public Offering (IPO). The total market capitalization of the new offerings summed to nearly USD 40.0bn, currently.
- 2022's IPO activity was considerably up from 2021, which saw 9 new listings raise USD 4.6bn. Moreover, excluding Saudi Aramco's IPO in 2019, **new offerings amount have risen by a 5yr CAGR of 64%.**
- The largest listing during the year was Americana Restaurants International, **which raised USD 1.8bn** at a valuation of nearly **USD 7.0bn**. Additionally, two medical companies also **raised USD 1.9bn** at a **valuation of nearly USD 7.5bn**.
- **2023 another busy year for IPOs:** IPOs activity is expected to continue its momentum in 2023 with a reported **23 businesses being approved for listing**. Moreover, an additional 75 business are under review for potential IPOs.
- The Saudi Tadawul Chairman highlighted that the Saudi Market plans to enhance its collaboration with regional markets **through dual listings**. The market will also focus on multitude of areas **including ESG, fintech, diversity, and inclusion**.

## Sector wise New Listings in 2022



## Size of New Offerings in Tadawul since 2017





# Key Listing Requirements

## Tadawul - Main Market Requirements

### Listing / Offering / Direct Listing

- The issuer must have been carrying on, a main activity for at least **three** years by either itself or through one or more of its subsidiaries
- The Company should offer at least **30%** of the shares to the Public
- Must be a Joint Stock Company – can be based in or outside Saudi Arabia
- A company should appoint a Financial Advisor, Auditor, Legal Advisor and a Market Consultant
- The Total Paid up Capital of the Company should be at least SAR 300 mn (**USD 80 mn**)
- Submit at least **three** years of Audited Financial Statements
- Prospectus
- An appropriately experienced management team
- Have at least **200** public shareholders at the time of Listing
- Sufficient Working Capital for the next 12 months

## Nomu - Parallel Market Requirements

### Listing / Offering / Direct Listing

- The issuer must have been carrying on, a main activity for at least **one** year by either itself or through one or more of its subsidiaries
- Appointment of Financial Advisor
- Must be a Joint Stock Company based in Saudi Arabia only
- Submit at least **one** year of Audited Financial Statements and Prospectus
- The Total Paid up Capital of the Company should be at least SAR 10 mn (**USD 2.67 mn**)
- Have at least **50** public shareholders at the time of Listing
- The Company should offer (whichever is less):
  - At least **20%** of the shares to the Public
  - Or the market value of shares owned by the public at the time of listing is not less than SAR 30mn (USD 8 mn)
- Once a company is listed on Nomu - Parallel Market for two years it has the opportunity to transfer up to the Main Market

Source: <https://rb.gy/5cwoz>



## Cross Border Listings - Rules

A foreign issuer whose shares are listed on another regulated exchange may apply for those shares to be listed on the Tadawul. The Exchange may approve such a shares listing, provided that in consultation and with the agreement of the Authority, if the country in which the shares of the foreign issuer are listed applies at least similar standards as the standards applied by the Authority and the Exchange.

The foreign issuer who is applying for listing its shares on the Tadawul must submit an application to the Exchange which contains the information and documents set out in Annex 1(a) and Annex 10 of Saudi Exchange Company Listing Rules.

The foreign issuer must meet the liquidity requirements set out in paragraph (b) of Article 7 of Saudi Exchange Company Listing Rules upon submitting the application, not at the time of listing.

The foreign issuer who is applying to submit an application for cross-listing must appoint a financial advisor who satisfies the requirement set out in the Rules on Offer Securities and Continuing Obligations to advise the foreign issuer on the application of the Capital Market Law, its implementing Regulations, and the Exchange Rules (where applicable).

The financial advisor appointed pursuant to the point above must submit a letter to the Exchange in the form set out in Annex 8 (a) of Saudi Exchange Company Listing Rules

A foreign issuer specified above who has its shares listed on the Tadawul is subject to Saudi Exchange Company Listing Rules, the Rules on the Offer of Securities and Continuing Obligations, and any other applicable rules and regulations as determined by the Authority and the Exchange from time to time.

The Authority and the Exchange may, in line with Saudi Exchange Company Listing Rules and other Exchange Rules and the Implementing Regulations, exercise their respective discretions to approve or reject an application for cross-listing of the shares of a foreign issuer on the Tadawul.

*\*Find all the annexures here: <https://rb.gy/5cwoz>*



## Saudi Industrial Development Fund

Increased loan limits of SAR 1.8bn granted to listed companies, compared to SAR 0.4bn for private companies.

## Ministry of Investment

Facilitated approval process for listed companies to register foreign partners (joint ventures). The ministry will also provide support and advisory services to companies.

## Saudi Food & Drug Authority

Fast Track services at the Authority's Business Support Centre and advisory services including training courses on the electronic systems of the Authority.

## Ministry of Health

1. Priority on training programs for listed companies.
2. Priority for reporting and statistical data.
3. Priority for advertisement in the ministry events.

## Agricultural Development Fund

Increased funding percentage, and increased credit services limits for each customer.

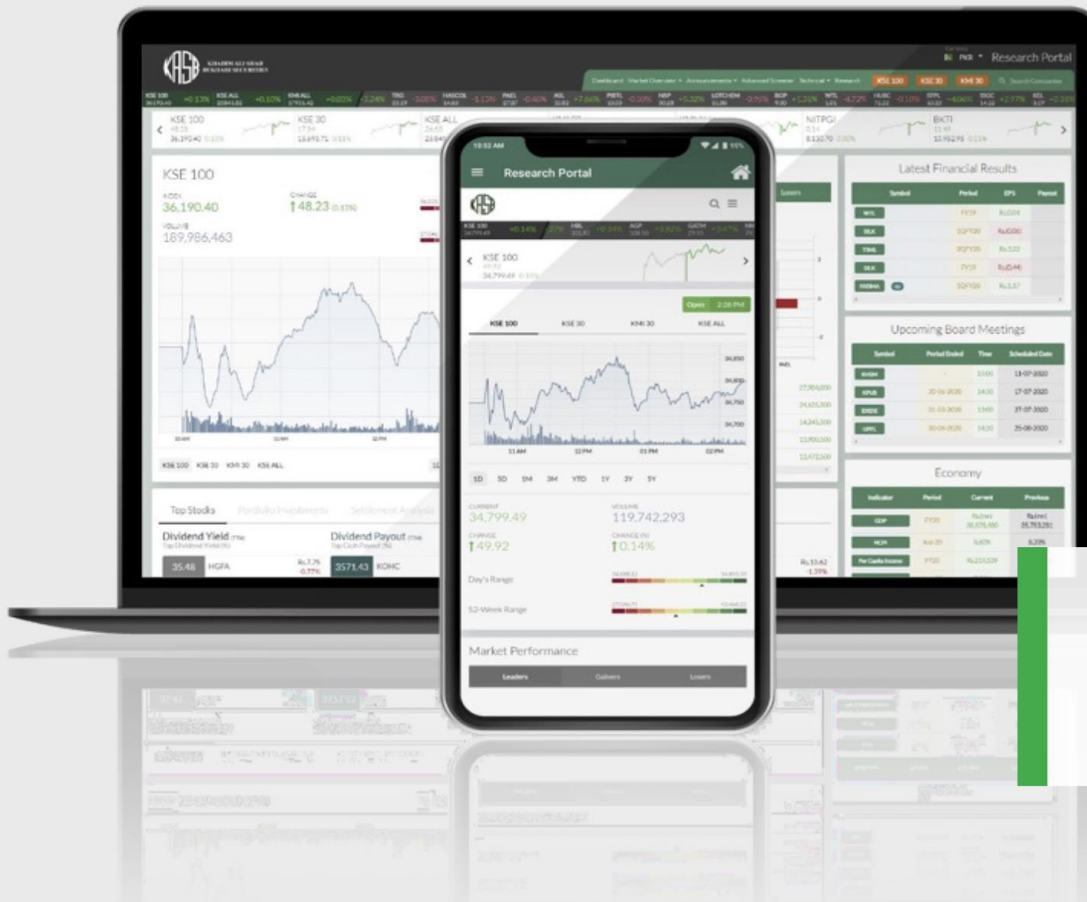
## Ministry of Finance

Preference in business and government procurement (under competition and government procurement rule) for listed companies in the Capital Market.

## Projects Support Fund

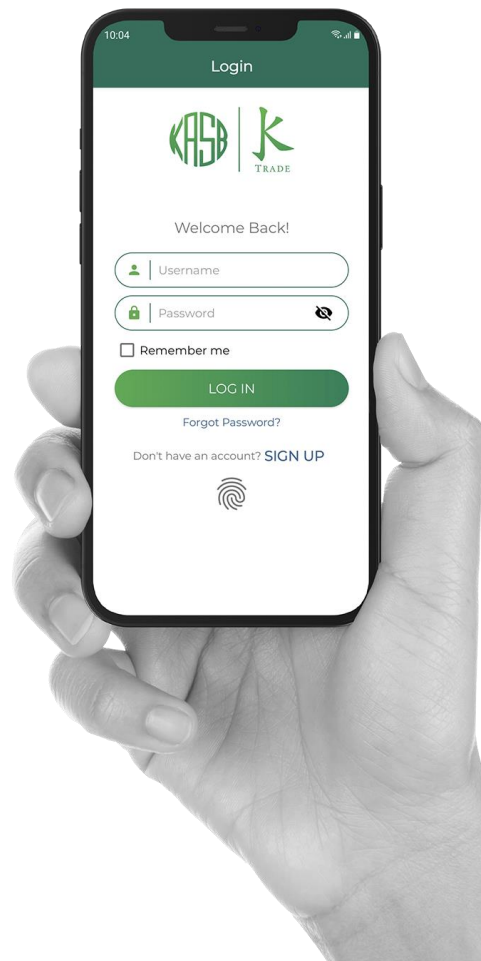
- Raising the funding limits for listed companies projects in the targeted sectors (health, education and real estate development "Mega Projects")
- Long-term loan at preferential interest rate provided to listed companies can reach up to 500 million SAR for the project





## KTrade Securities Corporate Profile





01

## Who Are We

KTrade is one of the leading and fastest growing full services brokerage in Pakistan. Ktrade's fintech App is the most downloaded stock trading platform in Pakistan. We are regulated by Securities and Exchange Commission of Pakistan

02

## Goal

Our goal is to connect capital with growth companies and to help transform people's lives by helping them make better financial decisions

03

## Vision

Our Vision is to Democratize investments in Pakistan by providing people access to financial information, education and markets

04

## Mission

Our Missions is to get 10 million Pakistanis make better savings and investment decisions by engaging with KTrade





## Corporate Finance

**Tech, ESG and growth focused** corporate finance desk.

Connecting our network of global capital with growth companies and opportunities in emerging markets.



## Brokerage

**Award winning, top brokerage in Pakistan.**

**Trading in Equities, Commodity Futures, Money Market and FX.**

Full range of customers including banks, asset managers, insurance companies, corporates, global funds and a large retail investor base who use KTrade App.

**400k+** registered users

**1.1 Mn** app downloads .

**20,000+** retail clients



## Venture Capital

Active investor in private growth companies.



## Research

Team of **Economists and Analysts** who provide Economic and Market insights and advice.

Published seminal work on ESG, corporate ownership, tech growth etc.



## Access

Provide unrivaled and thoughtful access to government leaders, policy makers, company managements, and expert thought leaders via roadshows, conferences, webinars and expert meetings.



## Varsity

More than **2000** enrolled students

Largest business school in Pakistan





## Equity

1. IPO/Offer for Sale
2. Rights & Preference Shares Issue
3. Reverse Merger on Stock Exchange
4. Tender Offer
5. Private Equity
6. Cross Border Listings

## Advisory

1. Financial Modelling & Valuation
2. Project Management
3. Sell side/Buy side Advisory & Arrangement
4. Balance Sheet Restructuring
5. Advice on Optimal Capital Structure & Return Maximization
6. Merger & Acquisitions

## Debt

1. Sukuk
2. Asset Securitization
3. Term Finance Certificate
4. Commercial Paper
5. FX Products
6. Project Finance Advisory and Arrangement



# KTrade: Presence in Major Global Financial Hubs (via Oxford Frontier)

## London

31 Emperors Gate,  
London, SW7 4JA  
+44 788 776 1538

## Karachi

Corporate Office: 33-C, Main  
Khayaban-e-Bukhari, Phase VI,  
DHA  
+92 21 35 24 1091-2

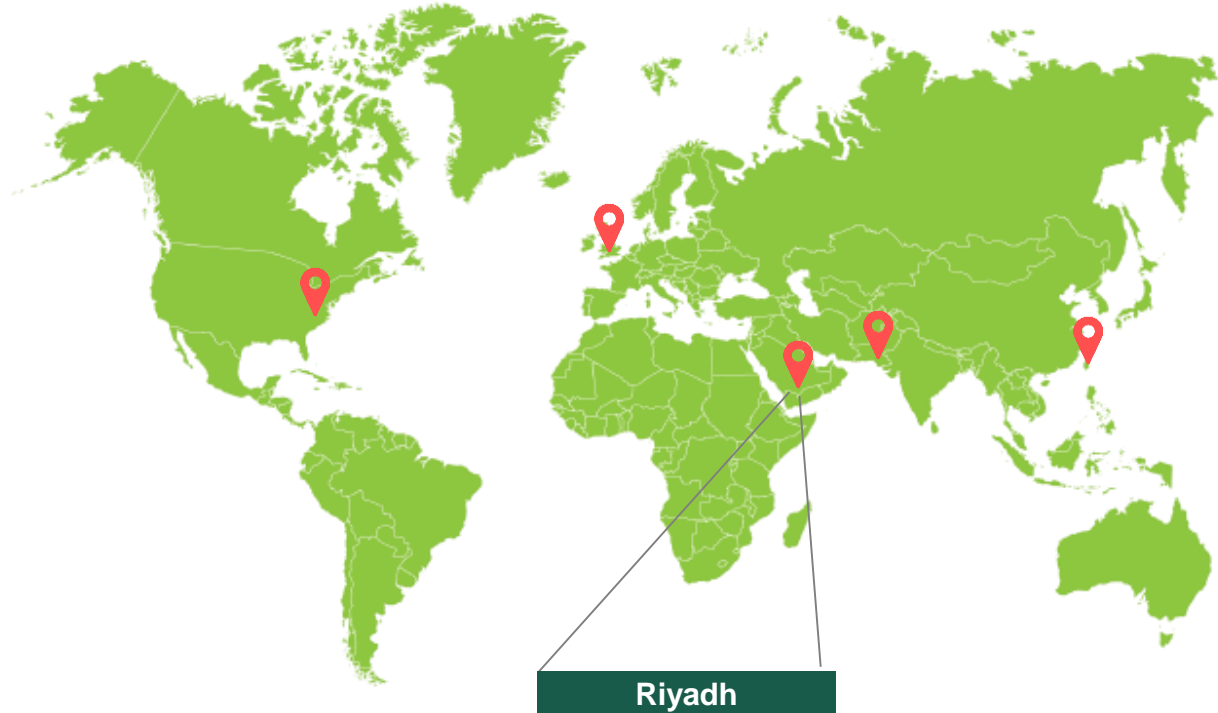
## Washington

11432 Rowley Road,  
Clarksville, MD 21029  
+1 804 615 7161

## Hong Kong

Level 19, Two  
International Finance Centre 8,  
Finance Street, Central  
+852 3589 6535

KTrade has direct presence in major financial hubs including London, Washington, Hong Kong and recently inaugurated Riyadh office







KTrade DC Team with US Vice President



KTrade with President, Tencent Music







## **Ali Farid Khwaja, Chairman**

Previous roles: Partner at Autonomous Research (UK), Group CFO SafeCharge PLC (UK), Tech Analyst at Berenberg, UBS and Kudu Emerging Markets. Top ranked Tech Analyst in Europe and Asia. Rhodes Scholar from Oxford. Consultant for ADB and Bank Alfalah. Advisor to PRISM AG Switzerland and Osiris Group HK.



## **Mahmood Ali Shah Bukhari, CEO**

Serial Entrepreneur. Board Director Sialkot Airport. Regional Board Member of Young Presidents Organization (YPO MENA) and South Asian Chamber of Commerce. Previously MD of KASB Modarba. Alumnus of University of Waterloo and National Defence University. Rated Top CEO in Pakistan by Finance Asia (2022)



## **Nadia Ishtiaq**

### *Managing Director – Corporate Finance*

Ms. Nadia Ishtiaq is a seasoned Investment and Corporate Banker with a rich and diversified experience of 21 years in Equity, Advisory, Debt Capital Markets, and Project Finance. Ms. Ishtiaq has also served on the Listing Committee of PSX as an Industry Expert. Previously at MCB Bank, UBL Bank, NIB and AKD Securities.



## **Waleed Saigol, Board Advisor**

Mr. Waleed Tariq Saigol is Chief Executive Officer and Director of Maple Leaf Capital Limited. Mr. Saigol serves on the Boards of TRG Pakistan, Kohinoor Textile Mills Limited, Maple Leaf Cement Factory Limited and Maple Leaf Power Limited. He is an alumnus of London School of Economics, Harrow School and Aitchison College.



## **Sadaf Rehman, Board Director**

### *Cofounder, Code School Pakistan*

Sadaf has nearly two decades of experience driving social change for Pakistani youth, working with leading organizations such as LUMS, Generation You Employed, Acumen, and The Citizens Foundation. She is the co-founder of Codeschool.pk a coding literacy startup that won the Stanford SEED Spark award in Jan 2022. She has an undergraduate degree in computer science and math, and an MBA from LUMS, where she received a gold medal for first place overall.



## **Faisal Aftab, Board Director**

### *Co-Founder & GP at Zayn Capital*

Faisal is the Founder of Zayn Capital, a leading VC and BitRate Digital Assets, a Crypto Fund. Faisal has an MBA from Oxford University, joint Bachelor's and Master's degrees from Michigan State University USA. He has also been an investor in Hedge Funds, Venture Capital Funds and an active Angel Investor for over 15 years. Faisal is a limited partner of the Silicon Valley-based Venture Capital Fund 500 Startups.



## Christian Angermayer

### Advisor



Christian Angermayer is a serial entrepreneur and investor who builds and invests in companies shaping the Next Human Agenda: a future in which technology empowers people to live longer, healthier, and happier lives. Christian's family office and private investment firm, Apeiron Investment Group, has more than USD 3 billion under management and 50 people across five international locations. Apeiron focuses on Life Sciences, FinTech & Crypto, Future Tech and Experiences, Hospitality & Happiness. Over the past 20 years, Christian has founded three unicorns and has been the lead investor in four unicorns and two decacorns. Christian is an active thought leader and is a World Economic Forum Young Global Leader, a member of the Milken Institute Young Leaders' Circle, a partner of the Munich Security Conference, an advisor to President Paul Kagame of Rwanda, and a founding member of President Macron's "Scale-Up Europe" initiative.

## Sardar Ahmed Durrani

### Advisor



Sardar Ahmed Durrani is a partner at the Osiris Group LLC, a private equity firm based out of Hong Kong. He is the global sector head for tech, consumer, and digital assets, as well as the country sponsor for Pakistan. Ahmed joined the Osiris Group from Deutsche Bank Hong Kong where he was a senior VP and COO for Investment Banking Coverage & Advisory, for Asia. Prior to that he has been with RBS and ABN Amro Bank in their Investment Banking and Wealth Management arms in Hong Kong, Singapore, Dubai and Pakistan.


## Jonathan Bond

### Advisor




Jonathan is a co-founder/partner of TTB. He has 25 years of experience in the financial services industry, latterly running Bond Ventures, a Hong Kong-based family office specializing in global venture and private equity investments. Jonathan started his career at Merrill Lynch and has worked in fund management as Partner and Managing Director at two hedge funds ranging in size from US\$200-800mln. Over the last decade, Jonathan has spent his time offering strategic advice to Chinese companies, both public and private, on their overseas strategies. Jonathan was educated at Tonbridge School, Kent and Durham University in England. He also sits on the Venture Investors Alliance of HK.






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Case




Main Case NEW


## KASB Securities - Reclaiming its Position as a Leading Brokerage of Pakistan

*Muhammad Adeel Zaffar, Fazal Jawad Seyyed, Hafsa Ashfaq*


☆☆☆☆☆



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TEACHING NOTE



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Suleman Dawood School of Business

, 2022

INTERNATIONAL  
THE NEWS

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Karachi

## Harvard Business School publishes case study on KASB Securities

October 16, 2021



# Harvard Business Publishing

The case study is taught at HBS and its partner schools including Lahore University of Management Sciences (LUMS) in Pakistan.



# Recent Research Products: KTrade research is available on Bloomberg





# Awards and Achievements

## Ranked no. 1 in Asia for the best independent idea generation (2020)



An Acuris company

TOP 10 INDEPENDENT/ALTERNATIVE TRADE IDEA GENERATORS WITH BEST OVERALL IDEA PERFORMANCE IN ASIA RANK #1



An Acuris company

TOP 10 INDEPENDENT/ALTERNATIVE TRADE IDEA GENERATORS WITH BEST OVERALL IDEA PERFORMANCE IN EUROPE RANK #6



An Acuris company

TOP 10 INDEPENDENT/ALTERNATIVE TRADE IDEA GENERATORS WITH BEST OVERALL IDEA PERFORMANCE IN NORTH AMERICA RANK #2

## KTrade won the 2021 P@SHA award for Finance and Investment category



**P@SHA**

**KARACHI**  
**AWARDS**  
BY Optel BUSINESS SOLUTIONS

## Finance Asia Best Company Awards 2022



### PAKISTAN

**Best CEO:** Mahmood Ali Shah Bukhari, KTrade

**Best Investor Relations:** Topline Securities

**Best Managed Company:** Meezan Bank

**Best Mid-cap Company:** Lucky Cement

**Best Small-cap Company:** Octopus Digital

**Most Committed to Environmental Stewardship:** KTrade

**Most Committed to High Governance Best Standards:** KTrade

**Most Committed to Social Causes:** KTrade

**Most effective in creating and implementing D&I Policies over the past 12 months:** Lucky Cement



## KTrade won the 2021 CFA Society award for Financial Markets



## Pakistan - Best Tech Sector Analyst (2022)

**ASIAMONEY**



# Contact Us

We welcome your inquiries for any further information regarding the report



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