



يوم التأسيس
Saudi Founding Day
— ١٤٣٩هـ / ١٧٢٧م —

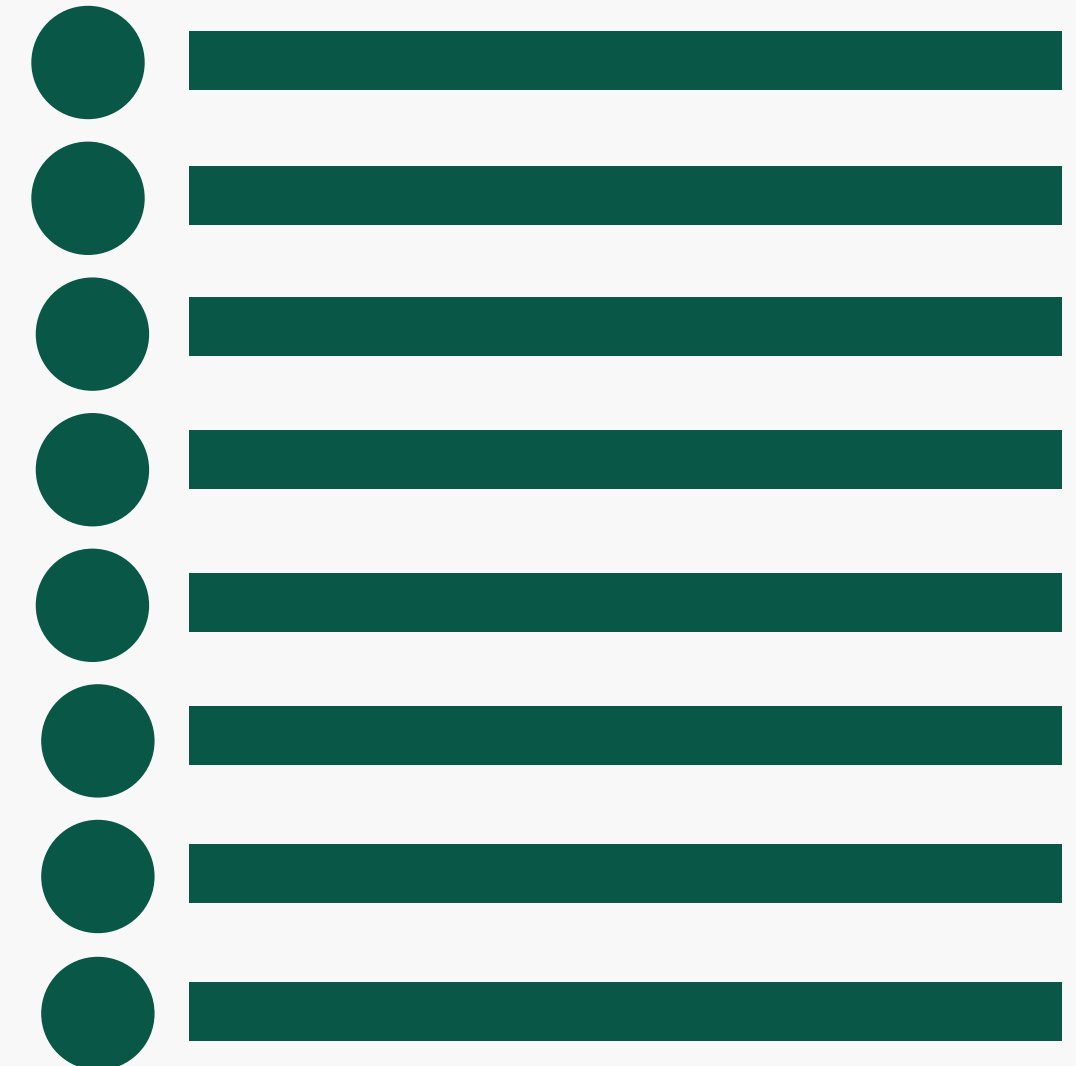
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THE KINGDOM OF SAUDI ARABIA ECONOMIC OVERVIEW

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THE ECONOMY OF KSA

An overview of the Saudi economy, its participants,
and the sectors that contribute to it



THE SAUDI ARABIAN ECONOMY

The Saudi Arabian economy has evolved into a major regional industrial powerhouse primarily due to its oil & gas reserves.

Its proven oil reserves amount to 267 billion barrels and its natural gas reserves are estimated at 9,514 billion cubic meters.

The Kingdom, as of 2023, commands a Gross Domestic Product (GDP) of SAR 4,003.4 billion (19th in the world). Of this, 33.2% originates from oil activities, 50.2% originates from non-oil activities, and 16.6% is due to government spending. Oil activities include crude oil, natural gas and refining activities, whereas non-oil activities includes everything other than that besides government services.

The non-oil sector, undergoing ongoing diversification, includes petrochemicals, tourism, construction, retail, food & beverages, transportation et cetera.





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THE SAUDI ARABIAN ECONOMY

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SECTORS | I

- **Oil & Gas:** This sector constitutes a global industry involved in the exploration, extraction, refining, and marketing of oil and natural gas. As part of Vision 2030, Saudi Arabia is expediting its economic diversification program to increase economic resilience and lessen its dependency on this sector.
- **Petrochemicals:** As part of the crude to chemical strategy, it will result in the transformation of crude oil through fractional distillation into more valuable components ranging from petroleum to naphtha and bitumen. By manufacturing a wide array of chemicals and products, multiple industries, from plastics to pharmaceuticals experience much needed growth.
- **Construction:** The construction sector is a dynamic industry that focuses on developing infrastructure, residential, commercial, and industrial projects, driving the nation's economic and urban development.



SECTORS | II

- **Manufacturing:** The manufacturing sector is pivotal for enhancing trade and the creation of new & innovative products. Expansionary efforts in this domain have led to the formation of new industries, such as automotive and aerospace manufacturing.
- **Tourism:** Intended to showcase the nation's rich cultural heritage, historical sites, and natural beauty, the government is actively promoting tourism as part of its economic diversification efforts. Notable initiatives include the Red Sea Project and the Qiddiya Entertainment City, intended to form world-class tourist destinations.
- **Real Estate:** Real estate encompasses residential, commercial, and industrial properties. It serves as an avenue for investment and economic diversification, attracting both domestic and foreign investors.





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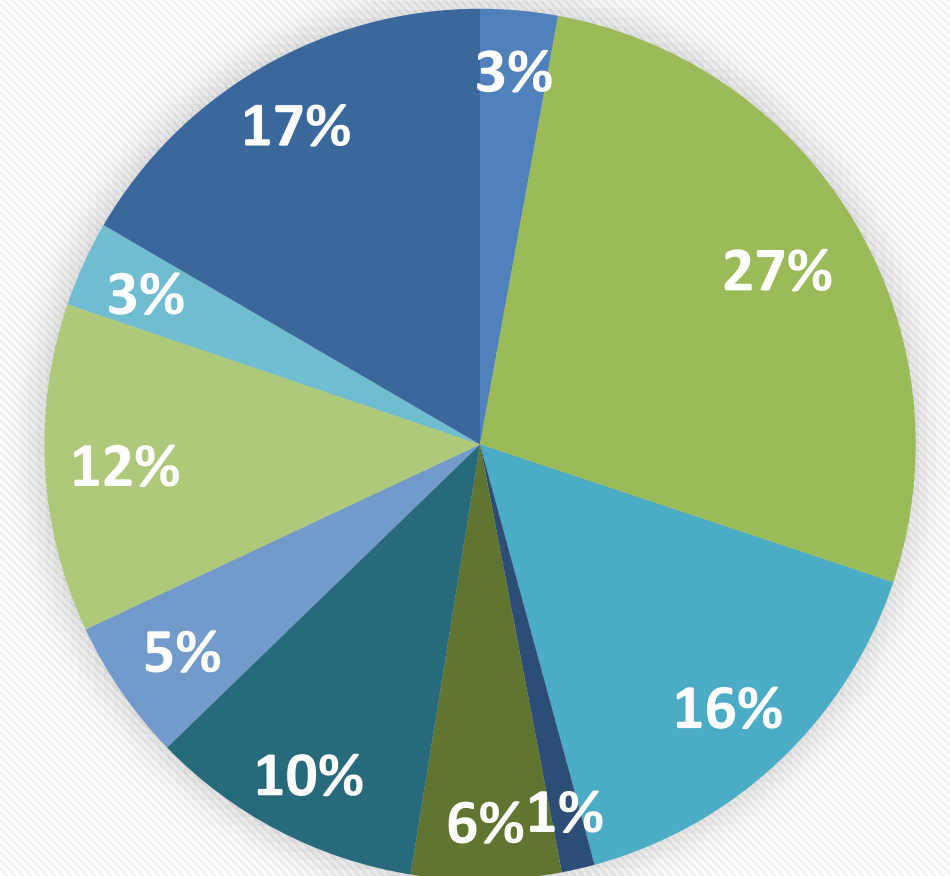
THE SAUDI ARABIAN ECONOMY

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SECTORS | III

- **Retail and Food & Beverages:** The retail and food & beverages sector encompass a variety of businesses from restaurants and cafes to FMCG distribution. It drives consumer spending, creates numerous jobs, and supports other industries through supply chain interactions.
- **Banking, Finance, & Insurance:** Includes a variety of institutions, from commercial and investment banks to insurance companies and fintech startups, all working to facilitate economic transactions, manage financial risks, and support economic growth.
- **Agriculture:** Agricultural activities enhance food security, diversify exports, and provide raw material for local industry. Saudi Arabia, in this domain, has evolved into a major producer of watermelon, grapes, citrus fruits, onions, squash, and tomatoes.
- **Mining:** The Kingdom is rich in gold, silver, copper, bauxite, and phosphate. According to the National Industrial and Mining Information Centre, the country's mineral wealth is estimated to be SAR 9,400.0 billion in total, as of April 2024.

CONTRIBUTION OF ECONOMIC ACTIVITIES TO
NOMINAL GDP | 2023



■ Agriculture, Forestry & Fishing
 ■ Mining & Quarrying
 ■ Manufacturing
 ■ Electricity, Gas and Water
 ■ Construction
 ■ Wholesale & Retail Trade, Restaurants & hotels
 ■ Transport, Storage & Communication
 ■ Finance, Insurance, Real Estate & Business Services
 ■ Community, Social & Personal Services
 ■ Government Services

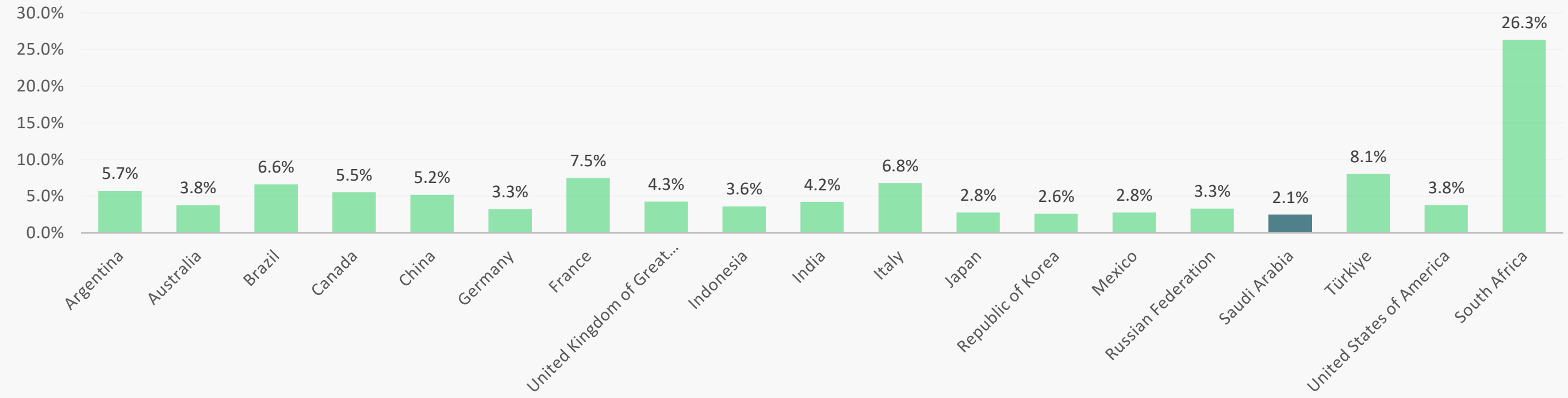
Source: General Authority for Statistics



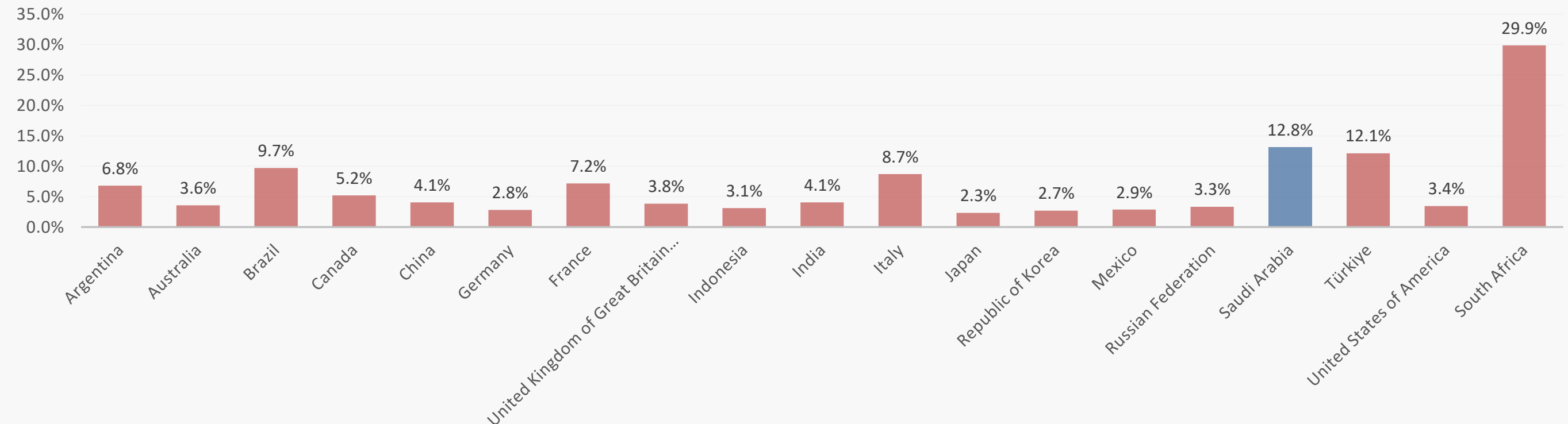
HIGH MALE EMPLOYMENT, RISING FEMALE EMPLOYMENT

- The Saudi Arabian Unemployment Rate for males is the lowest in G20 at only 2.1% in 2023. The male unemployment rate has decreased to 1.7% in Q2-2024.
- The unemployment ratio split between Saudi and Non-Saudi males is 4.6% & 0.6% in Q4-2023 and 4.0% & 0.8% in Q4-2024.
- The unemployment rate for females in Saudi Arabia is at 12.8% in 2023 and is second highest among G20 nations.
- Nevertheless, female unemployment has exhibited an YoY decline. It dropped from 17.3% in 2021 to 15.4% in 2022 and is at 12.8% as of 2023.
- Female unemployment is estimated at 10.8% in Q2-2024, thereby continuing the established trend.

MALE UNEMPLOYMENT | G20 | 2023



FEMALE UNEMPLOYMENT | G20 | 2023

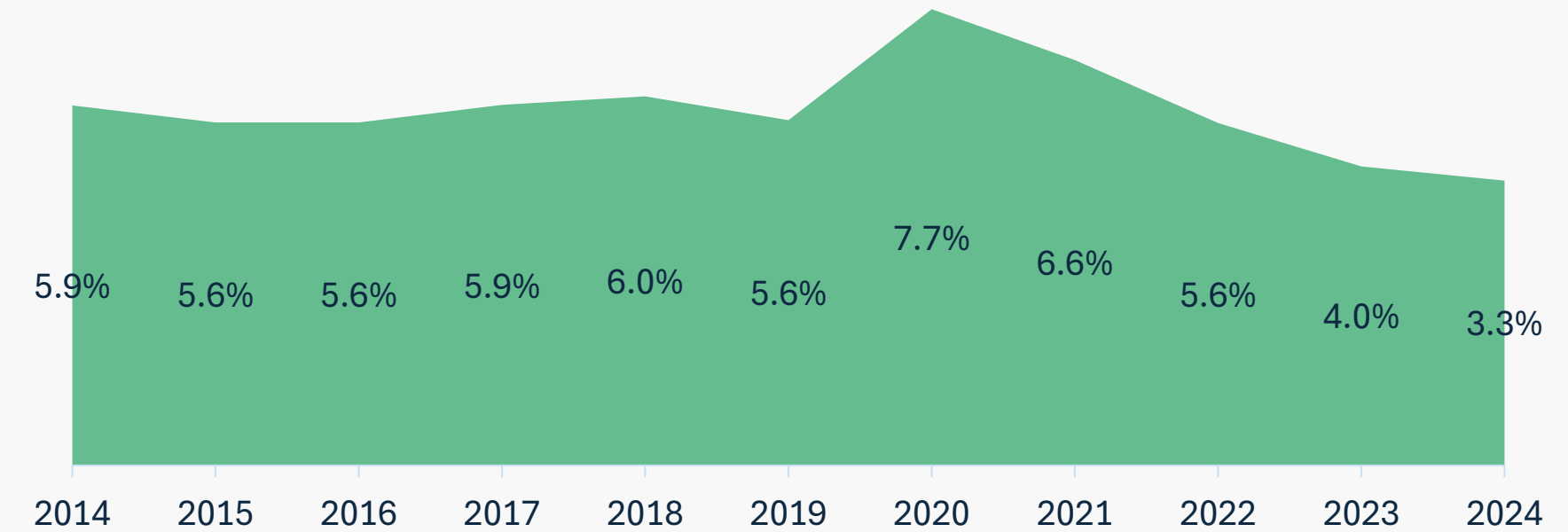


Source: International Labor Organization and General Authority for Statistics (All Charts)



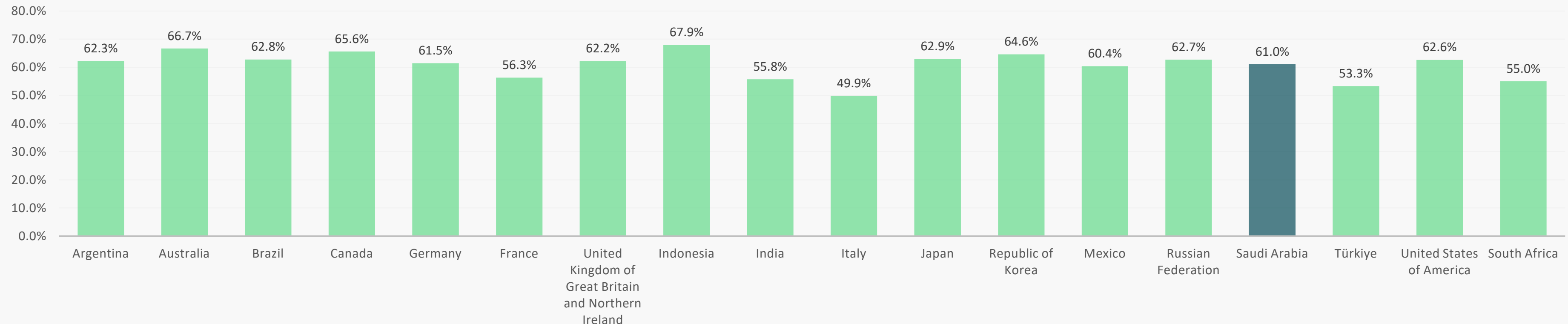
- Apart from the pandemic spikes, unemployment has been on a trend of decline in the Kingdom and is currently within range of the natural rate of unemployment.
- Note that the 2024 figure is an ongoing estimate.
- The Saudi Labor Force Participation Rate is comparable to major economies. Were it not for the low female participation rate of 34.6% in Q4-2023, this metric would have been higher considering that male participation in Q4-2023 is 84.1%.
- The female and male participation rates were 33.4% & 83.6% in Q2-2024.

SAUDI POPULATION UNEMPLOYMENT RATE



Source: International Labor Organization and General Authority for Statistics

Labor Force Participation Rate | G20 | 2023



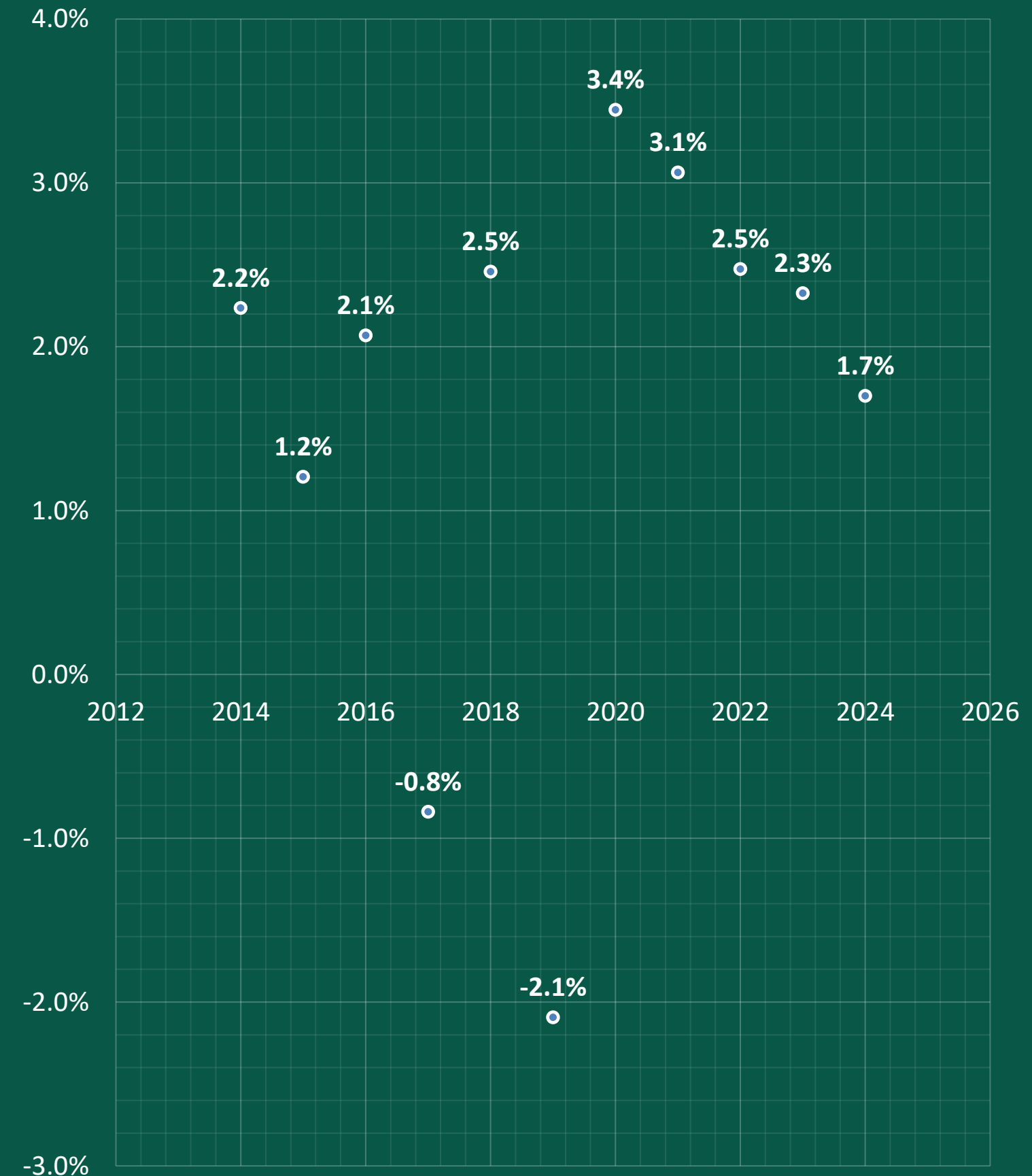
Source: International Labor Organization and General Authority for Statistics



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LOW, STABLE, AND PREDICTABLE INFLATION

- Inflation in Saudi Arabia has been low, predictable, and stable over a moving 10-year period. It was 2.3% in 2023, down from 2.5% in 2022. The inflation rate, as of 9M-2024, has decreased to 1.7%.
- Inflationary stability over a prolonged period is indicative of steady economic planning, good resource allocation, and demand side planning. It essentially builds confidence among economic participants.
- The Kingdom has experienced deflation as noted in the trend to the right in 2019. This, however, is an anomaly and was caused partially due to a decrease in rental demand because of a sharp decrease in the expatriate population.
- Saudi Arabia's stable inflation outlook is one that it shares with its GCC counterparts.
- One reason for this is the overall stable price of fuel, which happens to be a key inflationary driver elsewhere considering that energy shortage practically cripples a modern way of life grounded in electro-mechanical energy.
- The other reason for this is the pegging of the Saudi Riyal to the US Dollar. This subdues imported inflation due to the US Dollar's status as a world reserve currency.

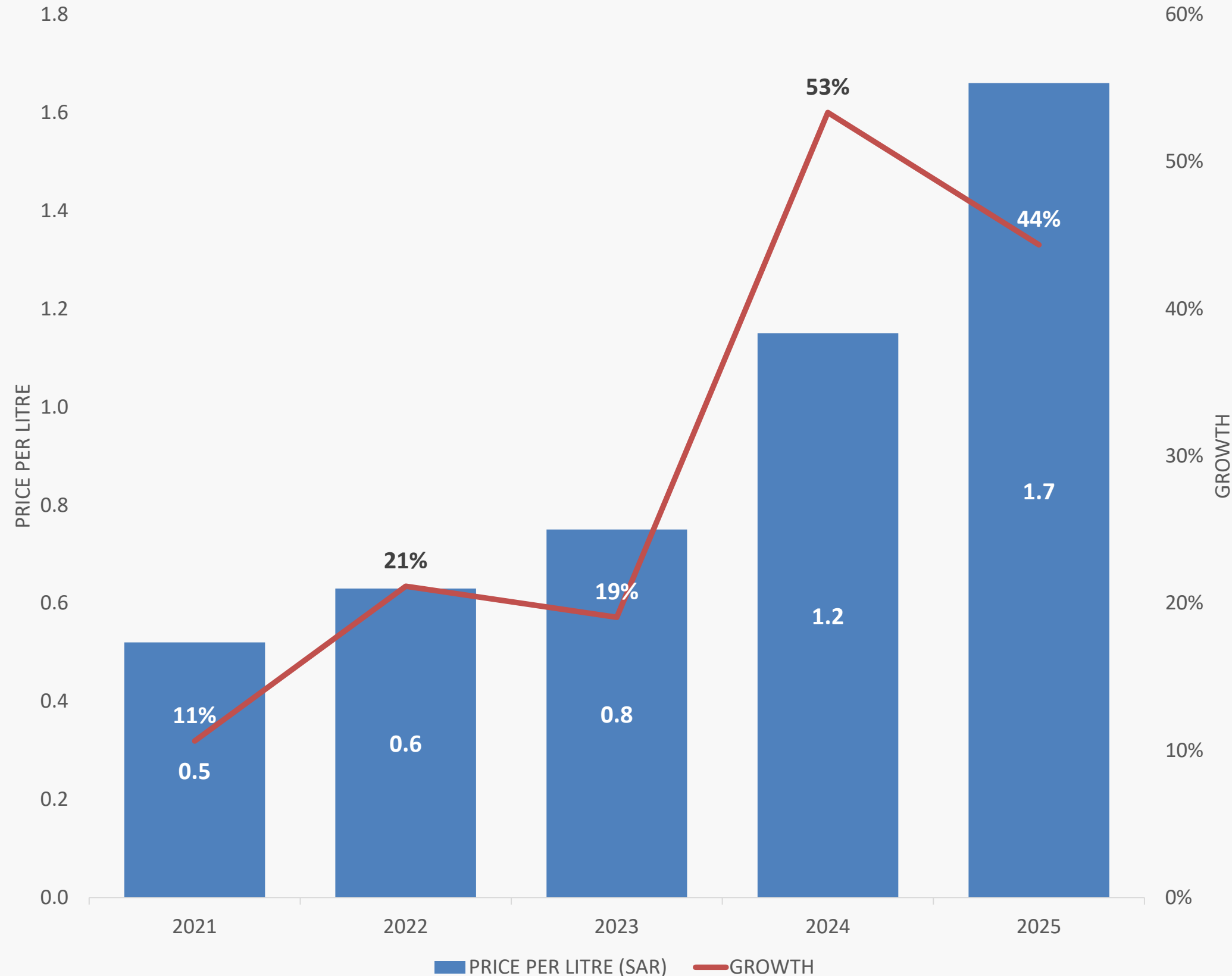


Source: World Bank Group



CONTINUED TREND OF DIESEL PRICE HIKES TO ALIGN WITH GLOBAL MARKETS

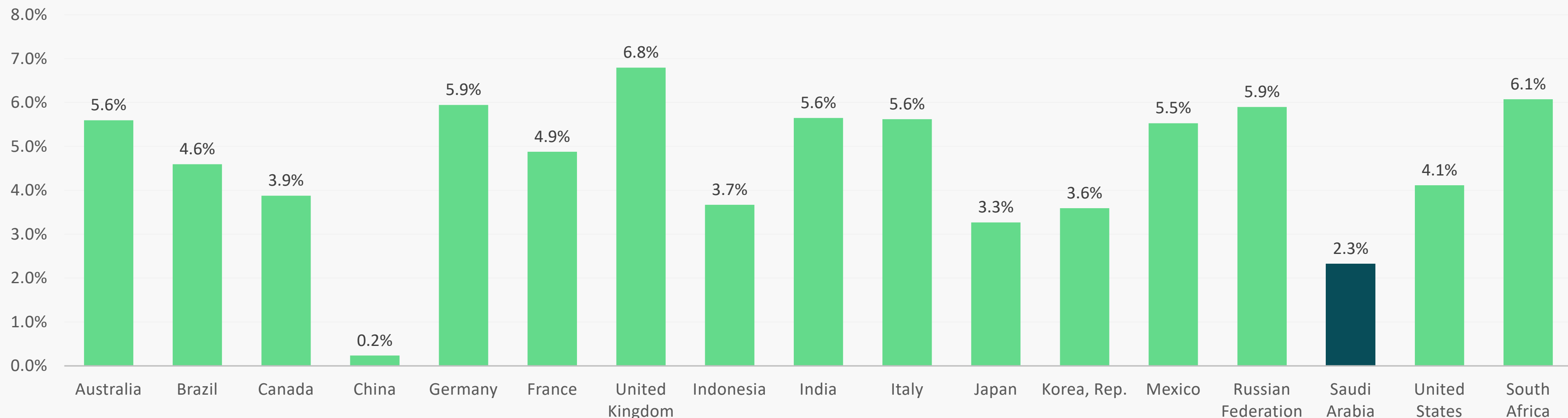
SAUDI DIESEL PRICES | I-JAN | YOY



- It has been observed that the overall stable price of fuel has contributed to inflationary stability in the Kingdom. Nevertheless, it has likewise been noted that the price of diesel particularly has risen YoY at the start of the calendar year.
- The latest diesel price hike of 44.3% was announced by Saudi Aramco on the 1st of January 2025. This raised the price of diesel from SAR 1.2 per liter (USD 0.3) in 2024 to SAR 1.7 per liter (USD 0.4) in 2025.
- The increase is intended to reduce the price gap in the Kingdom and bring it closer to the international average of SAR 4.4 per liter (USD 1.2).
- It is also part of a deliberate policy shift to reduce subsidies, promote fiscal sustainability, encourage responsible energy consumption, and align with broader economic and environmental objectives.
- This price hike is expected to increase inflationary pressure in the Kingdom because of increased transportation and production costs, particularly impacting the transport, agricultural, and manufacturing sectors.
- Increased inflationary pressure may result in a slight uptick in the inflation rate in the short term but its overall trend is expected to remain stable considering that the Kingdom's inflation rate has decreased on a period-on-period basis since 2020.

SAUDI INFLATION IS AMONGST THE LOWEST WITHIN G20 ECONOMIES

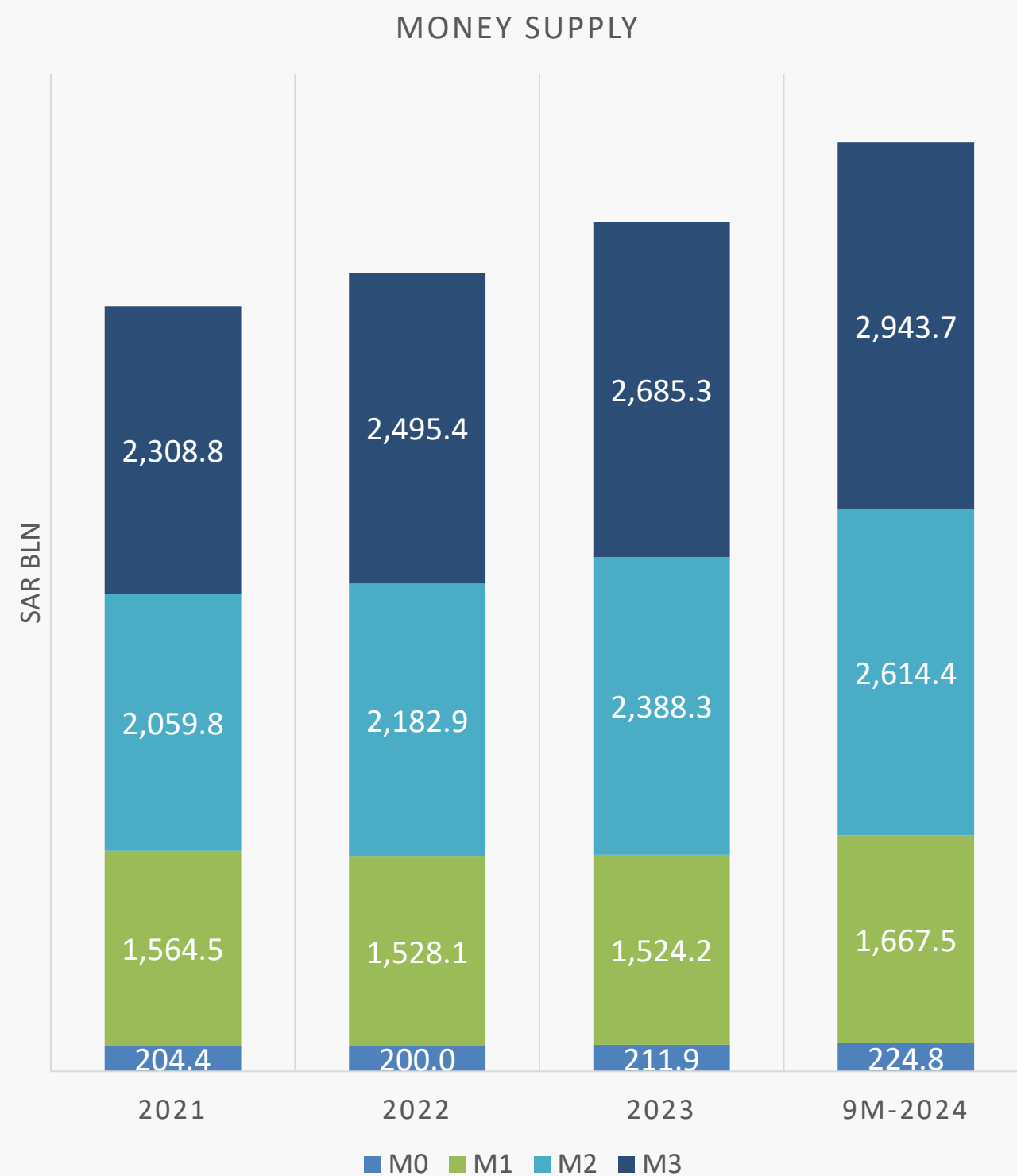
ANNUAL INFLATION 2023 | G20



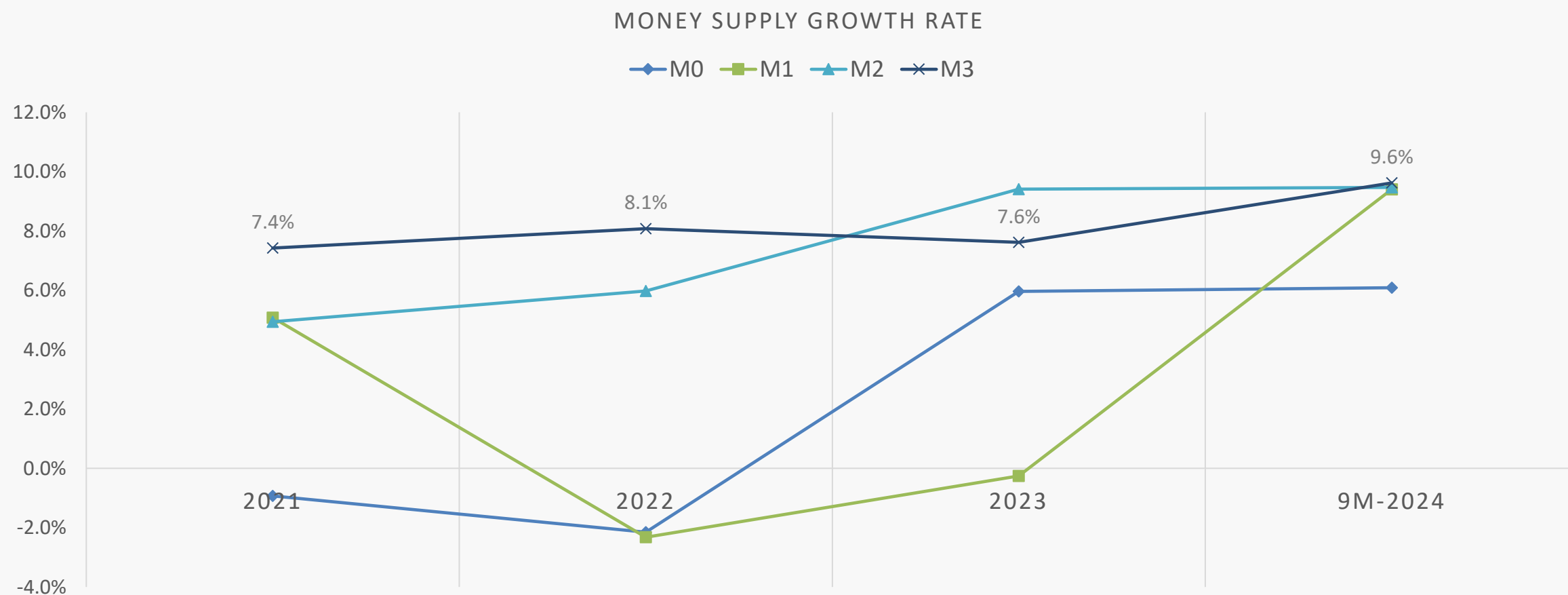
Source: World Bank Group

- *Note that Argentina and Türkiye, whose annual inflation rates clocked at 211.4% and 53.9% respectively in 2023, have been excluded from the table above.*
- Saudi Arabia's inflation rate, when contrasted against other G20 economies in 2023 is the second lowest, with only China being less than it at 0.2%.
- China's case is exceptional because its supply side recovered rapidly after its post-pandemic reopening on account of its industry capacity and extensive food reserves. However, its consumer base failed to immediately rebound from the pandemic-related PTSD, which was exacerbated by its property crisis.
- Most G20 economies, as noted in the table, had low, stable inflation rates over the course of 2023 and the same has held true broadly over the course of 2024 as global supply chains remain unhindered.

M3 MONEY SUPPLY GROWING AT A RELATIVELY STABLE RATE



Source: Saudi Arabian Monetary Agency



Source: Saudi Arabian Monetary Agency

- M0 represents physical currency in circulation and reserves held by commercial banks at the central bank.
- M1 represents M0 plus demand deposits held at commercial banks.
- M2 represents M1 plus savings accounts, time deposits, and other near-money instruments.
- M3 represents M2 plus large time deposits, institutional money market funds, and other long-term investments.
- M0 is the most liquid form of money while M3 is the least liquid.
- M3 money supply grew by 7.6% in 2023 to equal SAR 2,685.3 billion and by 9.6% in 9M-2024 to equal SAR 2,943.7 billion.
- The growth rate exceeded the combined real GDP growth rate plus inflation for the aforementioned periods (1.5% in 2023 and 1.0% in 9M-2024) but remains contextually in line with the needs of an emerging economy without signs of overheating.

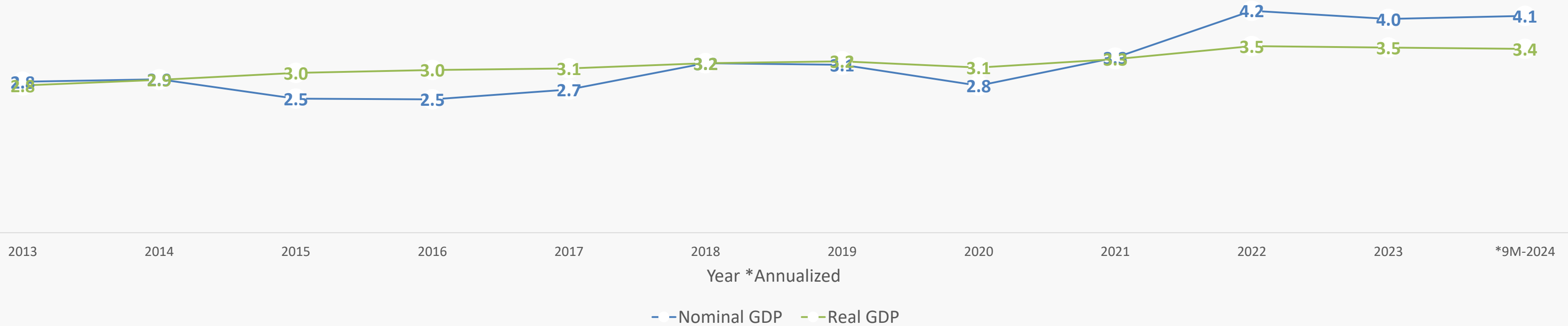
GROSS DOMESTIC PRODUCT FUNDAMENTALS

A look into the trend within GDP, the constituent sectors contributing to it, the Industrial Production Index, and how the Saudi economy benchmarks against G20



STEADILY GROWING REAL AND NOMINAL GDP

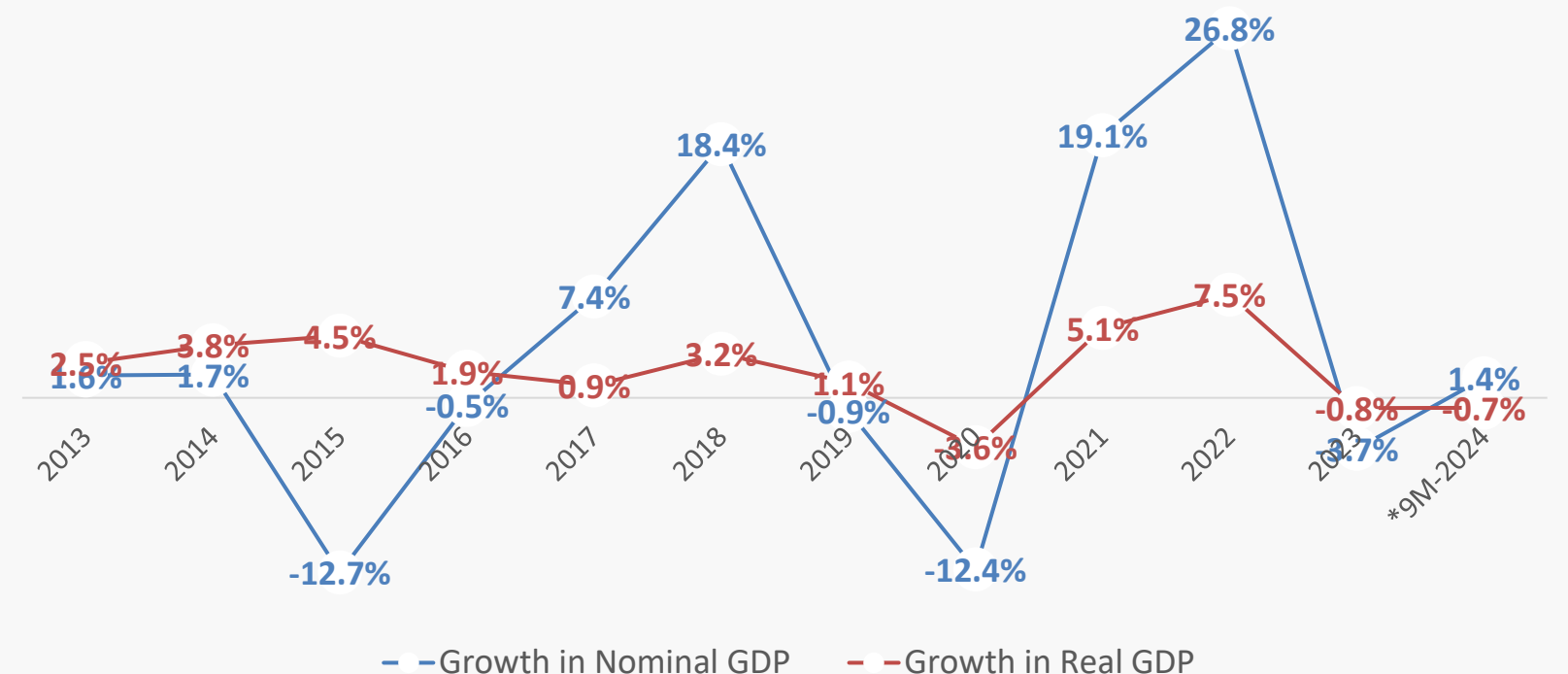
NOMINAL VS REAL GDP | SAR TN | BASE: 2018



Source: General Authority for Statistics

- Note that real GDP is calculated via the chain linked methodology. The Kingdom adopted this approach in 2024 to calculate the real GDP onwards from Q4-2023. Accordingly, the year 2018 serves as the base.
- Observe that Saudi Arabia's nominal and real GDP have an overall upward tendency despite the smaller incline exhibited by real GDP, it remains statistically significant.
- Saudi Arabia's nominal GDP amounts to SAR 4.0 trillion in 2023, having gone down from SAR 4.2 trillion in 2022. Its 9M-2024 nominal GDP amounts to SAR 3.0 trillion or SAR 4.1 trillion (annualized).
- The marginal decrease in the annualized real GDP in 9M-2024 relative to 2023 is the result of lower output in oil activities. It is expected that the marginal decrease shall be overcome over the course of 12M-2024 to result in a miniscule growth of 0.8%.

NOMINAL AND REAL GDP - YOY GROWTH RATES

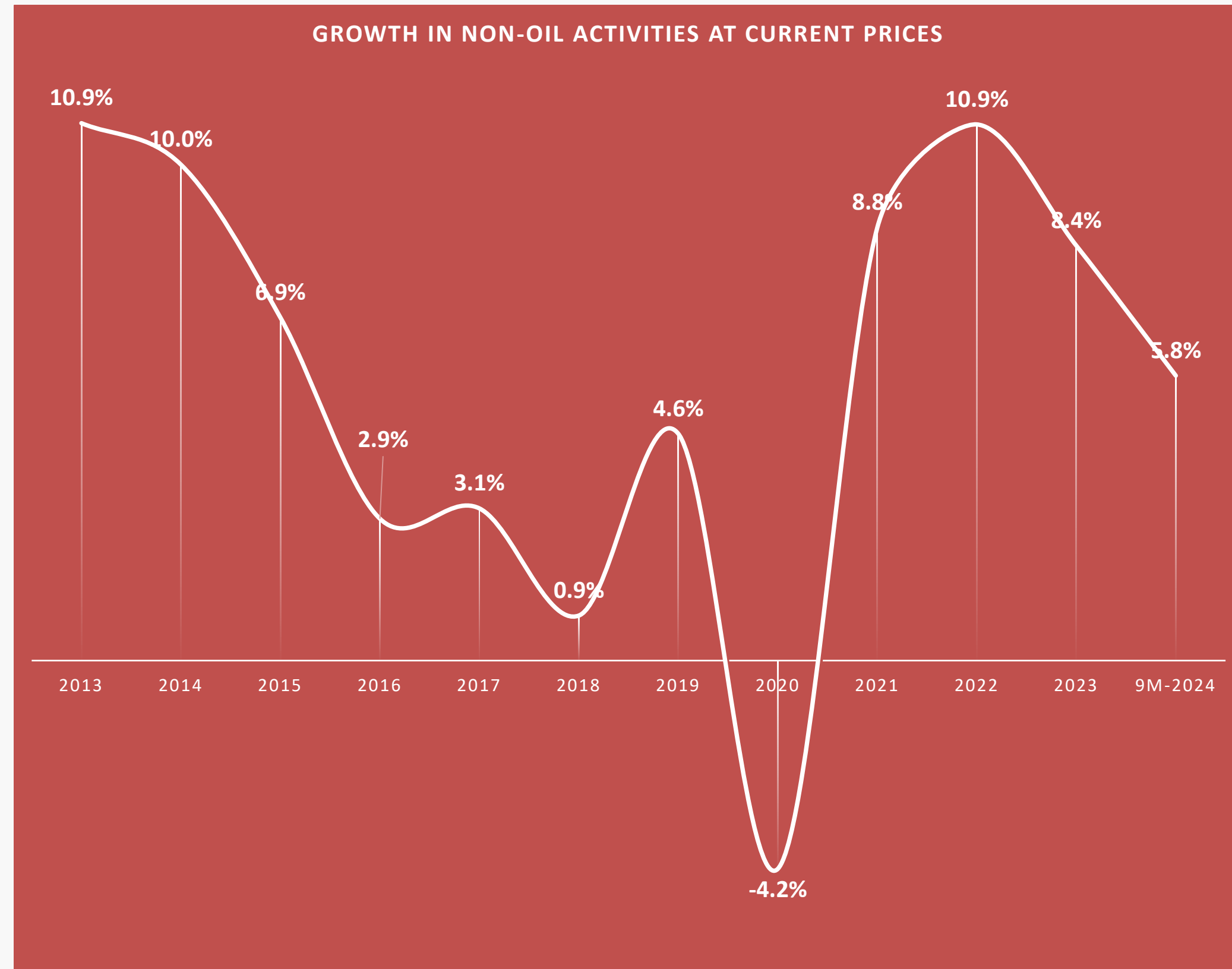


Source: General Authority for Statistics



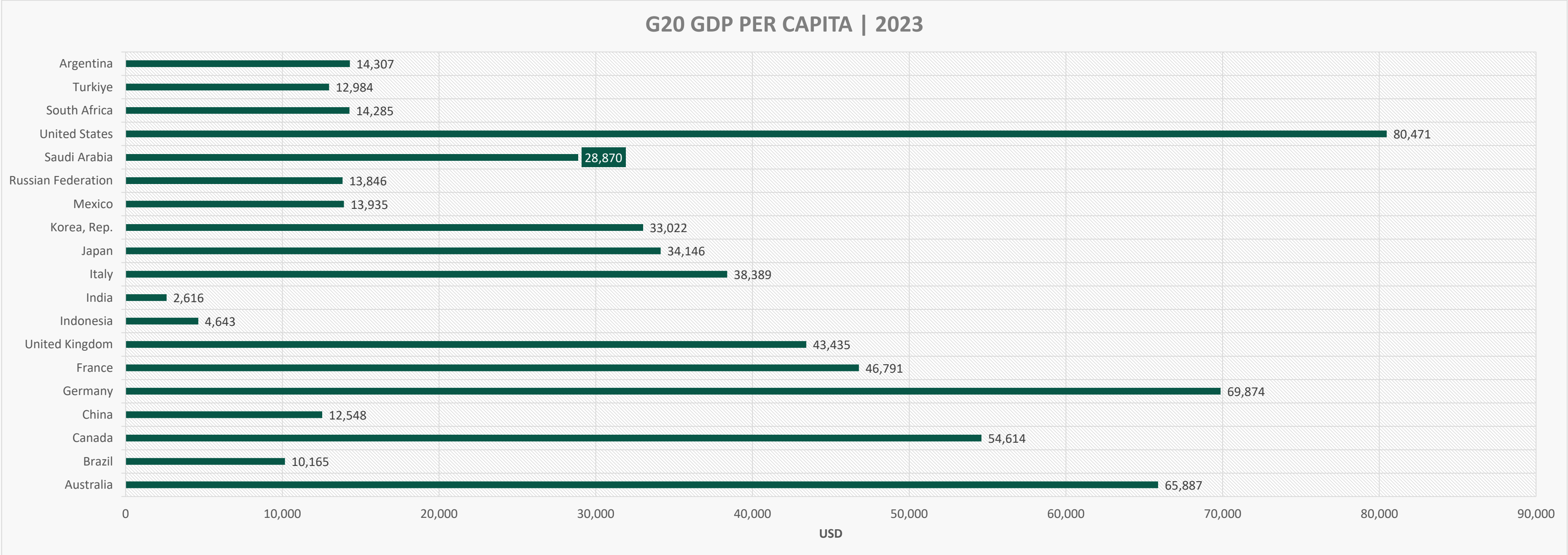
FLUCTUATING BUT PREDOMINANTLY POSITIVE GROWTH IN NON-OIL ACTIVITIES

- Non-oil activities have continued to grow on a period-on-period basis with the sole exception being 2020.
- The rate of growth has nevertheless differed. Prior to 2015, non-oil growth was spurred by high oil prices, whose revenue the government employed as a stimulant for the non-oil sector.
- In 2016, fiscal austerity and delays in government projects led to a marked reduction in the rate of growth, which would carry over, with some signs of recovery, till 2019.
- Following the pandemic slump in 2020, the non-oil sector would exhibit a considerable recovery of 8.8% as the economy opened and made up for lost output.
- The decrease in the growth rate of non-oil activities in 2023 & 2024 is an adjustment against the considerable post-pandemic recovery that preceded it. Despite the decrease, non-oil activities as a percentage of GDP are expected to rise by 6.0% by the end of the decade.



Source: General Authority for Statistics

SAUDI GDP PER CAPITA STANDS OUT AMONGST G20 ECONOMIES



Source: Trading Economics, Worldometer

- On a per capita basis, Saudi Arabia’s GDP is larger than more diversified economies, a characteristic indicative of overall affluence and productivity.

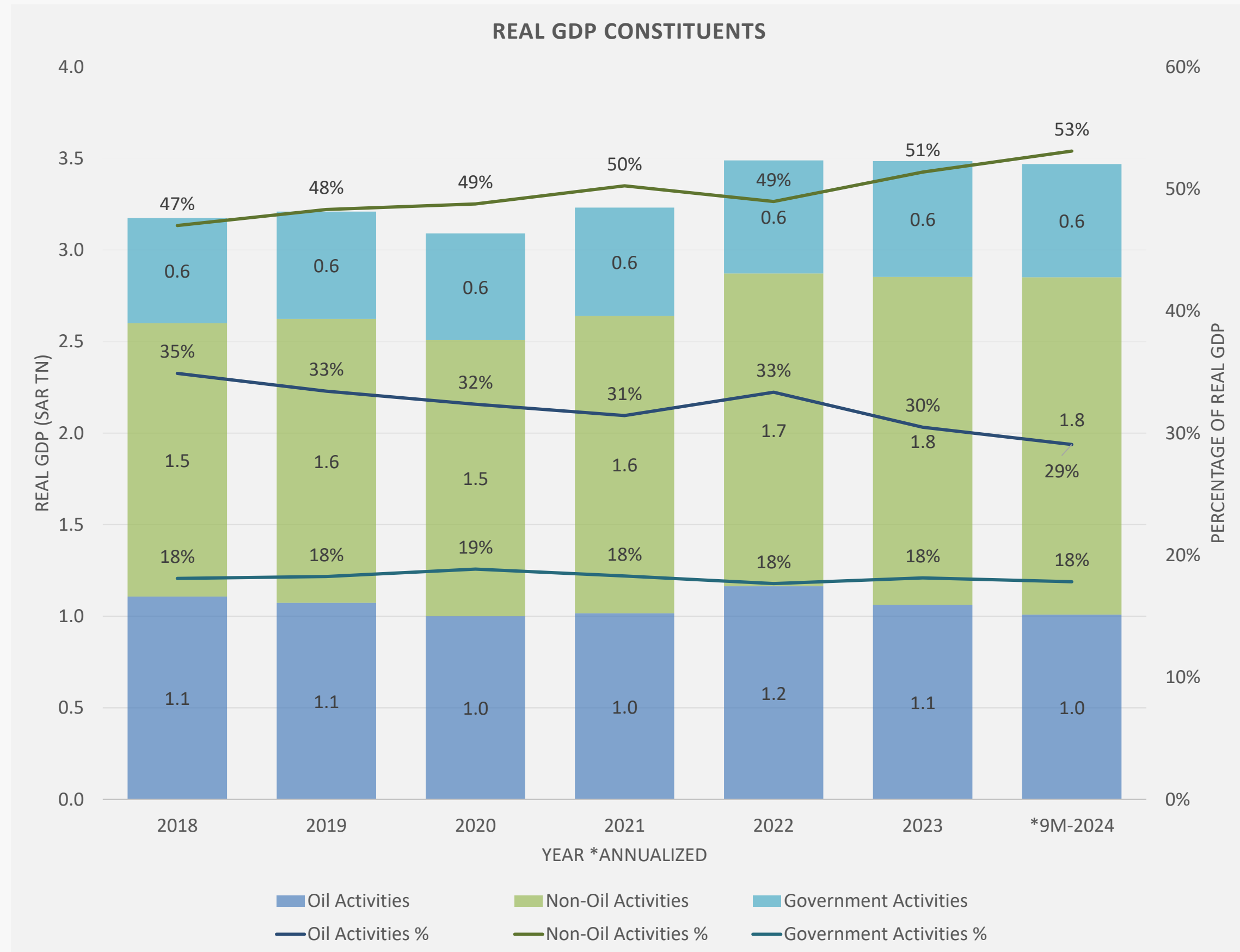


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NON-OIL ACTIVITIES CONTINUE TO GROW PROPORTIONALLY

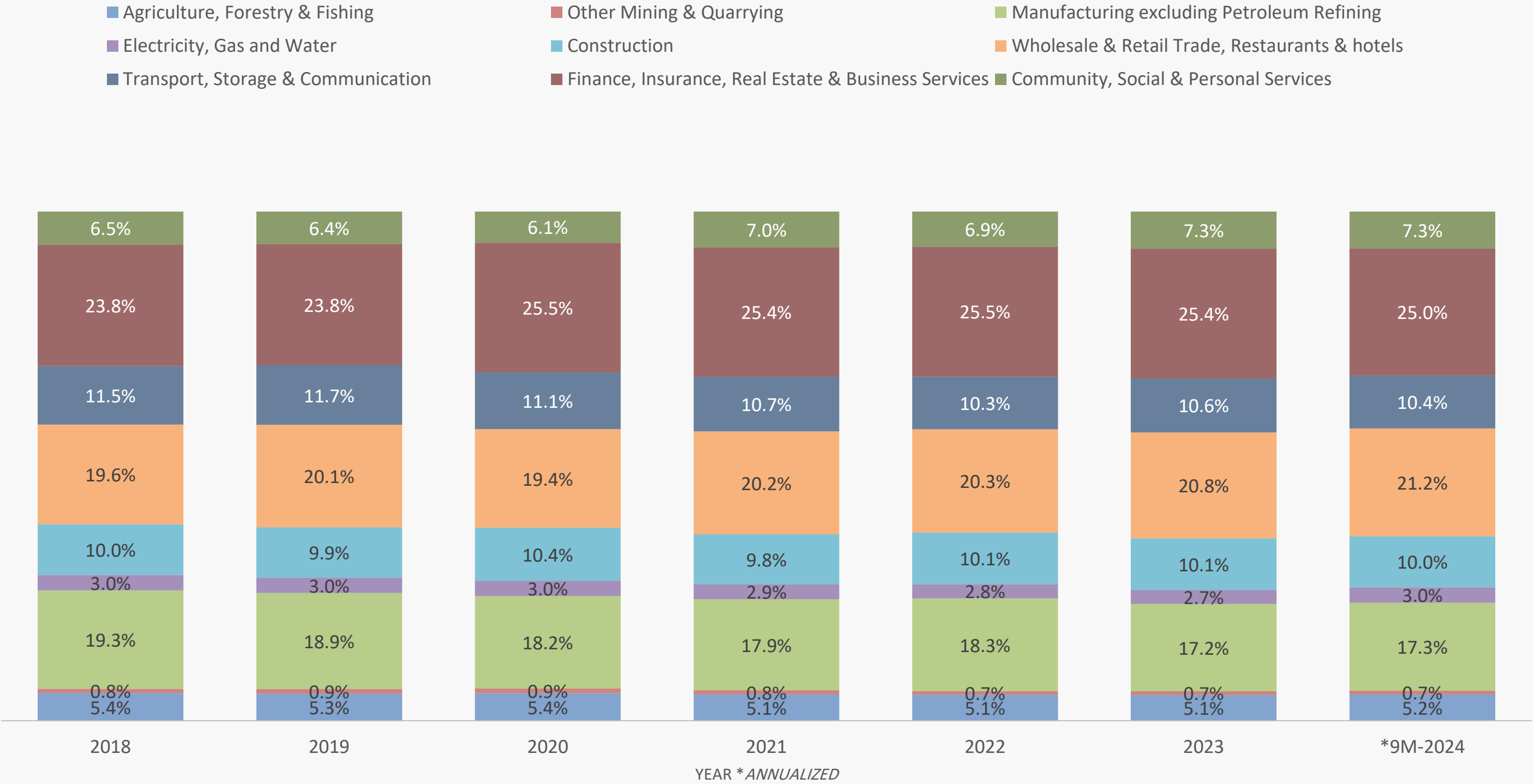
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- The Kingdom has experienced a slight increase in its non-oil real GDP, which, as of 2023, now constitutes 51% of real GDP, up from 49% in 2022. The increase is a product of all sectors.
- In 9M-2024, non-oil real GDP constituted 53% of real GDP.
- Overall growth in GDP is projected to continue. The primary reason for this is the positive outlook currently being ascribed to the global economy in the near term.
- It is likewise notable that the demand for crude derivatives is rising, case in point, bitumen, whose market valuation is expected to rise from USD 76.0 billion in 2024 to USD 115.0 billion by 2031.



Source: General Authority for Statistics *Note: Non-oil activities exclude the impact of Petroleum Refining.*

NON-OIL ACTIVITIES AS A PERCENTAGE OF TOTAL NON-OIL ACTIVITIES BASED ON REAL GDP



- Observe that despite the growth in non-oil real GDP from SAR 1.5 trillion in 2018 to SAR 1.8 trillion in 2023 and 9M-2024 (annualized), the overall contribution of non-oil sectors towards non-oil real GDP has remained relatively consistent.
- The “Finance, Insurance, Real Estate & Business Services” sector was the dominant contributor towards non-oil real GDP in 2023 and 9M-2024, making up 1 by 4 of all non-oil activity. Over half of all activity in this sector (52.8% in 9M-2024) is the result of real estate activity.
- “Finance, Insurance, Real Estate & Business Services”, “Wholesale & Retail Trade, Restaurants & hotels”, and “Manufacturing excluding Petroleum Refining” respectively account for 63.4% and 63.5% of all non-oil economic activity in 2023 and 9M-2024.

Source: General Authority for Statistics

Note: The chart's data prorates net taxes on products and adjusts for any discrepancies and errors resulting from statistics pending finalization for accuracy.



CONCENTRATED SECTORAL POSITION WITHIN GDP

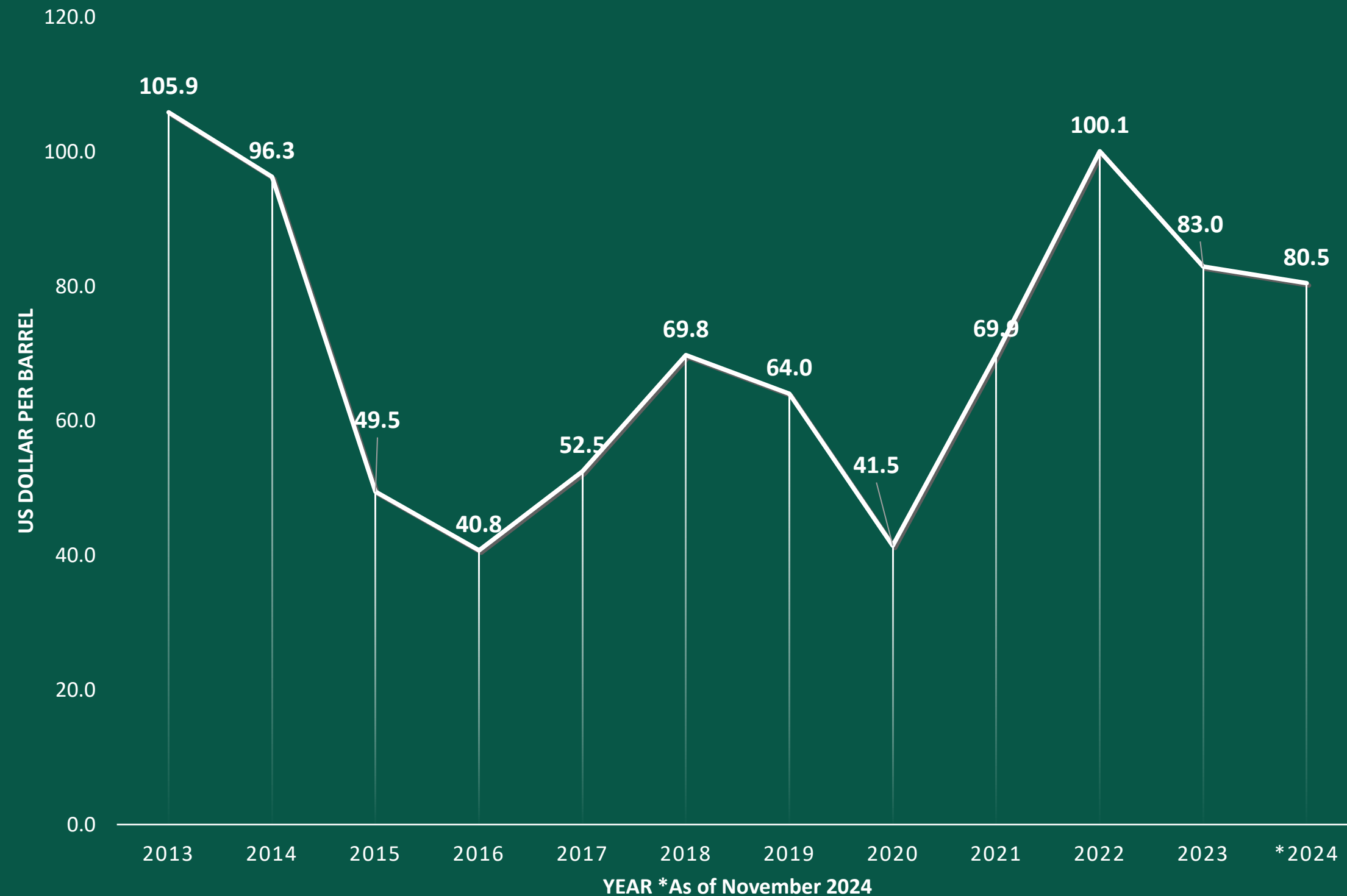
	SAR Bln	SAR Bln	% of Total	% of Total	YoY	YoY	YoY	Annualized YoY
	2023	9M-2024	2023	9M-2024	2021	2022	2023	9M-2024
1- Agriculture, Forestry & Fishing	87.6	68.8	2.5%	2.7%	2.2%	4.0%	4.1%	4.8%
2- Mining & Quarrying	917.8	644.3	26.4%	24.9%	-1.2%	15.7%	-9.2%	-6.4%
a)Crude Petroleum & Natural Gas	905.7	634.3	26.0%	24.6%	-1.2%	16.1%	-9.4%	-6.6%
b)Other Mining & Quarrying	12.9	10.3	0.4%	0.4%	-2.1%	-5.5%	5.7%	6.7%
3- Manufacturing	413.9	320.6	11.9%	12.4%	8.7%	7.8%	-3.5%	3.3%
a)Petroleum Refining	116.8	89.8	3.4%	3.5%	16.6%	8.3%	-7.4%	2.5%
b)Manufacturing excluding petroleum refining	301.7	234.9	8.7%	9.1%	6.2%	7.6%	-0.7%	3.8%
4- Electricity, Gas and Water	47.5	40.6	1.4%	1.6%	4.5%	1.3%	2.6%	14.1%
5- Construction	175.2	134.3	5.0%	5.2%	1.3%	8.9%	4.3%	2.2%
6- Wholesale & Retail Trade, Restaurants & hotels	359.5	282.8	10.3%	11.0%	12.3%	5.6%	7.0%	4.9%
7- Transport, Storage & Communication	184.0	138.5	5.3%	5.4%	3.4%	1.8%	7.3%	0.4%
8- Finance, Insurance, Real Estate & Business Services	439.9	333.7	12.6%	12.9%	7.2%	6.0%	3.9%	1.1%
a)Real Estate	229.2	176.2	6.6%	6.8%	5.6%	1.3%	1.2%	2.5%
b)Finance , Insurance and Business sevices	209.8	156.9	6.0%	6.1%	9.3%	12.0%	6.8%	-0.3%
9- Community, Social & Personal Services	126.5	97.2	3.6%	3.8%	22.9%	3.5%	10.8%	2.4%
10- Government Activities	611.3	449.6	17.6%	17.4%	1.1%	4.6%	2.1%	-1.9%
Gross Value Added	3,351.6	2,504.0	96.4%	97.0%	4.6%	8.2%	-1.4%	-0.4%
Net Taxes on Products	114.8	80.5	3.3%	3.1%	15.5%	-3.9%	12.6%	-6.6%
So REAL GROSS DOMESTIC PRODUCT	3,468.7	2,582.7	100.0%	100.0%	4.4%	8.0%	-0.2%	-0.7%

- The largest sector by economic activity is Mining & Quarrying, which represents 26.4% of real GDP in 2023. 98.5% of this sector is represented by crude petroleum & natural gas.
- Excluding government activities in 2023, the next largest sectors include financial services at 12.6% of real GDP and manufacturing at 11.9%.
- The sectoral contribution to real GDP remains stable between 2023 and 9M-2024.
- In 9M-2024, the sectoral contribution of mining & quarrying (including crude petroleum & natural gas), the financial sector, and the manufacturing sector represents over half (50.2%) of the Kingdom's economic activity barring government activities.
- The Saudi manufacturing base comprises petrochemicals, cement, metals, plastics and assembled products.
- The growth in the petrochemical branch of the manufacturing sector is expected to continue because plastic products, for instance, cannot be dispensed within the healthcare, medical services, food, packaging, and water sectors.



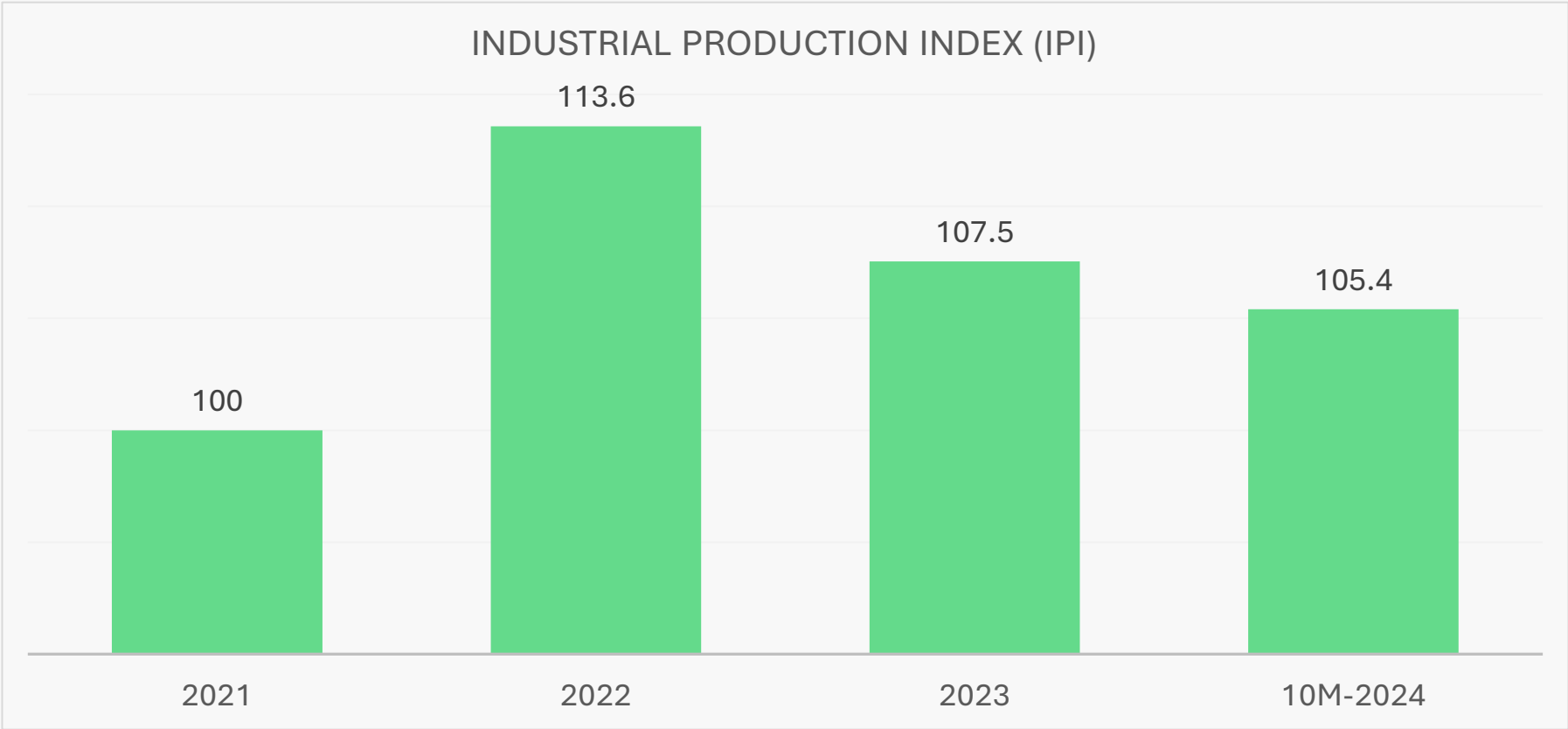
OIL PRICES EXPECTED TO DECREASE IN THE IMMEDIATE FUTURE

AVERAGE ANNUAL OPEC CRUDE OIL PRICE PER BARREL



- The drop from USD 96.3 (SAR 361.1) per barrel in 2014 to USD 49.5 (SAR 185.6) per barrel in 2015 was caused by significant growth in U.S. tight oil production due to technological advances. This would continue until another drop and recovery following the pandemic.
- Oil price per barrel reached its most recent peak of USD 100.1 (SAR 375.4) per barrel in 2022 because of the Russia-Ukraine war and low global crude reserves at its onset.
- The price of crude (OPEC), as of November 2024, dipped below the 2023 average of USD 80.5 (SAR 301.9) per barrel. It is expected that the price of crude (Brent) will average USD 70.0 (SAR 262.5) per barrel around the second half of 2025.
- The continued decrease is associated with the maintenance of shale production in the US and a lack of significant demand resurgence in major economies like China and the EU.
- Note that the breakeven oil price for the Saudi economy in 2024 is somewhere between USD 90.0 (SAR 337.5) to USD 96.0 (SAR 360.0) per barrel. This range is expected to increase to at least USD 100.0 (SAR 375.0) per barrel in 2025 due to the Kingdom's budgetary needs on account of its pursuit of Vision 2030.

Industrial Production Index Breakup	Weight	index			
		2021	2022	2023	10M-2024
Oil Activities	75.0	100	114.8	104.3	99.3
Extraction of crude petroleum and natural gas	61.4	100	116.1	105.4	98.3
Manufacture of coke and refined petroleum products	13.5	100	108.7	99.3	103.7
Non-Oil Activities	25.0	100	110.0	117.2	123.6
Manufacturing	21.5	100	111.0	118.4	125.0
Manufacture of food products	3.3	100	108.1	110.9	117.0
Manufacture of beverages	0.5	100	109.5	130.8	141.0
Manufacture of paper and paper products	0.9	100	111.8	125.7	142.4
Manufacture of chemicals and chemical products	8.2	100	109.4	110.6	113.3
Manufacture of non-metallic products	1.5	100	117.3	124.5	127.3
Manufacture of basic metals	1.0	100	110.1	116.7	125.5
Manufacture of electrical devices	0.8	100	116.6	129.2	144.0
Manufacture of furniture	0.6	100	110.5	101.4	110.5
Other Economic Activities	4.9	100	113.0	132.4	142.5
Electricity, gas, steam and air conditioning supply	2.8	100	103.0	108.4	114.5
Water supply; sewerage, waste management and remediation activities	0.7	100	106.0	114.8	117.1
General index	100.0	100	113.6	107.5	105.4



- Industrial production and capacity levels are expressed as an index level relative to a base year — currently 2021. They do not represent absolute production volumes or values, but the percentage change in production relative to 2021.
- The IPI declined in 2023 by 5.3%, averaging around 107.5 relative to 113.6 in 2022.
- The decline in 2023 occurred primarily due to the decrease in the output of oil activities (a self-imposed output of 9 million barrels per day) given its 75.0% weight in the index. Oil activities averaged 104.3 in 2023, relative to 114.8 in 2022, representing a 9.0% decline. This decline carries forward into 10M-2024 due to sustained production cuts that are expected to remain until March 2025.
- Non-oil activities rose in 2023, averaging 117.2, relative to 110.0 in 2022, representing a 6.5% increase. Non-oil activities continue to rise in 10M-2024, given that there has been a boost of another 5.5% relative to 2023.

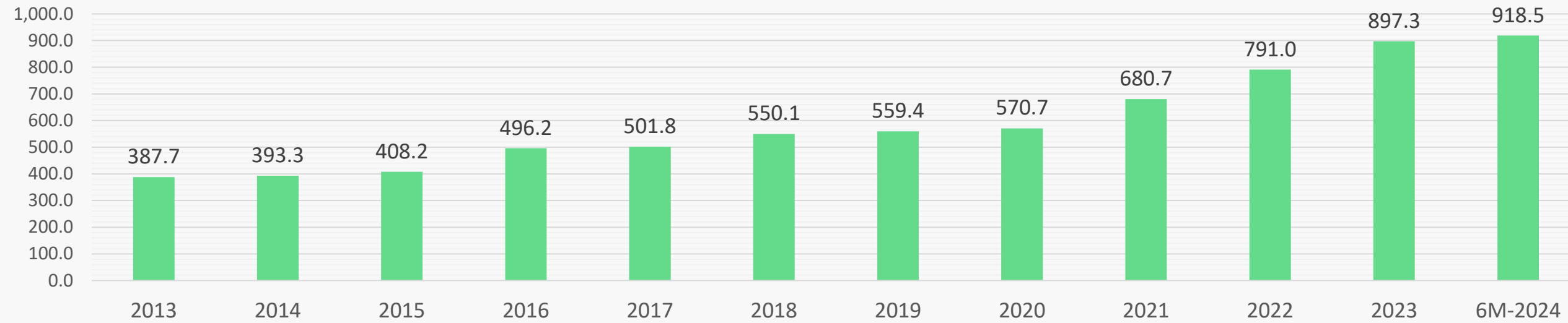
FOREIGN DIRECT INVESTMENT

A snapshot of the trend in FDI within the Kingdom
and the sectors receiving the greatest inflow

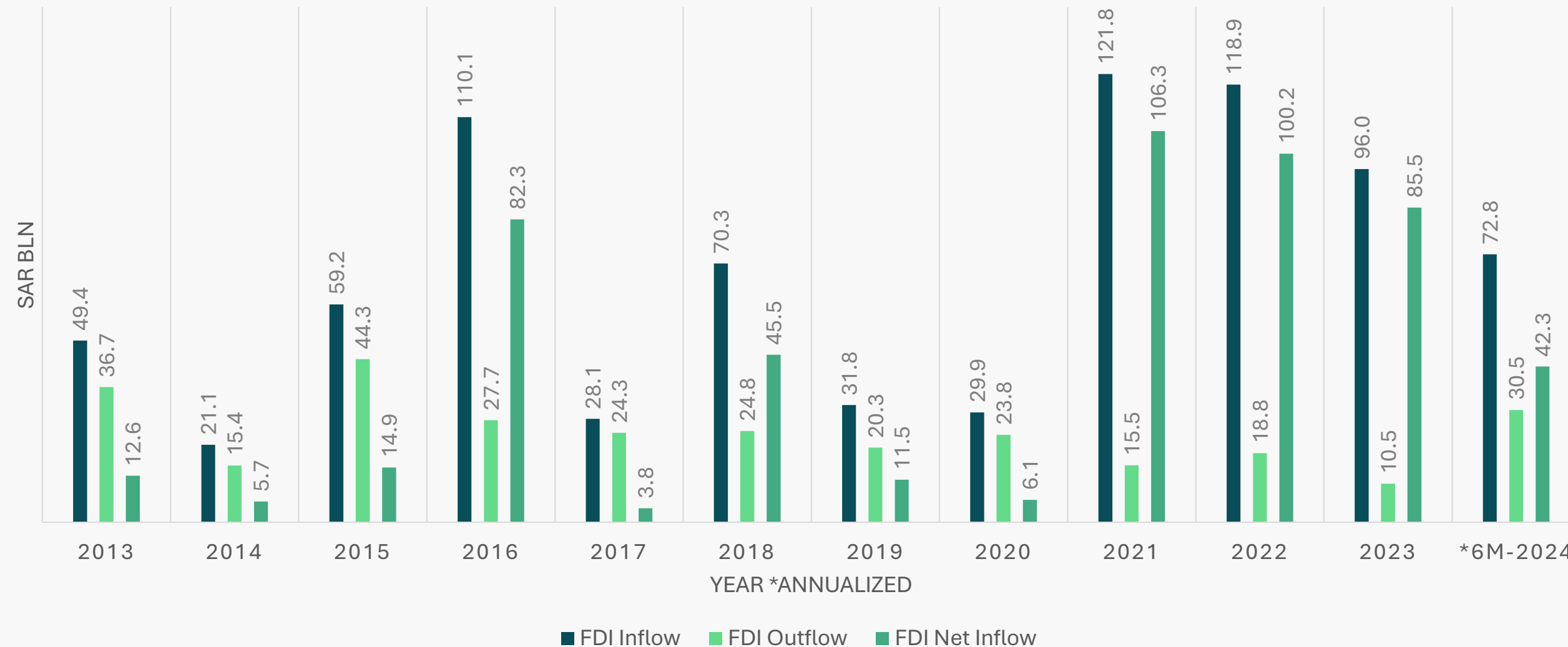


FDI STOCK HAS MORE THAN DOUBLED OVER A DECADE

FDI STOCK | SAR BLN



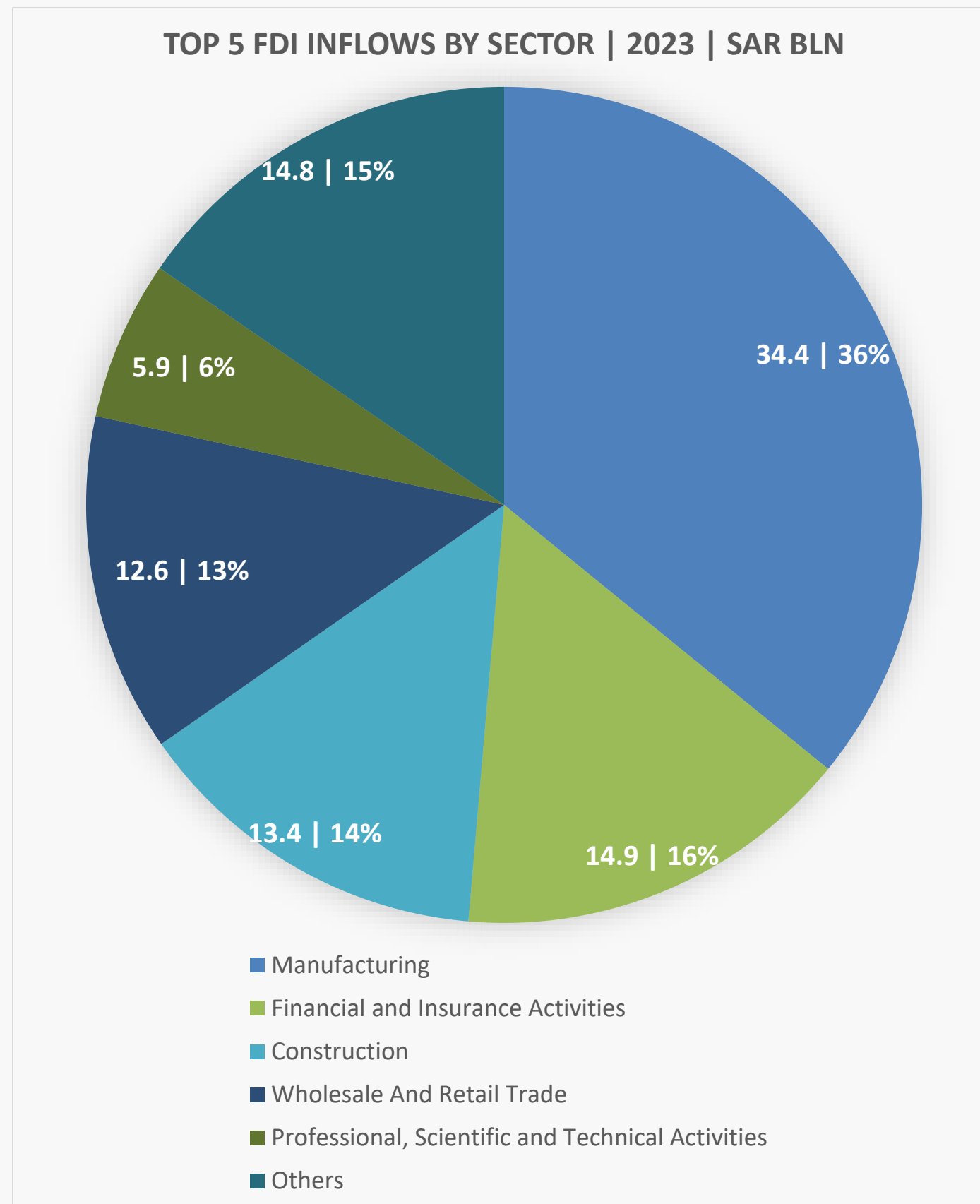
- FDI stock, representative of cumulative net foreign direct investment has more than doubled over the last decade, growing from SAR 387.7 billion in 2013 to SAR 897.3 billion in 2023.
- This represents a compound annual growth rate of 8.8%.



- In 2023, FDI Inflow into Saudi Arabia equaled SAR 96.0 billion, a 19.3% decrease relative to 2022, when it equaled SAR 118.9 billion. In 6M-2024, FDI Inflow equaled SAR 36.4 billion or SAR 72.8 billion (annualized).
- The jump in 2021 is on account of a resumption in economic activity following pandemic year one coupled with the drive towards becoming a more attractive destination for foreign investments, such as by offering a 30-year tax relief for companies setting up an RHQ.
- The decreasing trend within FDI Inflows in recent periods is on account of additional regulatory bottlenecks that the Kingdom is trying to remove through greater transparency in its investment laws.

FIVE SECTORS REPRESENT 85% OF FDI INFLOWS IN 2023

FDI Inflows in SAR Billion	2021	2022	2023
Manufacturing	33.5	21.4	34.4
Financial and Insurance Activities	3.8	16.1	14.9
Construction	7.8	10.8	13.4
Wholesale And Retail Trade	14.2	4.2	12.6
Professional, Scientific and Technical Activities	3.3	5.5	5.9
Mining and Quarrying	1.4	3.0	4.2
Information and Communication	3.3	1.3	3.8
Real Estate Activities	0.5	0.7	2.6
Administrative and Support Service Activities	1.1	1.9	2.2
Arts, entertainment and recreation	0.0	0.1	1.1
Accommodation And Food Service Activities	0.8	0.9	1.0
Water supply; sewerage, waste management and remediation activities	0.7	1.0	0.6
Human Health and Social Work Activities	0.4	0.2	0.4
Electricity, Gas, Steam And Air Conditioning Supply	0.8	1.6	0.3
Education	0.1	0.1	0.2
Other service activities	0.2	0.1	0.2
Agriculture, forestry and fishing	0.1	0.2	0.2
Transportation and Storage	49.8	50.0	-1.8
Total	121.8	118.9	96.0

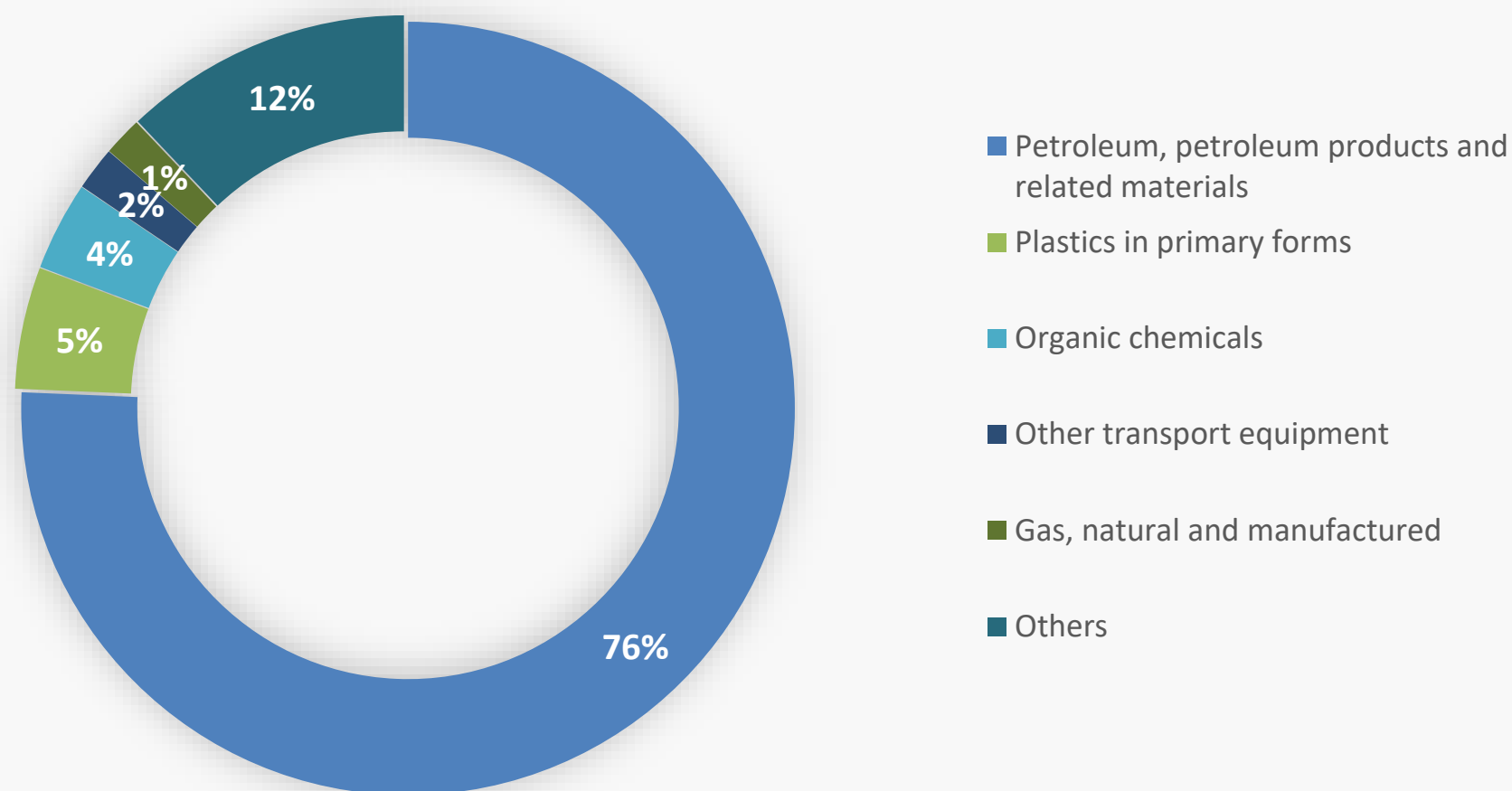


- Five sectors including manufacturing, financial & insurance activities, construction, wholesale & retail trade, and professional, scientific, & technical activities make up 85% of FDI Inflows in 2023.
- The manufacturing sector itself accounts for over 1/3 of the inflows at 36%.
- Observe that the transportation & storage sector, which represented an FDI Inflow of SAR 50.0 billion in 2022, has experienced an outflow of SAR 1.8 billion in 2023.
- This is due to a degree of risk aversion on part of investors because the transportation & storage industry faces regulatory, infrastructural, and technological hurdles that are not expected to be overcome except in the medium to long term.
- The sectors experiencing the greatest FDI Inflows are those reflective of Vision 2030's priorities. In manufacturing, for instance, the Kingdom experienced a 10% surge in the number of industrial units in 2023.

SAUDI ARABIAN EXPORT AND IMPORT PROFILE

A glimpse into the Kingdom's trade partners and the major exports and imports contributing to its balance of trade

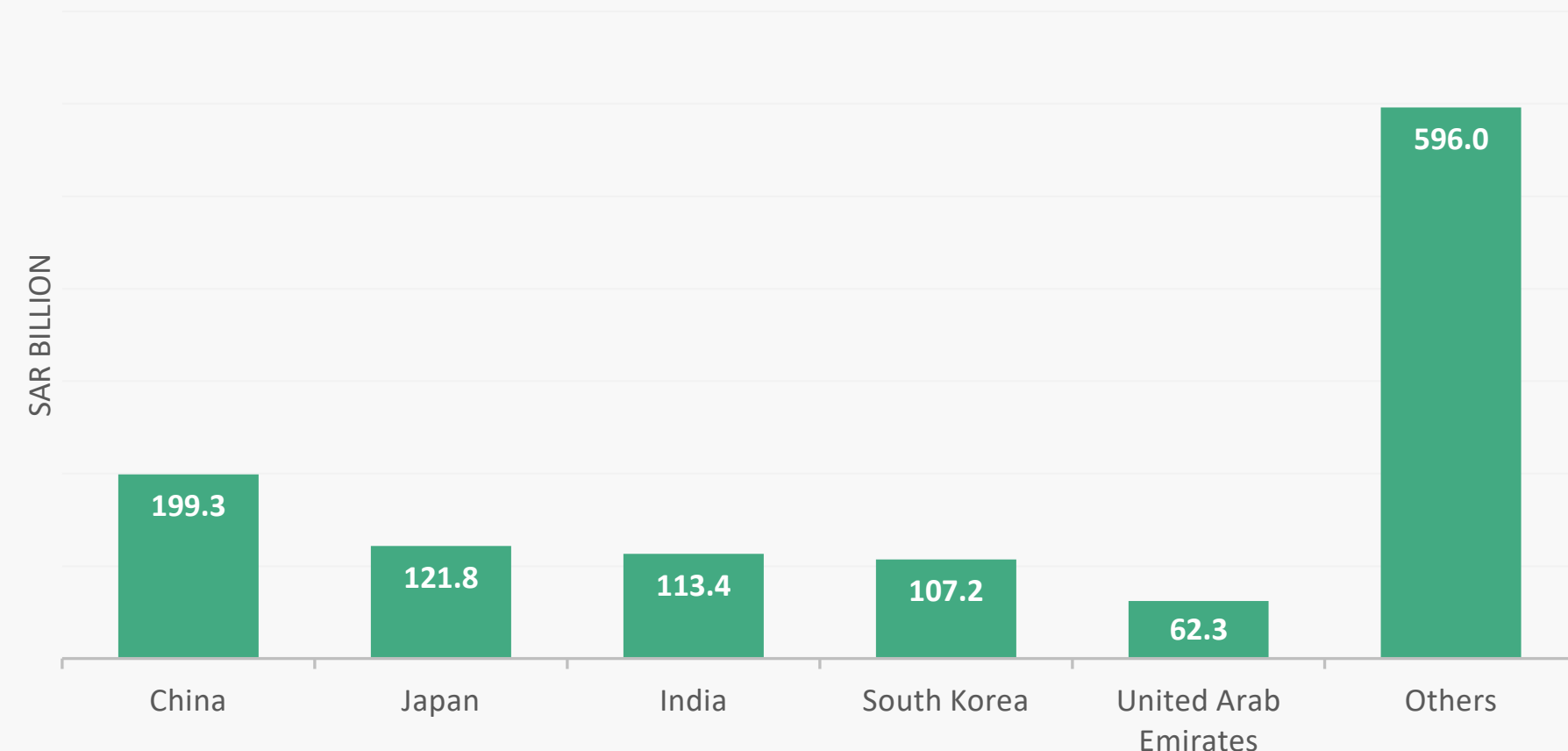
SAUDI EXPORT PROFILE | 2023



Source: General Authority for Statistics

- In 2023, Saudi Arabia exported a total of SAR 1,200.1 billion worth of goods. The Kingdom's exports have reduced by SAR 341.9 billion from SAR 1,541.9 billion in 2022 primarily due to a 24.2% decrease in the export value of Petroleum, petroleum products and related materials. In 9M-2024, total exports amounted to SAR 866.6 billion (annualized SAR 1,155.4 billion).
- The largest export categories in 2023 include "Petroleum, petroleum products and related materials" (SAR 908.0 billion), "Plastics in primary forms" (SAR 61.1 billion), "Organic Chemicals" (SAR 44.6 billion), "Other transport equipment" (SAR 21.8 billion), and "Gas, natural and manufactured" (SAR 19.6 billion).

SAUDI EXPORT PARTNERS | 2023



Source: General Authority for Statistics

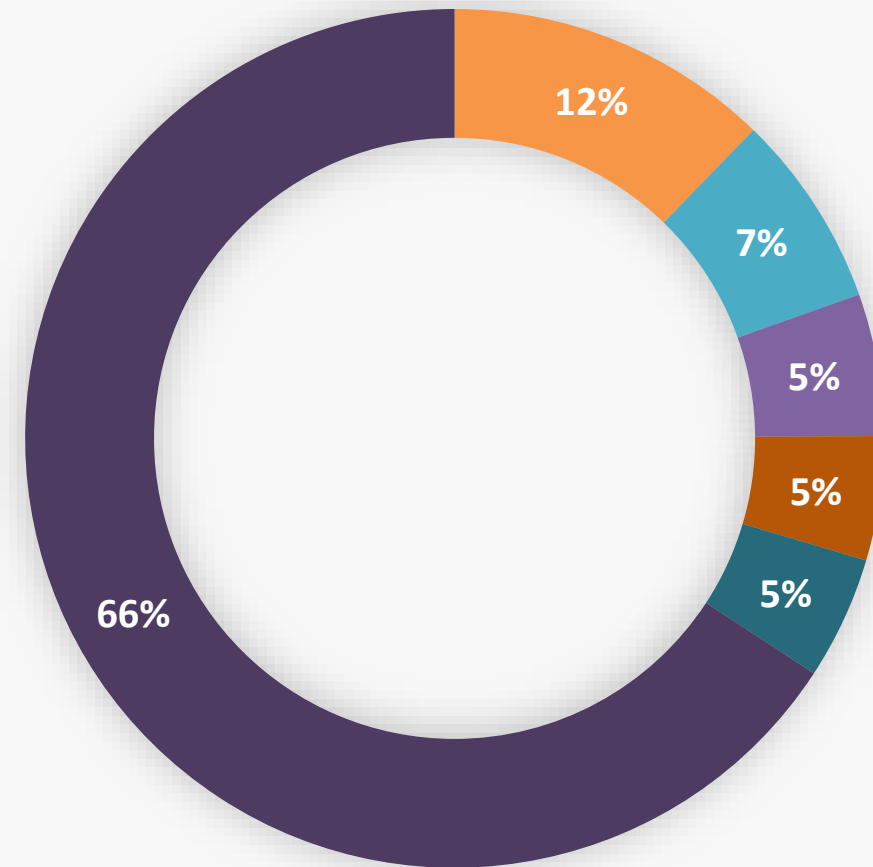
- The Kingdom's largest export partners in 2023 are China (SAR 199.3 billion), Japan (SAR 121.8 billion), India (SAR 113.4 billion), South Korea (SAR 107.2 billion), and United Arab Emirates (SAR 62.3 billion). The same has held true over the course of 9M-2024 despite changes in ordinal position.
- The Kingdom's top three export partner concentration in 2023 is moderate at 36.2% but the risk of detrimental geopolitical influence is limited considering that the Kingdom sustains its export partners energy requirements. In 9M-2024, the top three export partner concentration has reduced to 33.9% but still stands at moderate levels.



DIVERSIFIED IMPORT PRODUCE BASE, MODERATELY CONCENTRATED IMPORT GEOGRAPHIC PROFILE

SAUDI IMPORT PROFILE | 2023

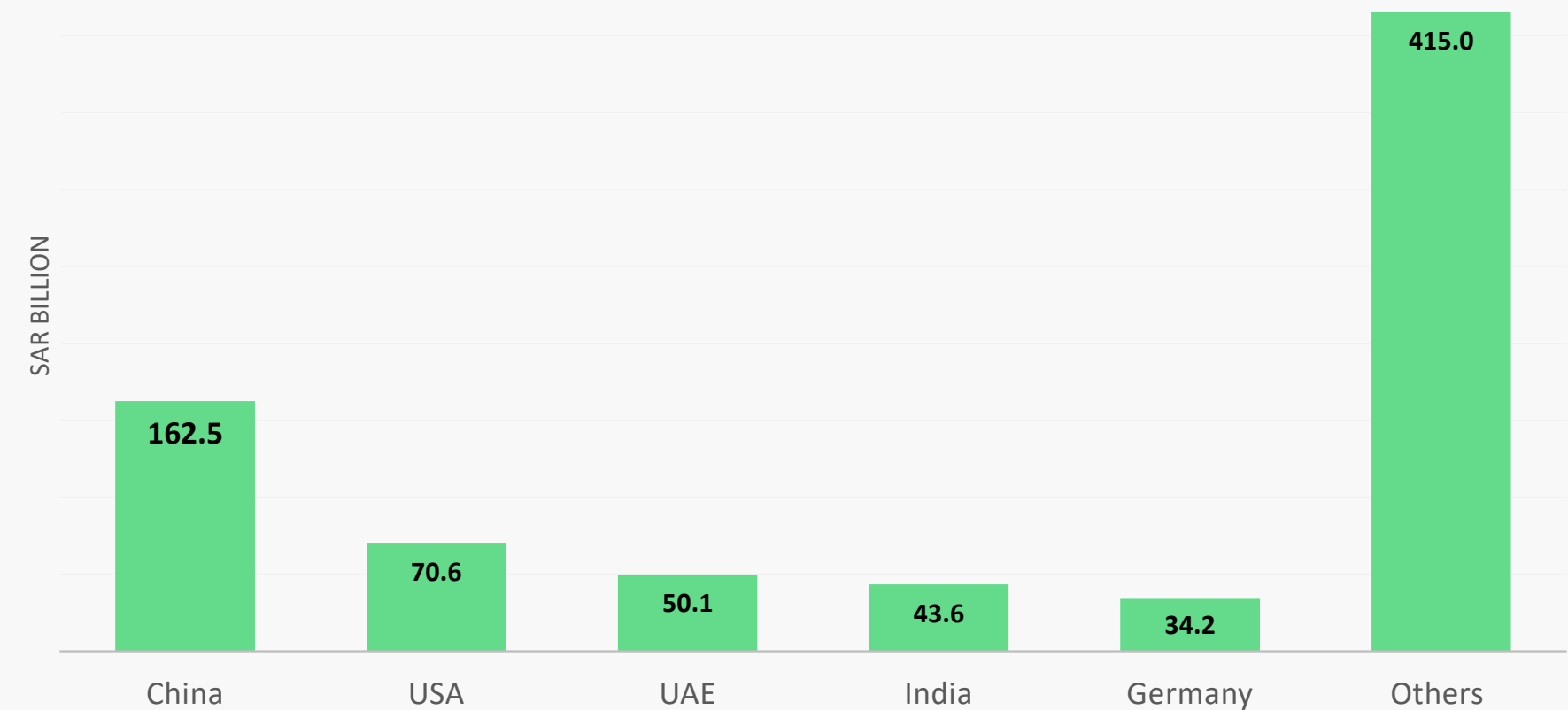
- Road vehicles (including air-cushion vehicles)
- Petroleum, petroleum products and related materials
- General industrial machinery and equipment, and machine parts
- Telecommunications and sound-recording and reproducing apparatus and equipment
- Electrical machinery, apparatus and appliances, and electrical parts thereof
- Others



Source: General Authority for Statistics

- In 2023, Saudi Arabia imported SAR 776.0 billion worth of goods. The Kingdom's imports have grown by SAR 64.0 billion from SAR 712.0 billion in 2022. In 9M-2024, total imports amounted to SAR 633.3 billion (annualized SAR 844.4 billion).
- The primary imports in 2023 include "Road vehicles" (SAR 95.1 billion), "Petroleum, petroleum products and related materials" (SAR 56.7 billion), "General industry machinery and equipment, and machine parts" (SAR 41.5 billion), "Telecommunications and sound-recording and reproducing apparatus and equipment" (SAR 36.3 billion), and "Electrical machinery, apparatus and appliances, and electrical parts thereof" (SAR 35.9 billion).
- The Kingdom enjoyed a substantial trade surplus of SAR 424.0 billion in 2023, which in 9M-2024 equals SAR 233.3 billion.

SAUDI IMPORT PARTNERS | 2023



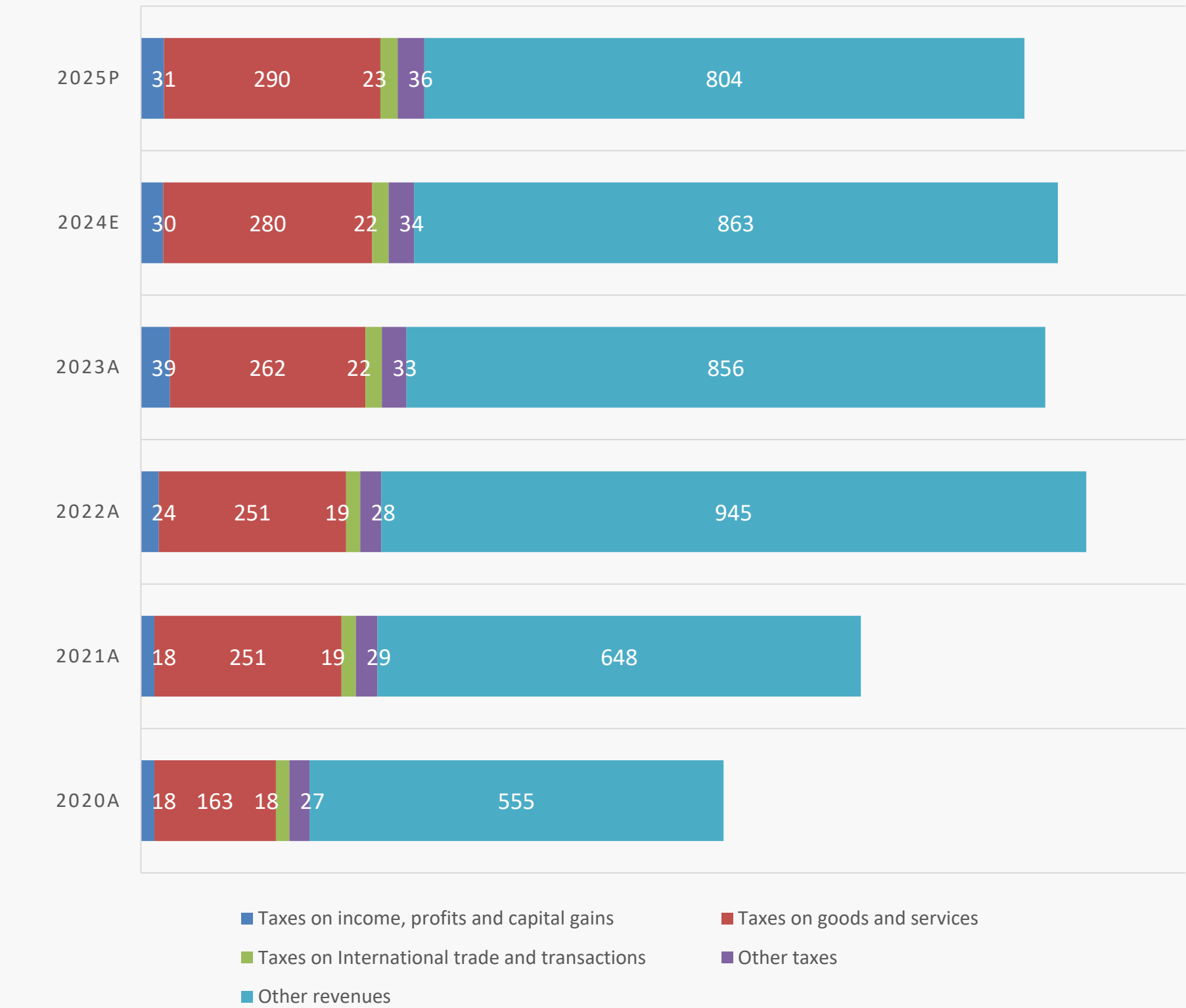
Source: General Authority for Statistics

- The Kingdom's more important import partners in 2023 include China (SAR 162.5 billion), United States of America (SAR 70.6 billion), United Arab Emirates (SAR 50.1 billion), India (SAR 43.6 billion), and Germany (SAR 34.2 billion). The same has held true over the course of 9M-2024 despite changes in ordinal position.
- The Kingdom's top 3 import partners in 2023 are moderately concentrated at 36.5% and despite not being exposed to geopolitical risk, diversification may increase economies for local manufacturers. In 9M-2024, the top three import partner concentration has increased marginally to 36.7% and remains at moderate levels.

THE KINGDOM'S BUDGET

The sources of government revenue relative to expenditure and the sectoral allocation of budgeted expenses

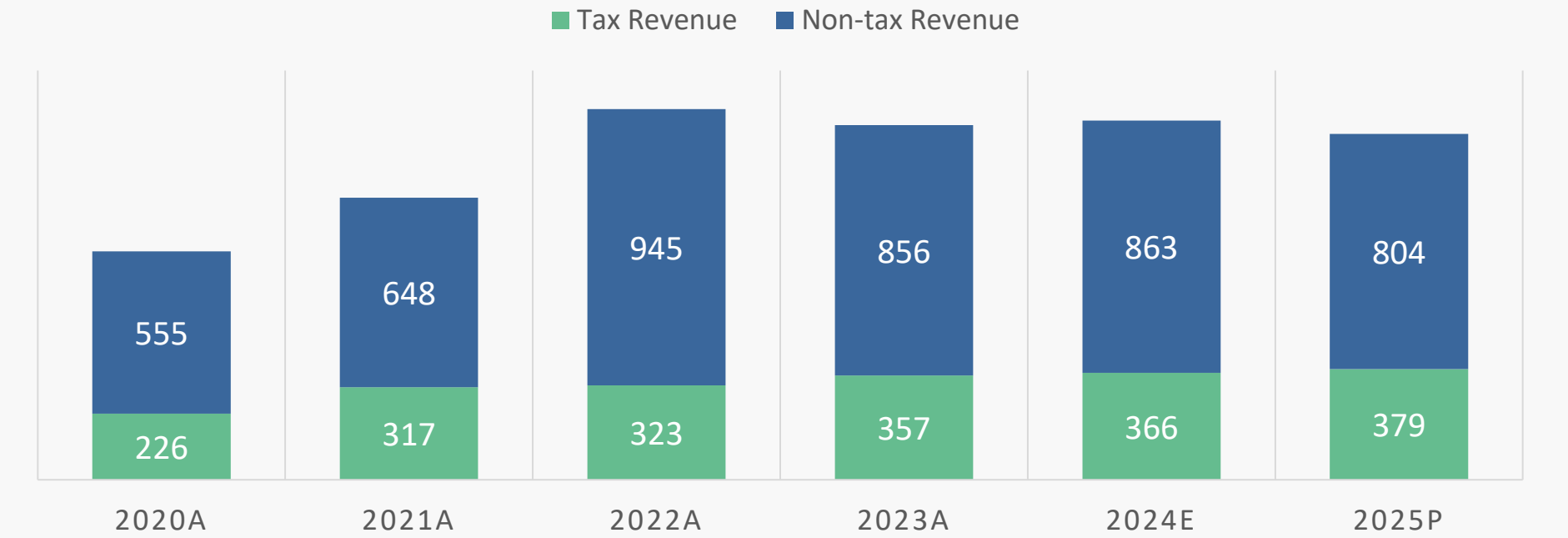
GOVERNMENT REVENUE | SAR BILLION



Source: Budget Statement FY25, MoF | Saudi Arabia Budget Report, KPMG

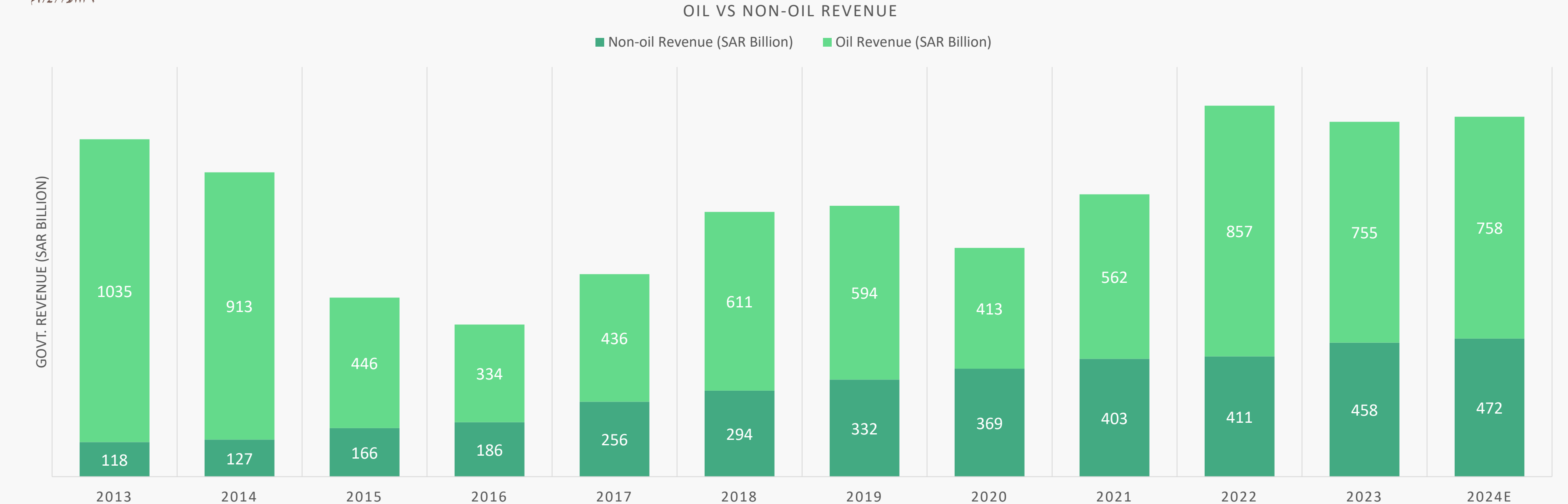
Note: A=Actual, E=Estimated, P=Projected

TAX VS NON-TAX REVENUE | SAR BILLION



- Non-oil revenues comprise zakat and taxes, various fees, and investments in a diversified portfolio of national projects run by the Public Investment Fund. The “other revenue” classification includes revenue originating from oil and gas.
- The projected government revenue for 2024 equals SAR 1,172 billion, which is less than the updated estimated government revenue statistic for the period of SAR 1,229 billion. The estimated statistic represents a 3.0% increase relative to 2023, when it was SAR 1,212 billion. The revenue in 2023 is itself a 4.4% decline from 2022, when the revenue figure amounted to SAR 1,268 billion.
- The 2024E growth stems from growth in both oil & non-oil revenue streams. Tax revenues, for instance, grew due to growth in non-oil activities and due to an extension of the cancellation of fines and exemption of penalties for all taxpayers.
- The projected revenue for 2025 amounts to SAR 1,184 billion and represents a decline of 3.7% relative to 2024E. The projected decline is due to the government’s conservative approach in estimating the budget.

GOVERNMENT NON-OIL REVENUE EXPERIENCING LINEAR GROWTH



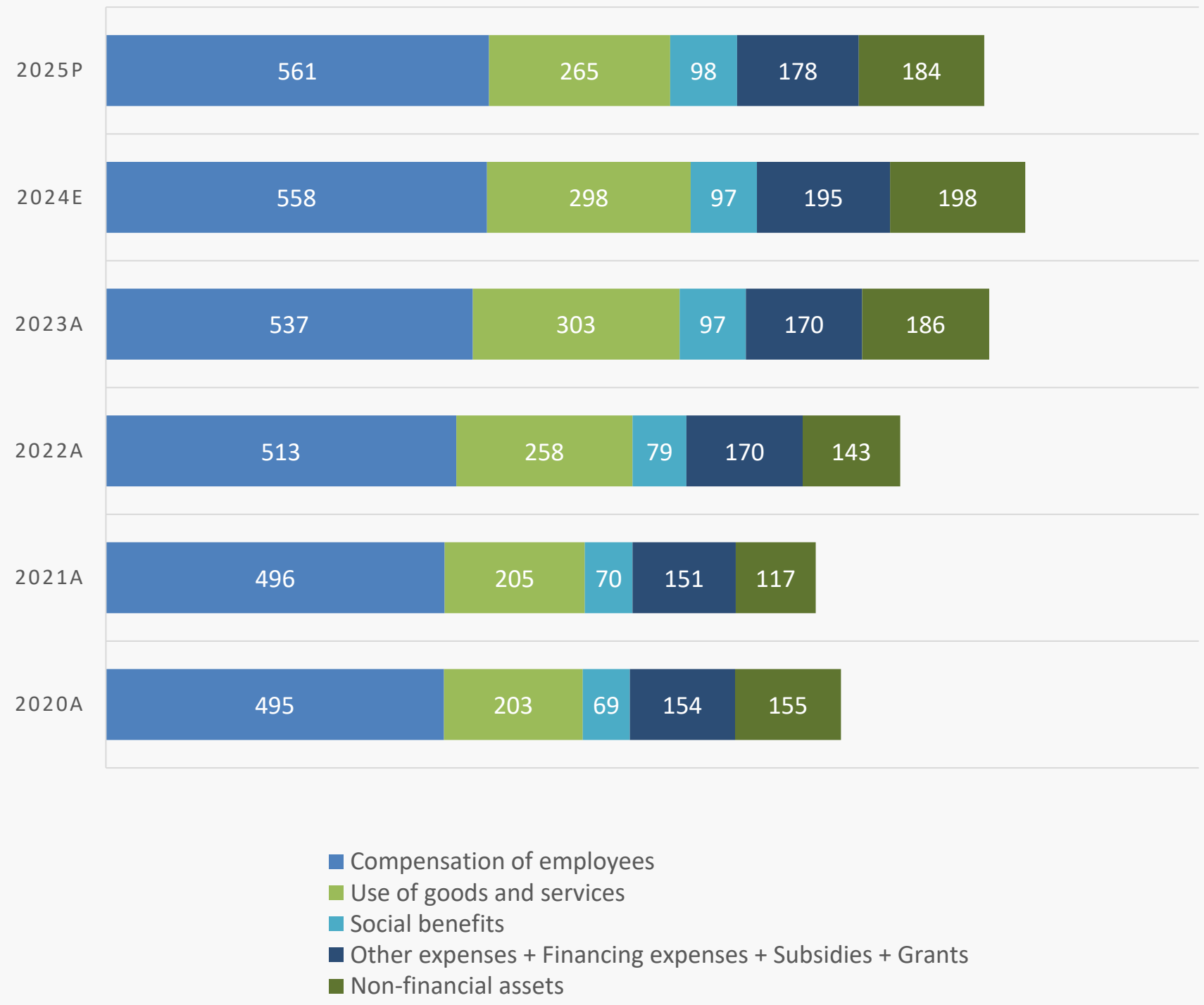
Source: Ministry of Finance

Note: E=Estimated

- Observe that non-oil revenue has grown practically linearly over the last ten years. That has held true irrespective of the change in oil price.
- Note further that oil revenue has exhibited significant volatility and follows a trend akin to the average annual OPEC crude price per barrel.
- The chart above exemplifies the benefits of diversification through the introduction of consistency to government earnings. It also highlights exactly why the objectives for Vision 2030 were of tantamount importance to future prosperity. That is because the potential impact of oil price volatility is progressively reducing over time as a component of state revenue.

A DEFICIT TODAY, A SURPLUS TOMORROW

GOVERNMENT EXPENDITURE | SAR BILLION

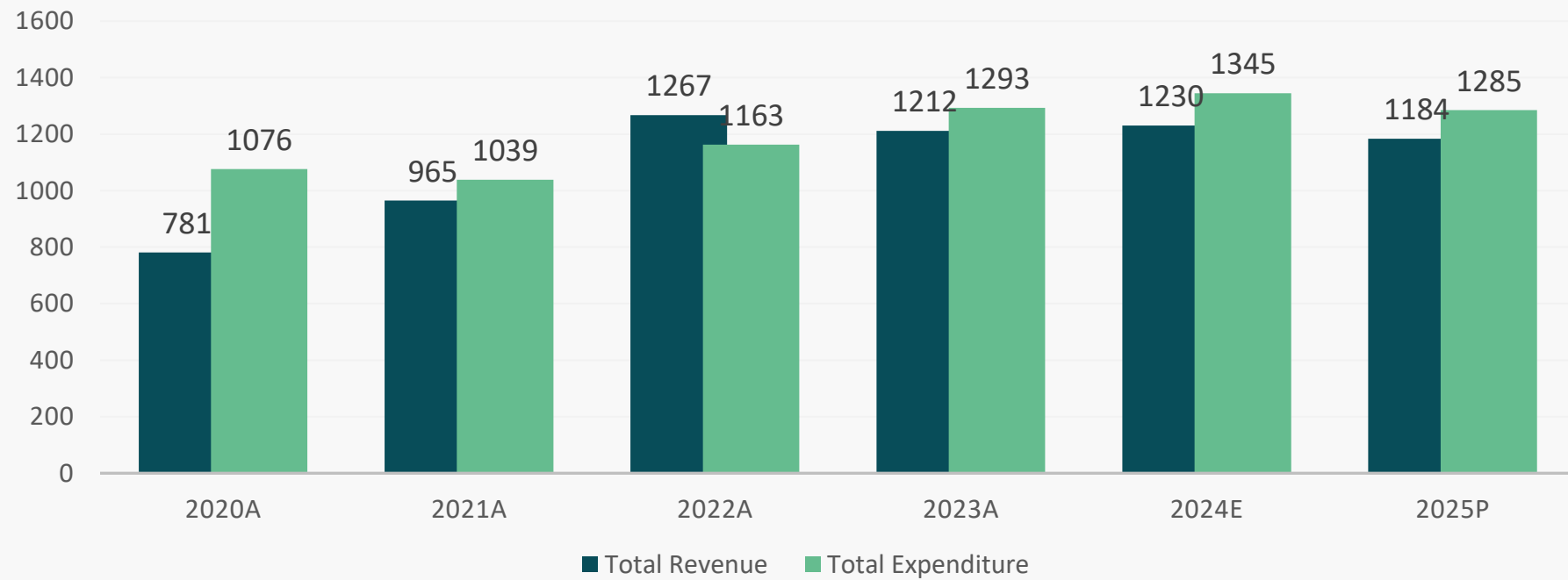


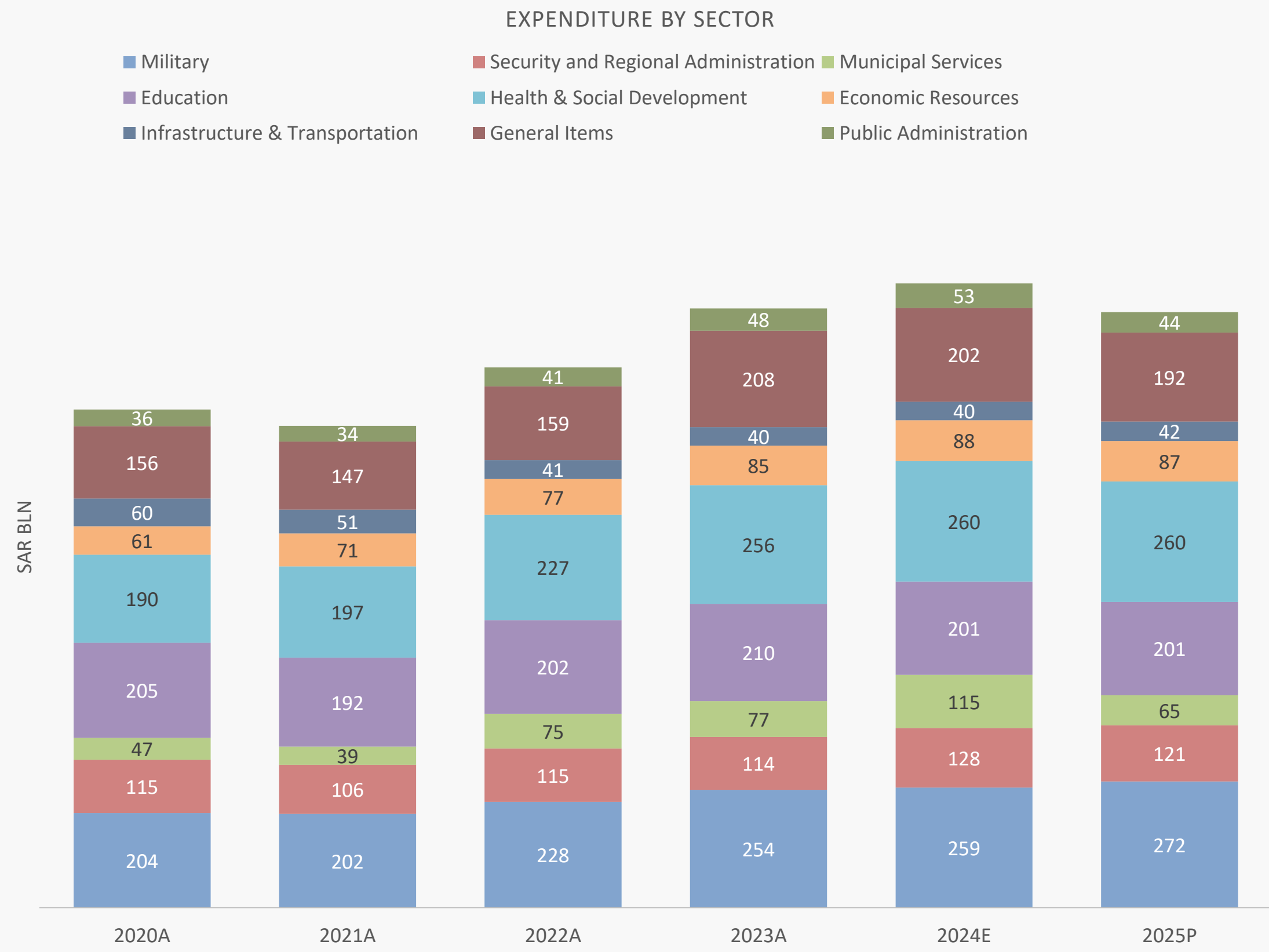
Source: Budget Statement FY25, MoF | Saudi Arabia Budget Report, KPMG

Note: A=Actual, E=Estimated, P=Projected

- Total government expenditure rose by 11.2% between 2022 and 2023 (SAR 1,163 billion vs SAR 1,293 billion). To this effect, observe that “compensation of employees” is the government’s largest expense.
- Non-financial assets saw a substantial increase of 30.0% from SAR 143 billion in 2022 to SAR 186 billion in 2023. These increases represent both rising input costs and successful implementations of projects.
- In 2024, the Kingdom’s estimated expenditure rose to SAR 1,345 billion, an increase of 4.0% from 2023. The increase is associated with social benefits, subsidies, and developmental projects’ fulfillment.
- The Kingdom experienced a deficit of SAR 81 billion in 2023, which is estimated at SAR 115 billion in 2024. The deficit projected for 2025 is SAR 101 billion, a 12.2% decrease from that in 2024.
- The Ministry of Finance has clarified that the deficits are being maintained at sustainable levels and will continue over the medium term to achieve certain economic goals. They are not negative deficits as in other countries that borrow to meet essential expenditure.

FISCAL POSITION | SAR BILLION





Source: Ministry of Finance

Note: A=Actual, E=Estimated, P=Projected

- Observe that sectors pertaining to social development have had a significant portion of the budget allocated to them over time.
- In 2024E, education and health & social development had SAR 201.0 billion (15%) and SAR 260.0 billion (19%) allocated to them. This collectively amounts to SAR 461.0 billion or 34% of the overall budget for the period which amounted to SAR 1,345 billion.
- The sectoral expenditure distribution for 2025P is comparable to 2024E adjusted for the planned 4.5% decrease in the projection for 2025.
- Most of the budgeted expenses (SAR 272.0 billion) in 2025P continue to be allocated to the military sector, a pattern comparable to 2024E.
- The sector with the smallest expenditure budget worth SAR 42.0 billion in 2025P continues to be infrastructure & transportation.
- The greatest decrease in sectoral expenditure in 2025P is the allocation to municipal services. Planned expenditure has decreased by 43.5% relative to 2024E and equals SAR 65.0 billion in 2025P. The decrease is tacitly associated with entertainment activities despite the Kingdom aiming to establish 1.8 million m² of parks and urban interventions in 2025.

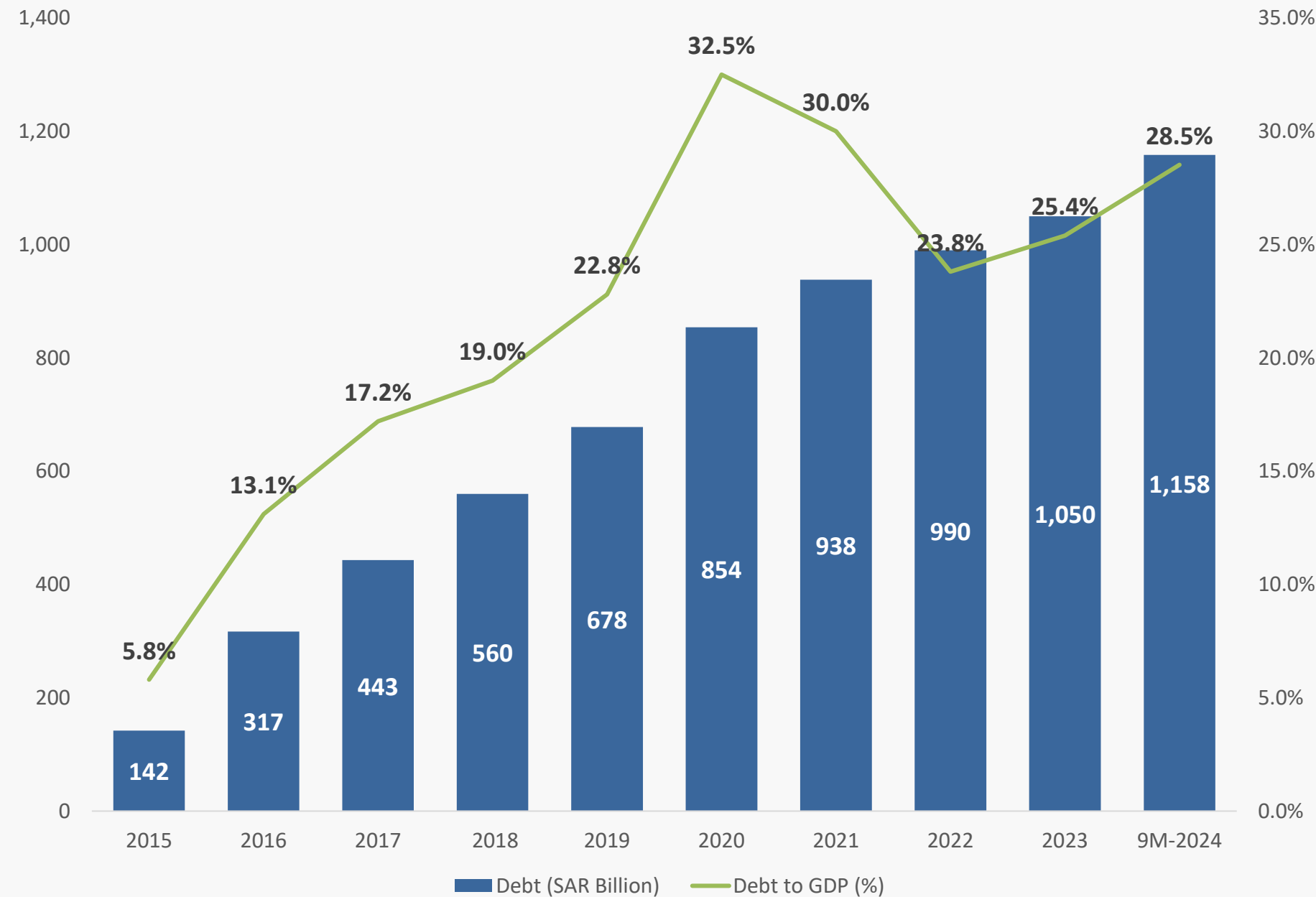
DEBT PROFILE

The sustainability of the Kingdom's sovereign debt profile

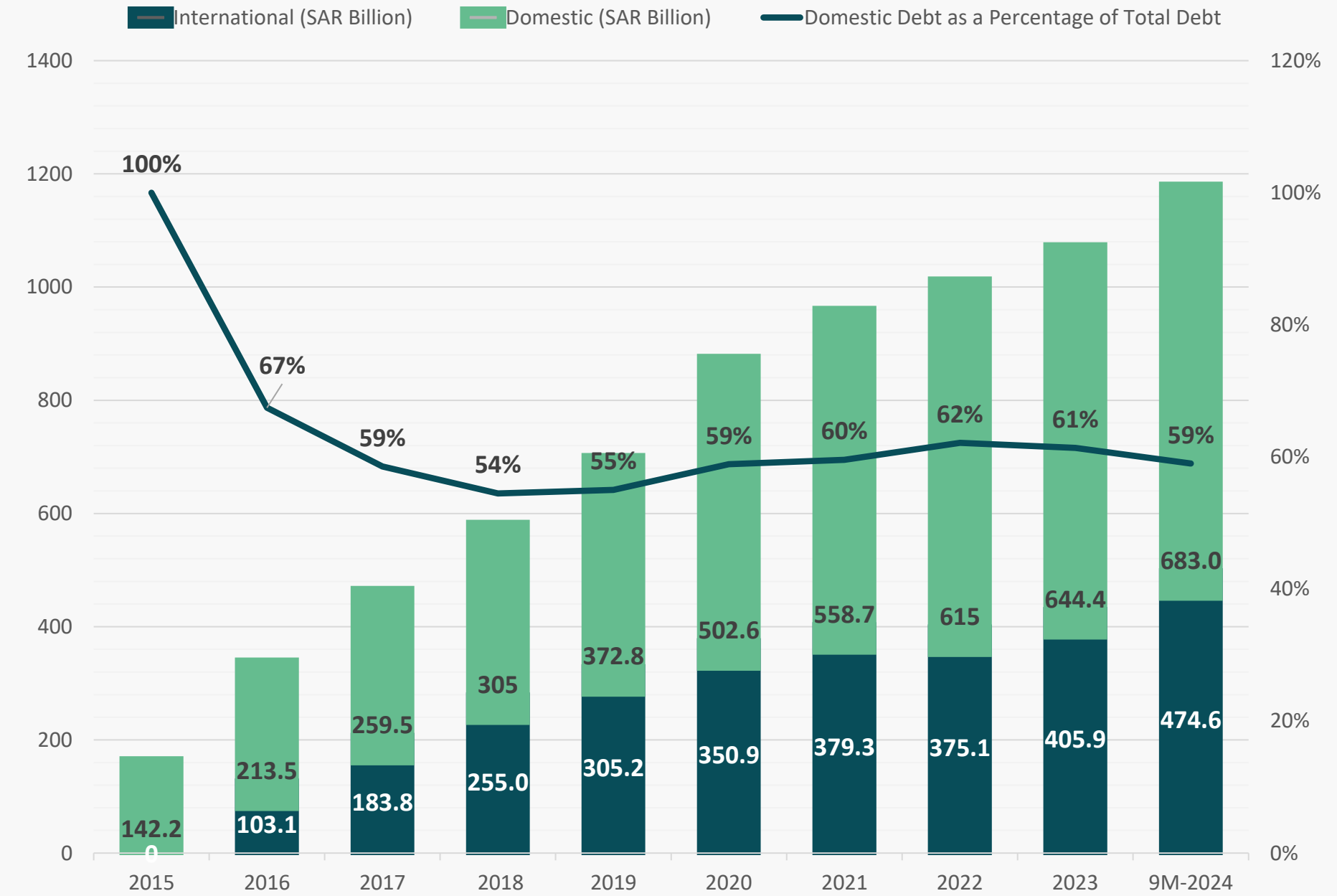


RISING BUT MANAGEABLE ABSOLUTE DEBT LEVELS

SOVEREIGN DEBT PORTFOLIO



BORROWING ACTIVITIES

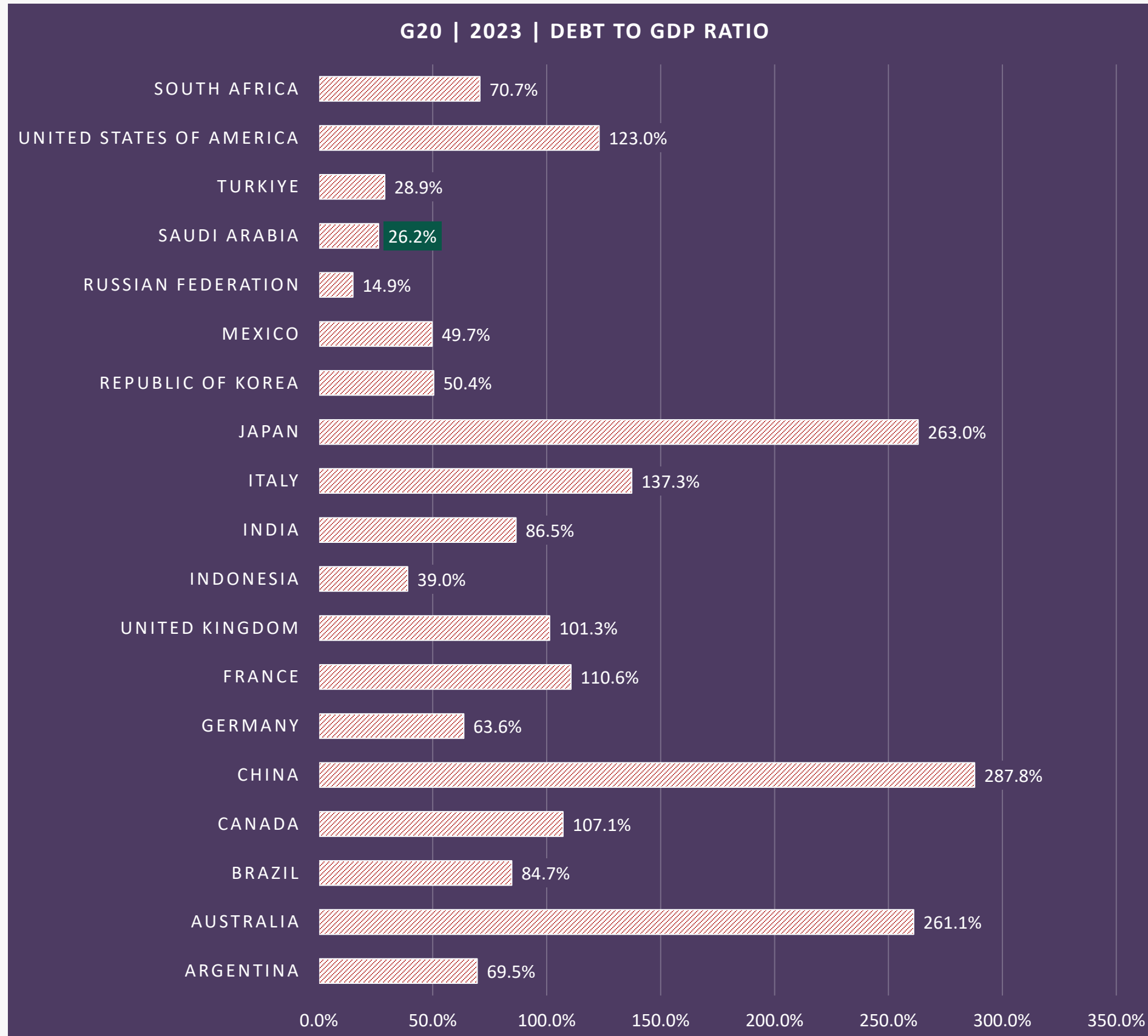


Source: National Debt Management Center | Budget Statement FY25, MoF (All Charts)

- The sovereign debt portfolio grew by SAR 60 billion in 2023 to reach SAR 1,050 billion. That equates to 25.4% of the nominal GDP, compared to 23.8% in 2022. Despite the increase in 2023, debt-to-GDP ratio remains within conservative levels. The same holds true for 2024 but the figures for 2024 are ongoing estimates.
- Note that the 2024 domestic and international debt breakup is an estimate that will differ from the final result at the end of the calendar year.



AMONGST THE LEAST LEVERAGED AND AWAY FROM THE TIPPING POINT



Source: Trading Economics

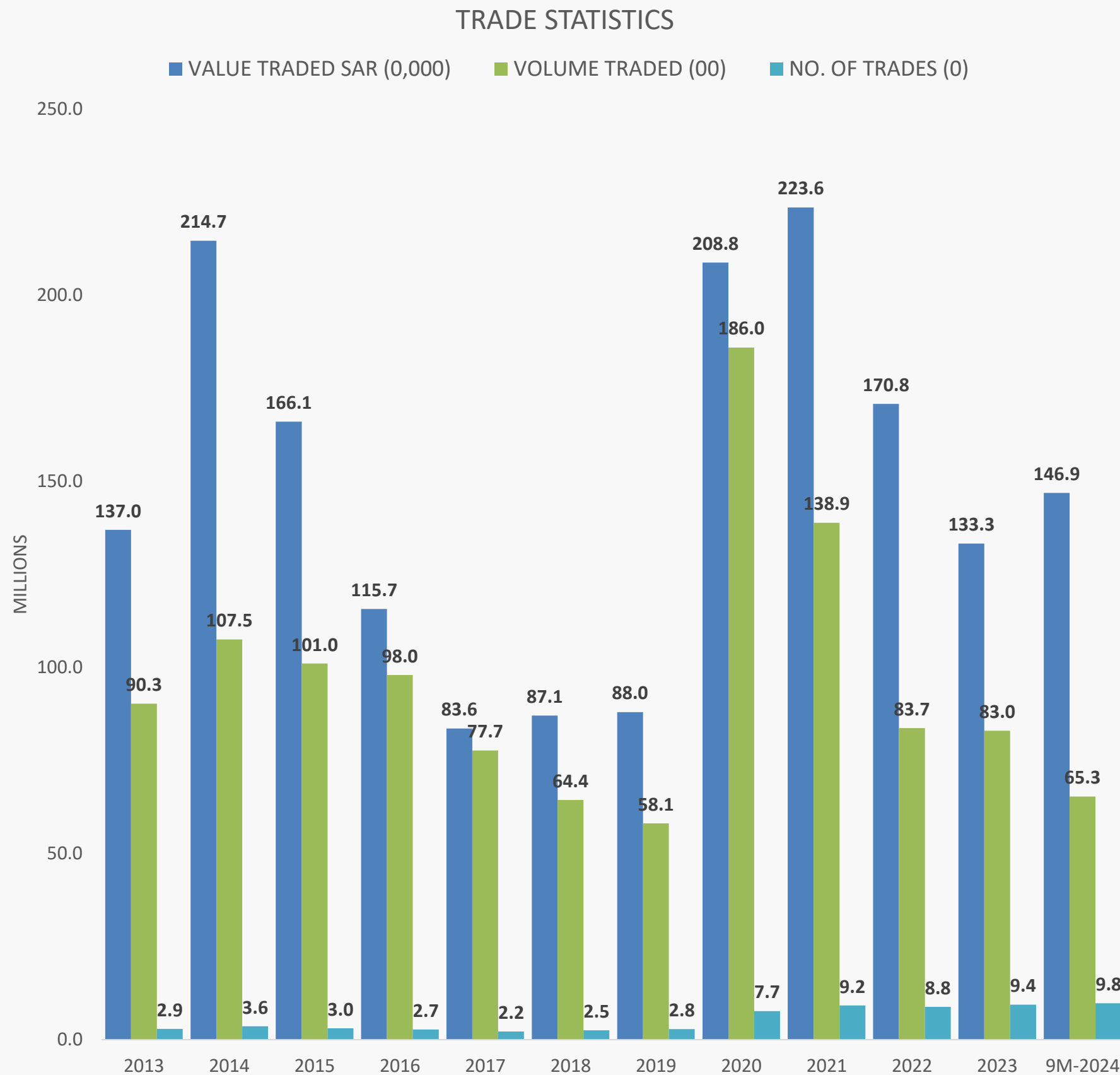
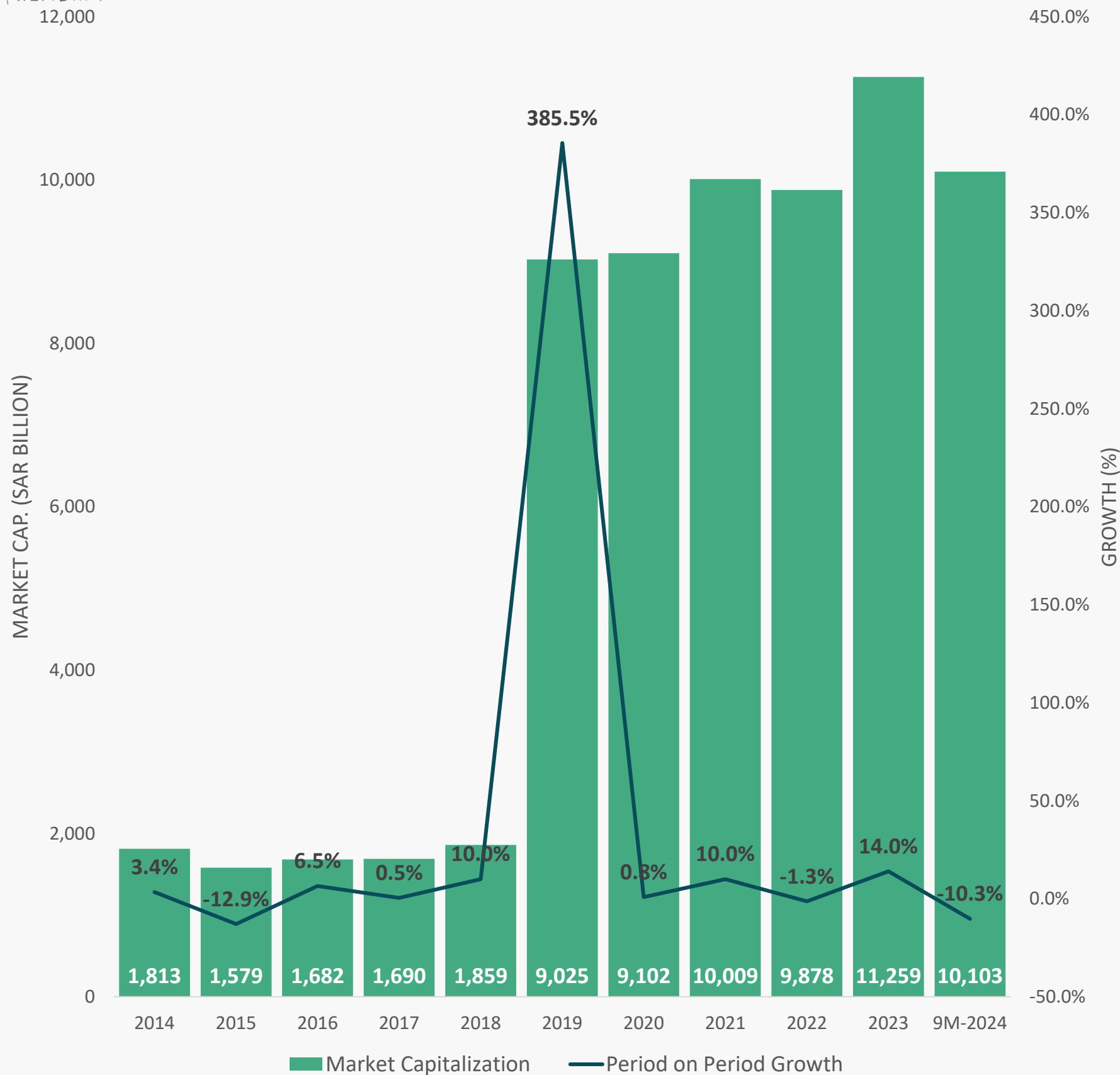
- The Kingdom's debt-to-GDP ratio of 26.2% in 2023 is among the lowest in G20, larger only than Russia, which is at 14.9%.
- The highest debt-to-GDP ratios belong to China at 287.8%, followed by Japan at 263.0% and then Australia at 261.1%.
- USA and UK have a debt-to-GDP ratio of 123.0% and 101.3% respectively, thereby indicating that advanced economies need not be overwhelmingly leveraged.
- Refer to the study **"Finding the Tipping Point—When Sovereign Debt Turns Bad"** by Mehmet Caner, Thomas Grennes, and Fritz Koehler-Geib, a paper submitted to the World Bank Conference on Debt Management in 2010.
- According to it, the point at which every additional unit of debt has negative consequences is 77.0%. Beyond this threshold, each additional percentage point of debt costs 0.017% of annual real growth. The effect is more apparent for emerging economies where the threshold is 64.0%.
- Debt-to-GDP is a simplified metric subject to interpretation, and the determinants of serviceability and economic sustainability are far more nuanced than that.
- For instance, in Japan's case, most of its national debt is owed to domestic creditors. 70.0% of it is owned by the Bank of Japan.
- At the end of 2023, Saudi Arabian foreign exchange reserves equaled SAR 1,667.5 billion, out of which, 94.3% is represented by foreign currency. This amount is larger than the country's external debt during the same period, which amounted to SAR 405.9 billion.

STOCK MARKET STATISTICS

Market capitalization trends and trade statistics

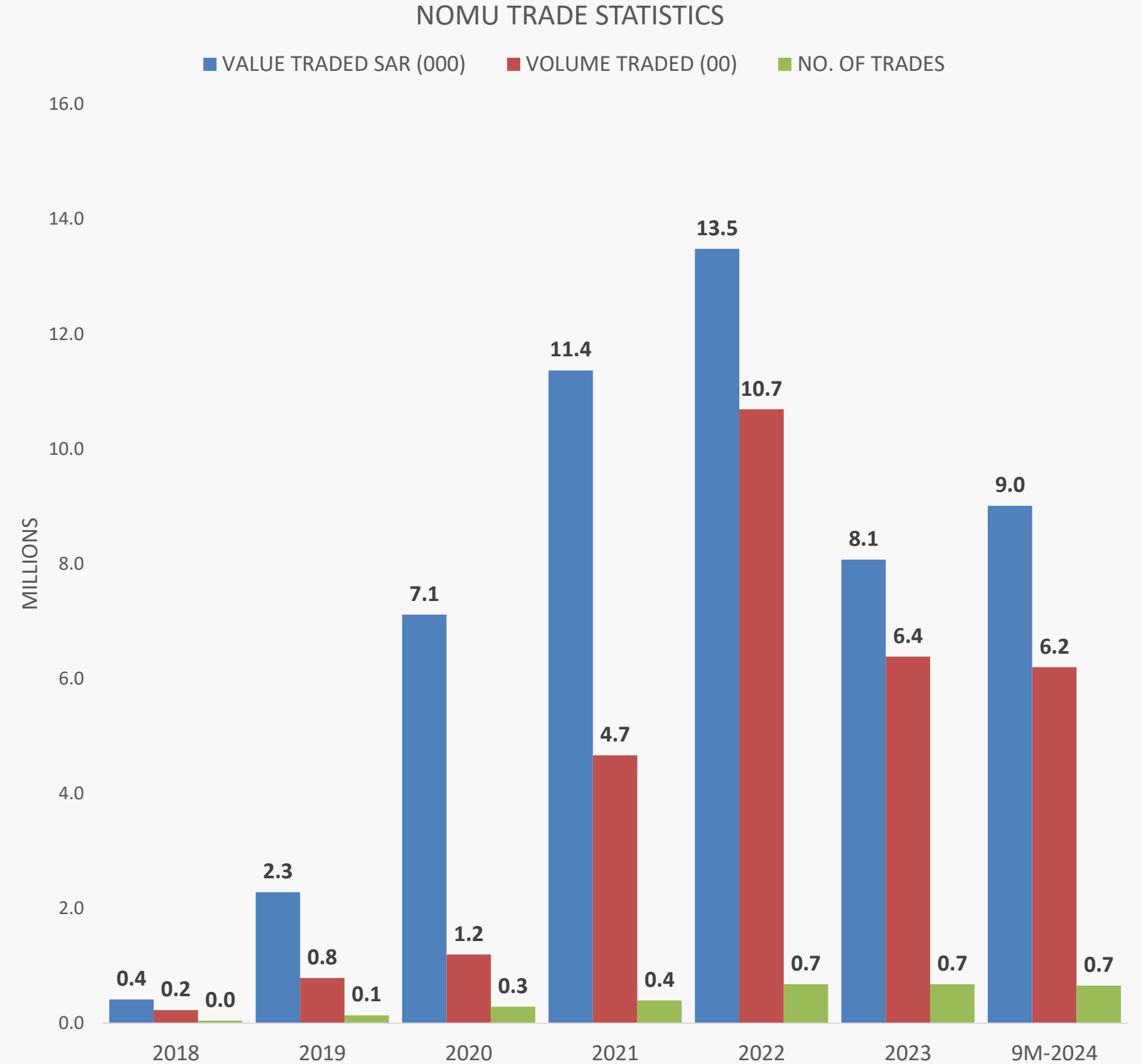
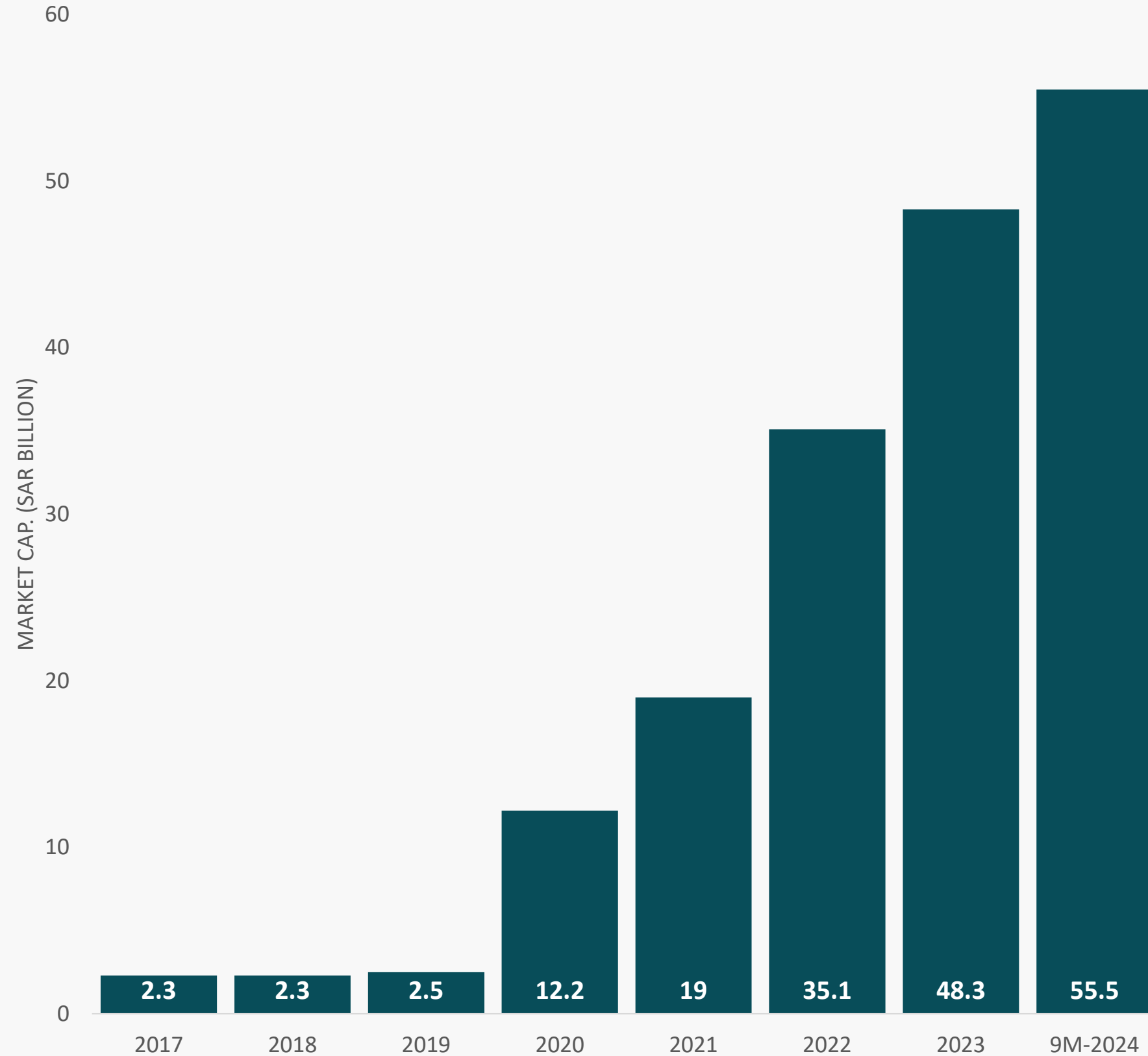


يوم التأسيس
Saudi Founding Day
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12,000





NOMU (PARALLEL MARKET) GROWS AT CAGR OF 67% FROM 2017 TO 2023



Source: Saudi Exchange (All Charts)

PROGRESS UPDATE | VISION 2030

Programs, objectives, and progress updates

VISION 2030 UPDATES | I

Pilgrim Experience Program

Provision of facilities, infrastructure, and digitized services

Recently launched the Makkah Route initiative 2024 to streamline pre-departure procedures like visa, biometrics, and health checks

Quality of Life Program

Intended to develop culture, entertainment, sports, & tourism facilities

Saudi Arabia is set to host the first Olympic Esports Games in 2025, the Riyadh Expo in 2030 and the FIFA world cup in 2034

National Transformation Program

Digitization of government services including tribunals

Saudi Arabia ranked first in the UN's 2023 Government Electronic and Mobile Services Maturity Index for Western Asia

Fiscal Sustainability Program

Achieve a balanced budget and improve financial discipline through entities like NDMC

The Kingdom experienced a deficit of SAR 81.0 billion in 2023, which is expected to be SAR 115.0 billion in 2024

VISION 2030 UPDATES | II

Public Investment Program

*Investing in the most promising ventures
for societal development*

PIF's AUM equal SAR 3.5 trillion as of 9M 2024 and the fund continues to target the sports, tourism, gaming, and construction sectors

Housing Program

*70.0% home ownership among citizens by
2030*

In 2023, 98,500 Saudi households moved into their first homes due to the Sakani program. In 6M 2024, this figure was 44,000 households

Privatization Program

*Privatization of government assets and
promotion of public private partnerships
(PPP)*

PPPs are growing in the health sector with a project to improve radiology services being awarded to Altakassusi Alliance Medical in

June 2023

Health Sector Transformation Program

*Improved medical facilities and e-health
solutions*

SEHA Virtual Hospital, operating since 2022, facilitates hospitals by reviewing complicated cases through a virtual committee

VISION 2030 UPDATES | III

National Industrial Development & Logistics Program

Economic diversification through the energy, mining, & logistic sectors

Saudi Arabia's mining sector records 138% growth in exploitation licenses

Financial Sector Development Program

Accessible banking and promotion of FinTech Ventures

The number of FinTech Companies in Saudi Arabia grew from 89 in 2022 to 200 in 2023

Human Capability Development Program

Fostering educational and skill development opportunities

As of mid 2024, more than 10,000 students have been sent on scholarships to 200 universities world over



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Saudi Founding Day
— ١٤٣٩هـ / ١٧٢٧م —

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