



Saudi Arabian General Investment Authority
SAGIA

Investing in Saudi Arabia

Japanese embassy delegation visit
May 13th, 2015



Agenda of today

Item	Timing
➤ Opening Remarks	10 minutes
➤ Presentation of the UIP	15 minutes
➤ Introduction to deep-dive sectors	15 minutes
➤ Invest Saudi App demo and feedback	30 minutes
➤ Interactive sessions at booths for each deep-dive sector <ul style="list-style-type: none">▪ Gallery Walks illustrating sector trends and investment opportunities▪ Q&A sessions	45 minutes
➤ Closing Remarks and Thank You	5 minutes



Opening remarks



Welcome

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SAGIA's key activities include¹...

...developing business opportunities and providing tailor-made support to investors to increase the ease of doing business

...coordinating between different government entities and other key stakeholders

...administering licenses for foreign entities



¹ For the full set of activities, please visit the SAGIA website

Our objectives today

Objectives of today

- Provide an **overview of the Unified investment Plan (UIP)**
- Present and discuss **specific investment opportunities** across Healthcare, Transport, Industrial Equipment sectors
- Demonstrate our **Invest Saudi App**



What we are looking for

Today

- **Your feedback** on the **UIP** in general and the presented **investment opportunities**
- **Paths for how you can benefit** from these opportunities and **how SAGIA can help**

Beyond

- A **continuous dialogue between us** to explore pathways of cooperation
- **Follow-ups about opportunities**
- Spread word of mouth and **generate buzz**



The Kingdom's leadership is fully committed to use the economic prosperity to nurture local sectors

Royal Decree 6560, 22/2/1435

- Instructs stakeholders in the Kingdom to develop sector investment plans
- Instructs all stakeholders in the Kingdom to comply with these investment plans
- Designates SAGIA to incorporate and lead the overall Unified Investment Plan that includes all sector development plans

Transform the investment landscape to

- Diversify the economy
- Build the knowledge base
- Enable high productivity employment
- Maintain ease of doing business

How does the UIP benefit the investors?

The Unified Investment Plan...

- **...systematically develops concrete investment opportunities** based on input from multiple public and private sector stakeholders
- **...creates a comprehensive, transparent and up-to-date repository** of investment opportunities
- **...presents readily available and actionable information** at the investors' fingertips



Investment development sector priorities



1 Investing in **downstream chemicals, communication, transport and utilities** to increase local footprint and service contribution from large sectors



2 Transforming **Construction and Real Estate services, Tourism, Wholesale & Retail** into high productivity economic engines



3 Accelerating **Manufacturing, Healthcare, and Mining** from nascent sectors to established and growing



4 Improving competitiveness through **R&D and Innovation in Education & ICT**

Unifying efforts of ministries, policy-makers, regulators in each sector



Based on these efforts, we are having dialogues on investment opportunities with the local and global private sector




Focus of today's presentation

Sectors included in the UIP

-  Healthcare
-  Transport
-  Industrial parts and equipment
-  Building materials
-  Tourism
-  Agriculture
-  Downstream chemicals
-  Oil and gas
-  ICT
-  Mining
-  Housing
-  Automotive manufacturing
-  Power and electricity
-  Military spare parts
-  Engineering services
-  Education
-  Renewable energy



Sectors with investment opportunities to be presented today

-  1 Healthcare
-  2 Transport
-  3 Industrial parts and equipment



1 Example – Significant investment opportunities in Healthcare



Sector poised for major growth

- Plans for MoH growth attain **70k beds**, plus other participants (MoD,private provision sector, ..etc)
- Keen on **supporting** and **increasing private sector participation**

Opportunities in every sub-sector and at every step of the value chain

- Average annual addressed spend **USD ~18.5 Bn** over the next 10 years
- **40+** investment clusters identified:
 - Provision – **one of the largest expansions** in the world
 - Medical equipment and device manufacturing – **USD ~1.6 Bn** to be spent annually over the next 10 years
 - Also, pharmaceutical, vaccines, and human capital development and education

2 Example – Significant investment opportunities in Metro, Rail and Bus



Sector poised for major growth

- Major investments into public land transport: **USD ~141 Bn** of expected total spend (CapEx and OpEx) over the next 10 years
- Sector in **early stage** of **development**, highly import driven

Localization is a key priority for the government

- Local spend to reach **USD ~88 Bn** over the next 10 years
- Addressable rail/metro and bus projects requiring **USD 4-5 Bn** investment over the next 10 years:
 - **Metro**: 5 major cities (Riyadh, Makkah, Jeddah, Madina and Dammam) with a total length of **~650 km**
 - **Rail**: major railway projects to connect the East and West coast ("Saudi Landbridge") and the KSA with Bahrain, Qatar and the UAE, totaling **~5,500 km** track
 - **Bus**: massive extension of education transport, city and intercity buses, with **~60,000** new units to be purchased over the next 10 years

3 Example – Significant investment opportunities in Industrial Equipment



Sector poised for major growth

- **USD ~15 Bn** industry of total spend (CapEx and OpEx) with only **10% local footprint**
- **USD 23+ Bn** local demand estimated in 2019, with local **manufacturing base growth** and **size insufficient** to fulfill it

Investment opportunities in major sub-categories and along the value chain

- **6** categories (pumps, compressors, turbines, heat exchangers, valves, boilers) have the highest potential, with annual **imports** growing at **7% p.a.** and reaching **USD ~ 11Bn (1.3x)** in 2019
- Import substitution for **equipment manufacturing** (pumps, valves, compressors) could reach **USD ~1 bn p.a.** by 2019
- Import substitution and production for **components manufacturing** (casting, seals/gaskets, shafts) could yield **USD ~440 Mn p.a.** by 2019, especially if efforts in equipment gain momentum

Several major opportunities for you to be part of the UIP



Take direct ownership and pursue opportunities



Pursue valuable partnership opportunities with reputable **international** players



Become a key supplier for international players, and capture substantial **opportunities** along the extended **value chain**

Take advantage and let us know how we can help you take an opportunity forward

The UIP – Tangible achievements and much more to come

Investment atlas

Making investment opportunities transparent and accessible



Partnership approach

Identifying the right investment models



Investor promise

Enabling the investor's journey through reducing pain points



Coming up...

- **6 RFPs across Healthcare, Transport and Industrial Equipment to be launched in 2015** with a target to close 4 deals by end of 2015
- **Several upcoming investor and other outreach events** to present and further discuss investment opportunities
- **Investment plans for another 3 sectors to be developed** by end of 2015

The UIP – 3 numbers to take away today

USD 500 billion

Spend over the next 5 years across the UIP sectors

100+

Concrete actionable investment opportunities and number is growing

>15

Entities actively supporting the UIP and contributing investment opportunities



Contact details of SAGIA investments team



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Contents

- **Healthcare**

- Transport

- Industrial Equipment



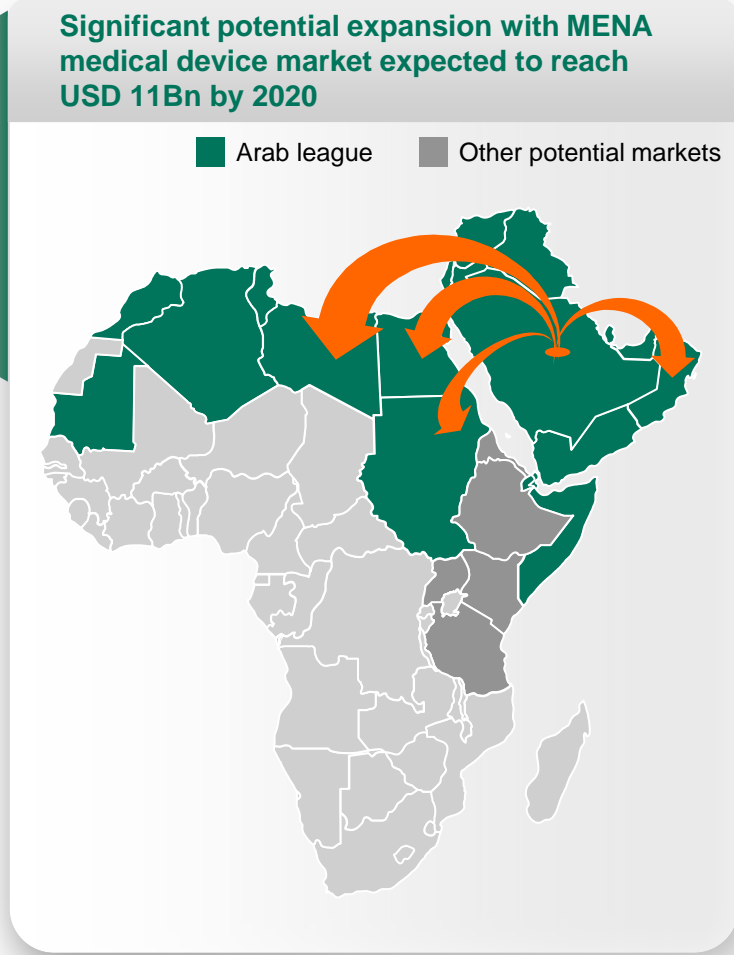
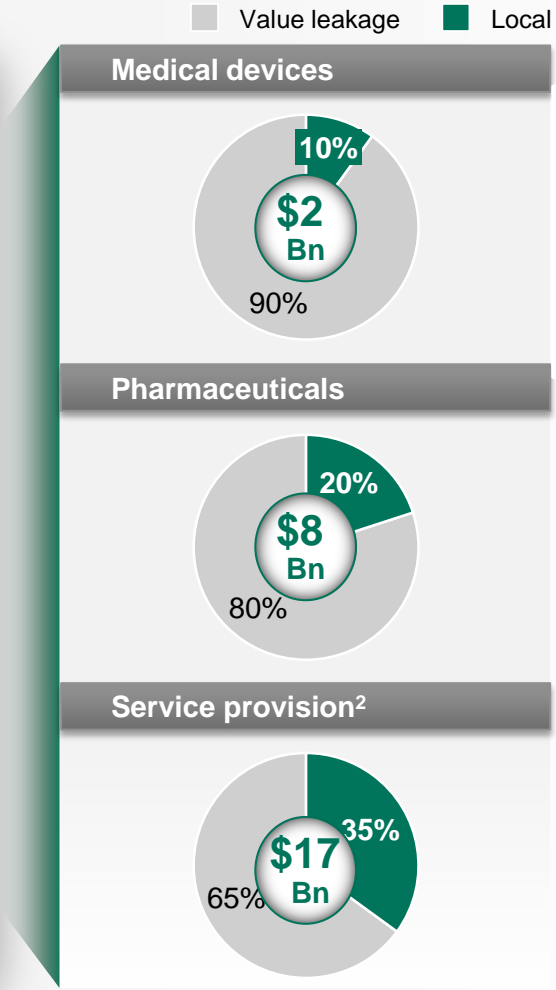
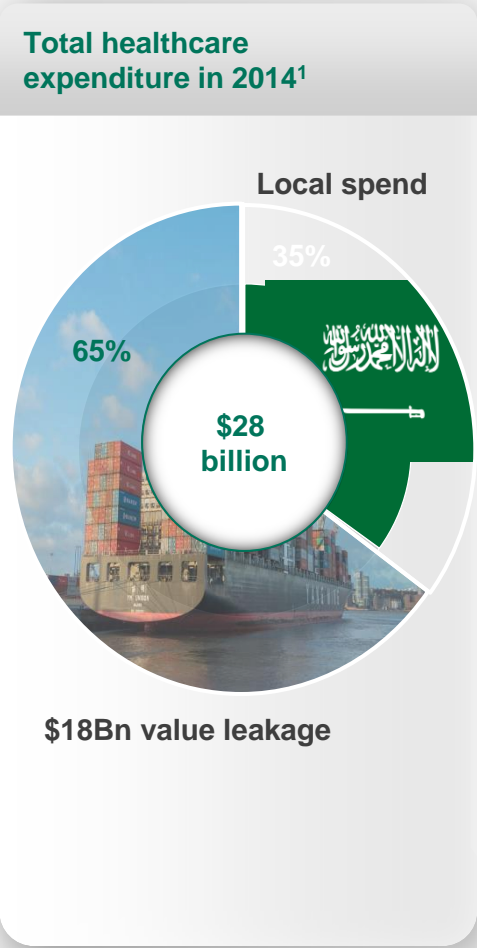
A huge **opportunity** in **healthcare**
sector

*There will be a
cumulative spend
of \$180 billion in
KSA's healthcare
sector over 5 years*

\$42Bn
annual spend
in 2019

\$28Bn
annual spend
in 2014

Opportunity to localize **\$18 billion** of value leakage from domestic market as well as expand to export market



1. Total healthcare expenditure spend in 2014 is USD27.7Bn (government spend of USD17.7Bn (SAR66.5Bn) and private sector spend of USD10Bn (SAR37.7Bn)) based on BMI Research Report 2015; spend on research, financing and other supporting sectors make up the remainder

2. CAGR of 2009-2011 provisioning market (outpatient and inpatient market) has been calculated to arrive at 2014 figures, based on WHO National Health Accounts, Alpen Capital GCC Healthcare report (2011 and 2014), KSA MOH statistical yearbook; Government spend on service provision is USD11Bn, and private sector spend is USD6Bn

Comprehensive healthcare sector development plan created, approved and driven by a broad **coalition of partners**

1 Established baseline and identify gaps



SAGIA



MoH

2 Defined healthcare sector objectives



MoF / PIF



MoEP

3 Identified and prioritized investment opportunities



SFDA



SIDF



NICDP

4 Drive investment execution for "Fast-tracked" opportunities

Ambitious targets for the sector confirm the **huge opportunity** for investors



Create **400-700k** healthcare jobs



Increase Saudization to **>40%**



Increase total capital stock by 150% to **~\$17bn**

Add **~5,000-10,000** new advanced manufacturing jobs



Establish advanced manufacturing capabilities

Increase investment in innovation/ R&D

Priority opportunity areas in KSA's healthcare sector

Medical products


\$14 billion

Cumulative spend over 2015-2019^{1,2}

\$1.2Bn annual spend on capital equipment⁴



\$400Mn annual spend on consumables



\$190Mn annual spend on patient aids⁵



Pharmaceuticals

\$54 billion


\$190Mn annual spend on vaccines



\$700Mn annual spend on generic drugs



\$6Bn annual spend on patented drugs



Service provision

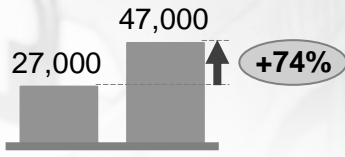
\$100 billion

33K new MoH hospital beds added⁶



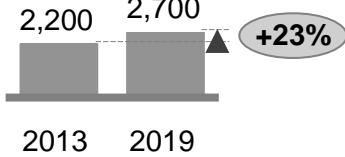
Year	Number of Beds
2013	40,000
2019	73,000

20K new hospital beds added⁶ in private and OGS⁷



Year	Number of Beds
2013	27,000
2019	47,000

500 MoH primary healthcare centers added



Year	Number of Centers
2013	2,200
2019	2,700

1. Reported as USD, cumulative spend for 5 years from 2015 to 2019, inclusive
 2. CAGR of 2014-2018 for medical products and pharmaceuticals markets have been applied to 2019 figures, based on BMI Research Report 2015
 3. CAGR of 2009-2011 provisioning market has been calculated to arrive at 2012-2019 figures, based on WHO National Health Accounts, Alpen Capital GCC Healthcare report (2011 and 2014), KSA MOH statistical yearbook
 4. Capital equipment includes diagnostic imaging, hospital beds and furniture and other medical equipment
 5. Patient aids include pacemakers, hearing aids, therapeutic appliances such as therapeutic respiratory apparatus
 6. Based on healthcare infrastructure plans over upcoming five years
 7. OGS = Other Government Sectors



Government volume commitment



Longer government contracts (up to 5 years)



Excellent trade agreements with GCC countries and MENA region



Favorable regulatory environment



Tax benefits

Contents

— Healthcare

— **Transport**

— Industrial Equipment



Key message today: The massive expansion of public transport systems creates opportunities worth billions of dollars for investors in the Kingdom



◆ The Kingdom is embarking on one of the **largest investment programs** ever carried out in public transport, with **\$141bn (SAR 527bn) total spend** over the next 10 years



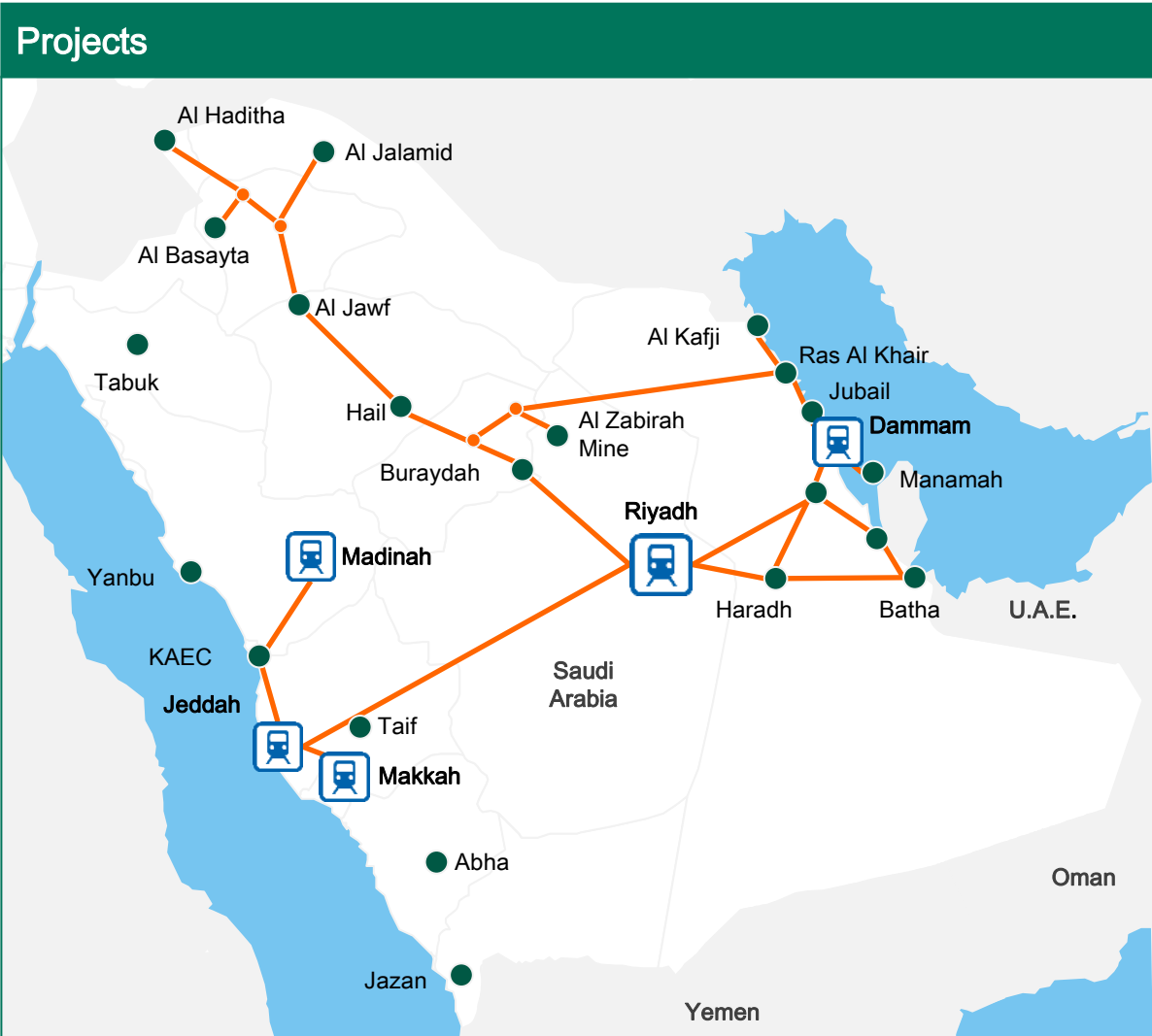
◆ The Kingdom's leadership is **fully committed** to use this **opportunity to develop the emerging transport sector** in the Kingdom through targeted interventions



◆ The **most relevant and immediate opportunities for you are in and as suppliers to:**

- bus manufacturing,
- rolling stock manufacturing,
- components (metro+train),
- operations and maintenance,
- EPC (engineering, procurement and construction) contracts

The Kingdom is embarking on a **gigantic expansion program** in public transport: 5 metro and bus projects, and thousands of kilometers of rail



— Railroad projects

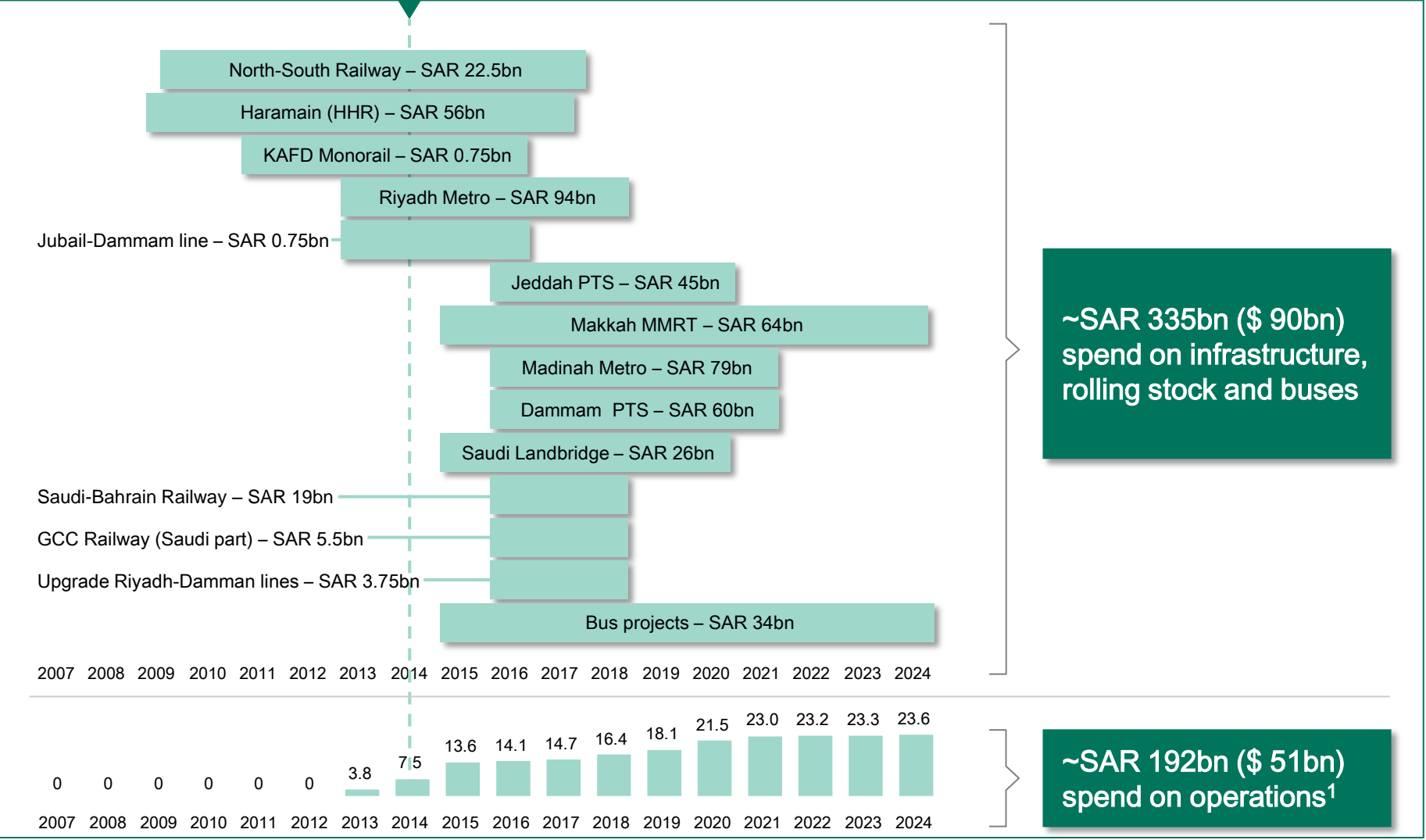
- Haramain railroad (450km)
- North-South railroad (2,700km)
- Jubail-Dammam line (115km)
- Saudi Landbridge (950km)
- Saudi-Bahrain railway (90km)
- Upgrade Riyadh-Dammam (1,005km)
- GCC railway (550km)

🚆 Metro and bus projects

- Riyadh
- Makkah
- Jeddah
- Madinah
- Dammam

This expansion will create a \$141bn (SAR 527bn) market for rail/metro and bus projects over the next 10 years

Addressable rail/metro and bus spend over 10 years, SAR billions



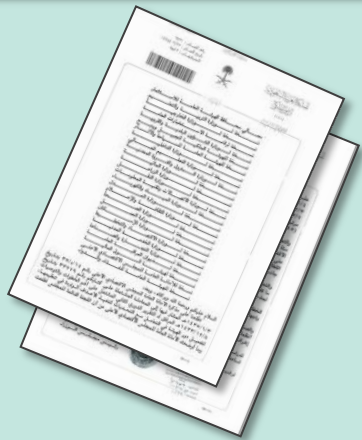
~SAR 335bn (\$ 90bn)
 spend on infrastructure,
 rolling stock and buses

~SAR 192bn (\$ 51bn)
 spend on operations¹

¹ Including spare parts

The Kingdom's leadership is fully committed to use this opportunity to develop the emerging transport sector in the Kingdom...

Royal Decree 6560, 22/2/1435



- Instructs stakeholders in the Kingdom to build sector development plans
- Instructs all stakeholders in the Kingdom to comply with these investment plans
- Designates SAGIA to incorporate and lead the overall Unified Investment Plan that includes all sector development plans

Decree of HRH Prince Khalid bin Faisal Al Saud 60494, 18/05/1436



- Makkah and Jeddah metro authorities to request localization proposals from all bidders in all major contracts
- Makkah and Jeddah to include localization as an evaluation criteria
- This will create major demand for local goods and services by the large consortia that typically win metro contracts

...and the transport sector development plan was developed with all key stakeholders in the transport sector

Key sector stakeholders

Jeddah Development Authority



SIDF



Makkah Mass Rail Transit



Public Transport Authority



NICDP



Saudi Standards, Metrology and Quality Organization



Ministry of Finance



Ministry of Economy & Planning



SAGIA



Ministry of Transport



Saudi Railway Organization



Saudi Arabian Rail



Arriyadh Development Authority



Madina Development Authority



King Fahd Causeway Authority



Ministry of Economy & Planning



Jeddah Metro & Municipality



Makkah Development Authority

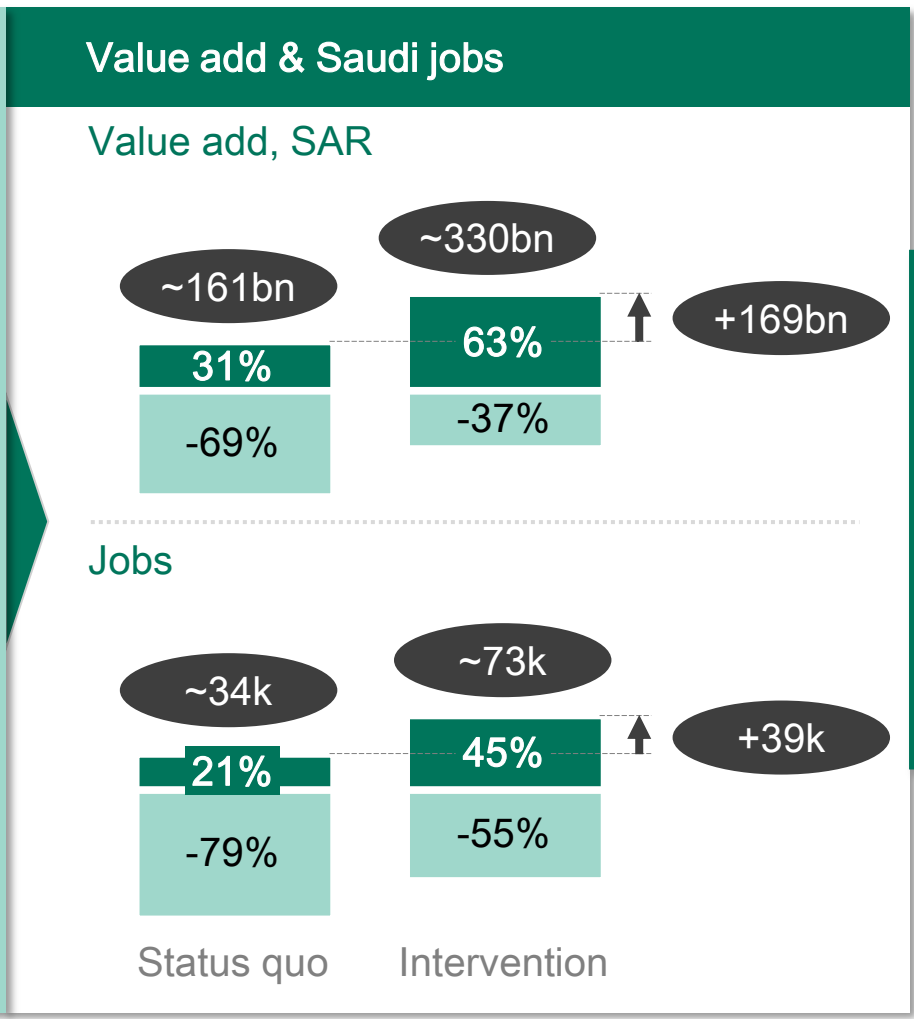


Targeted government intervention aims to increase local spend to ~SAR 330bn and add up to ~73k jobs over the next 10 years

■ Captured in KSA
 ■ Leaked

Example of focused interventions

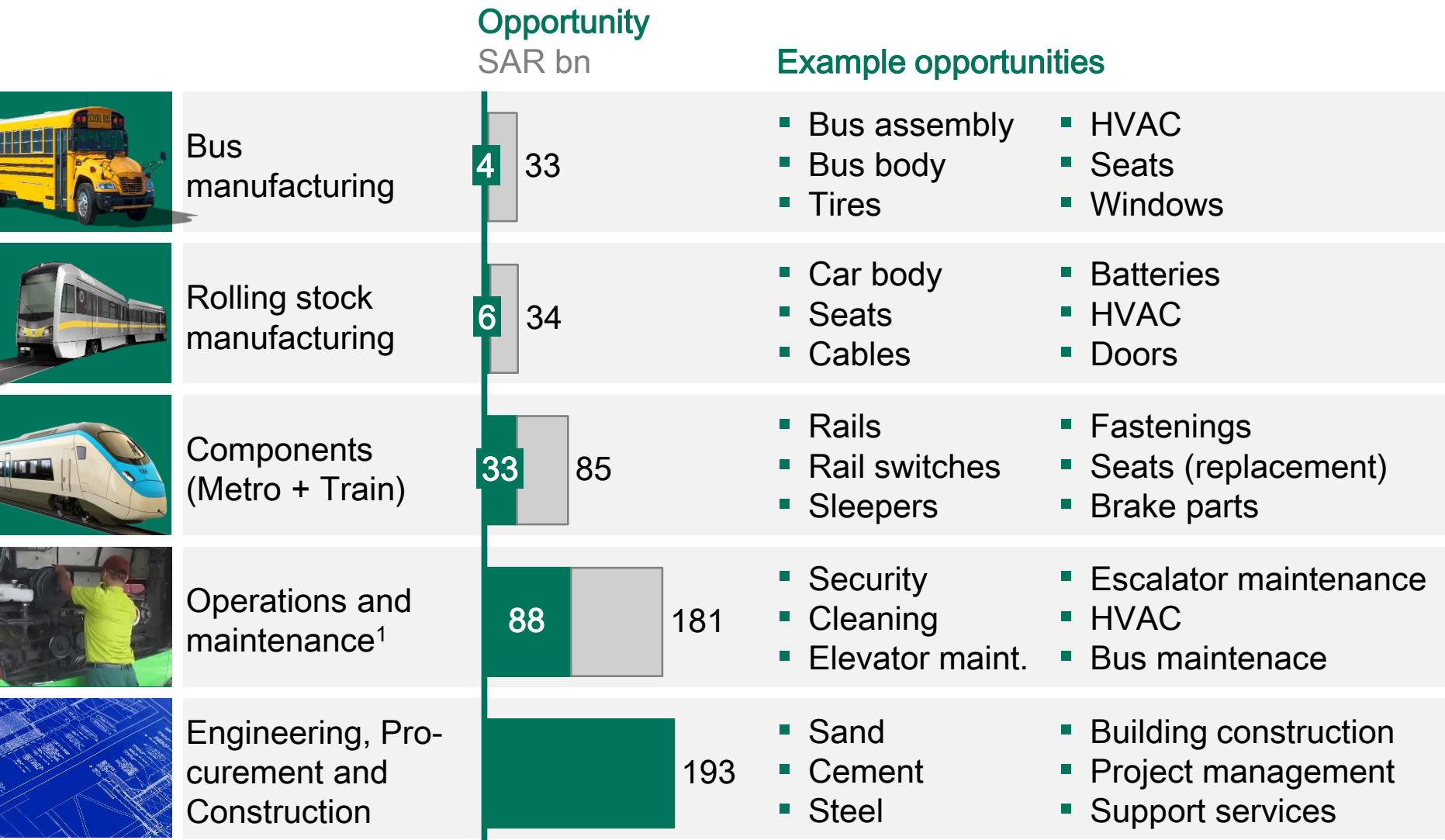
- Smart government procurement that considers full socio-economic benefits of localization
- Targeted incentives for unlocking investment
- Encouragement of partnerships between local and international investors
- ...



Investments of SAR 15-20bn in capacities and capabilities expected in order to address this demand

We have identified the most relevant and immediate opportunities in bus and rolling stock manufacturing, components, O&M and EPC

■ Priority opportunities



¹ Excluding spare parts that are considered under "components"

Contents

— Healthcare

— Transport

— **Industrial Equipment**



Industrial Equipment sector overview

- ◆ **USD ~15bn** of total spend (CapEx and OpEx)

- ◆ Local **manufacturing base growth and size insufficient relative to projected local demand**

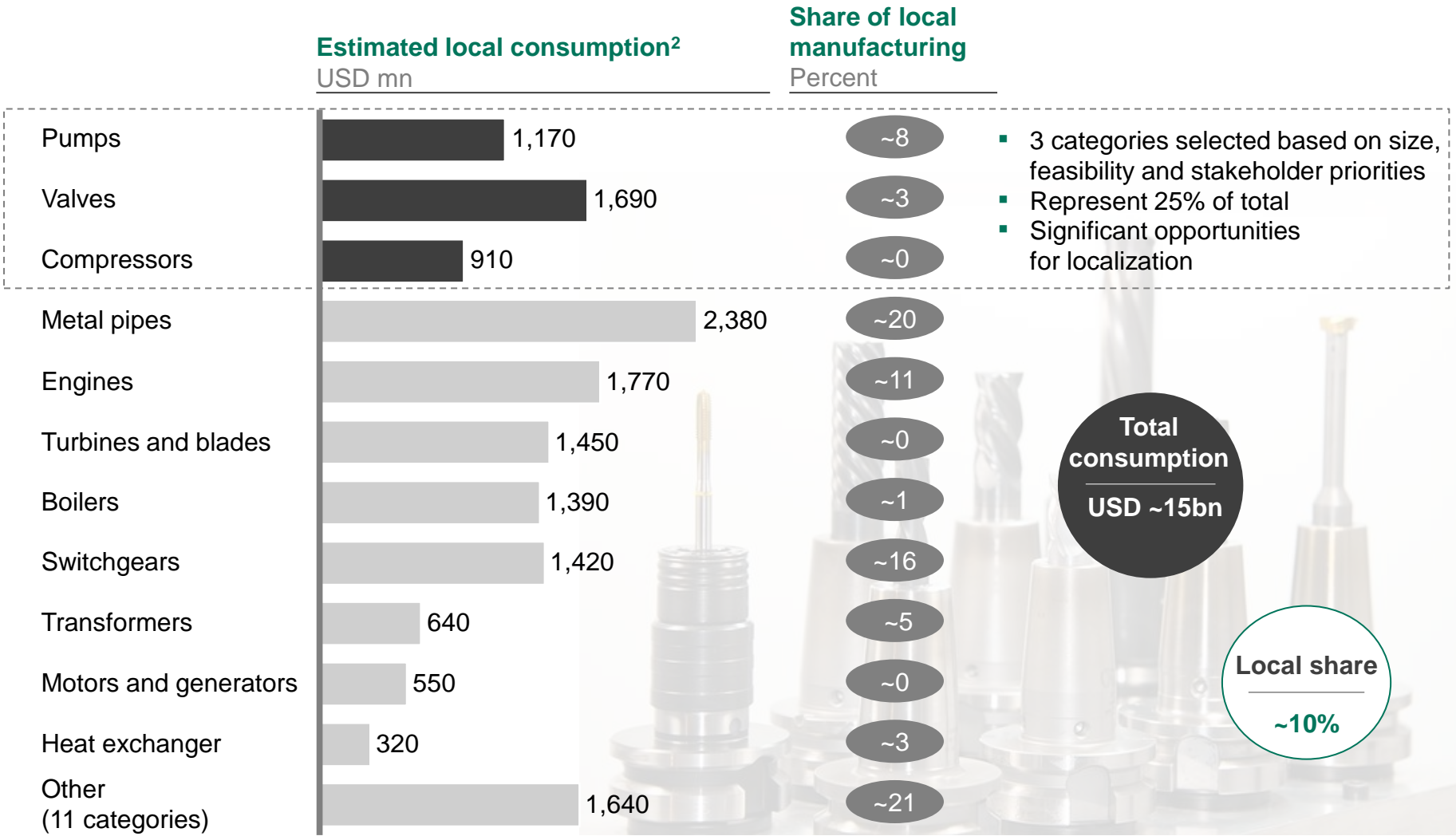
- ◆ Major industrial organizations (Aramco, SABIC, SEC, SWCC) now collectively working on an Industrial Sector investment plan (coordinated by SAGIA)

- ◆ **6** categories (pumps, compressors, turbines, heat exchangers, valves, boilers) have the highest potential, **SAR ~30bn (USD ~8bn)** p.a. of annual imports in the Kingdom growing at **7% p.a. or SAR ~11bn cumulative over the next 5 years**

- ◆ Localization equipment manufacturing will also include a wave of component localization
 - **Equipment manufacturing** (pumps, valves, compressors)
 - **Impact substitution USD ~1bn** p.a. by 2019
 - **~2,100-2,700** new jobs in 2019
 - **Components manufacturing** (casting, seals/gaskets, shafts)
 - **Import substitution and production for equipment USD ~440mn** p.a. by 2019
 - **~3,600-4,900** new jobs in 2019



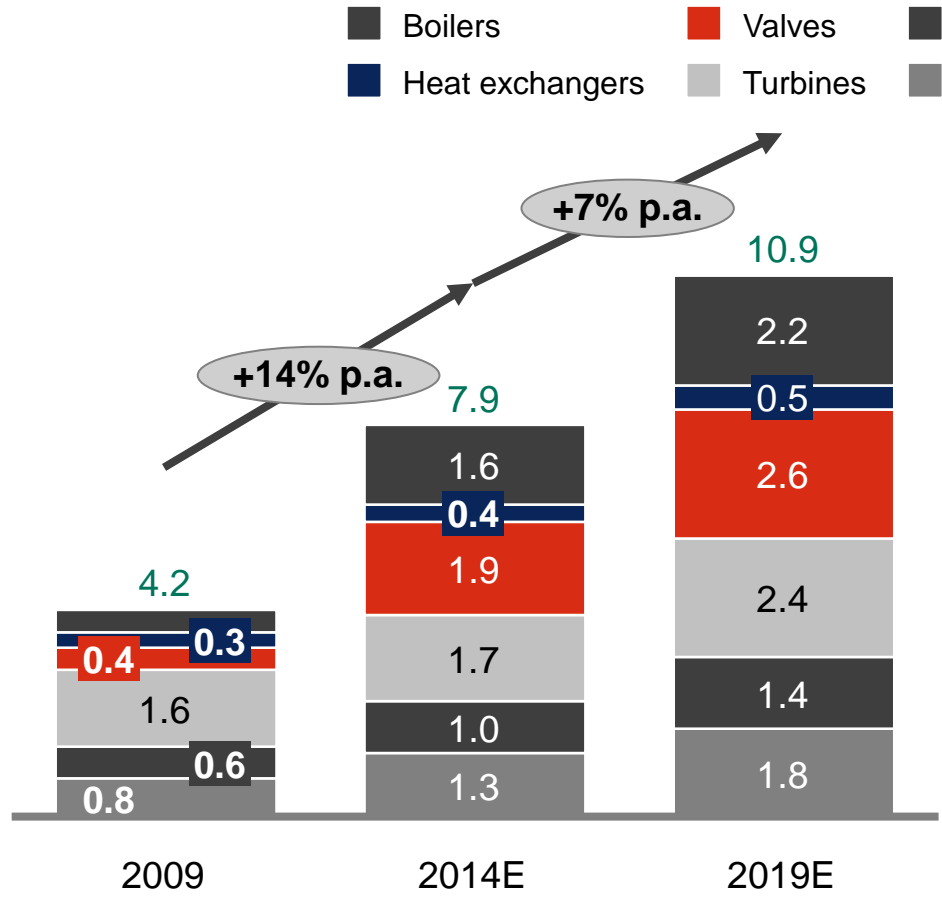
Sector is a USD 15bn industry with 10% local footprint¹...



¹ Focus on equipment prioritized for roadmap (22 categories) ² Based on Imports + local manufacturing = local consumption + exports

...and the strong momentum of local consumption may lead to rising value leakage if localization efforts do not take off

Imports of selected equipment categories in KSA, USD bn



In six prioritized categories , **local content reaches only ~2.5%**

At the same time, their **strong import momentum indicates potentially increasing gap** of local supply and demand for equipment needs

The **evolving landscape points to significant opportunities** for further development of the local industrial sector in key equipment types

1 **Key assumption and data for growth projection:** O&G equipment growth based on **Rystad Capex projection** for KSA; For other industries, **growth of category spending** assumed to be in line with industry growth rates; Allocation of usage of categories across industries based on information from **expert interviews**

Increasing localization by 20-30% for three categories could add USD ~500mn in GDP by 2019 while rolling out could yield USD 10-13bn by 2025

Short term opportunity

USD ~500 mn p.a. direct GDP contribution by 2019

Increase of capital stock by USD ~950 mn (up from USD ~150 bn in manufacturing)

~5,700-7,250 new jobs created¹

Long term vision to 2025

USD ~10-13 bn p.a. direct GDP contribution by 2025

Increase of capital stock by USD ~13-17 bn (up from USD ~150 bn in manufacturing)

~130,000-180,000 new jobs created¹

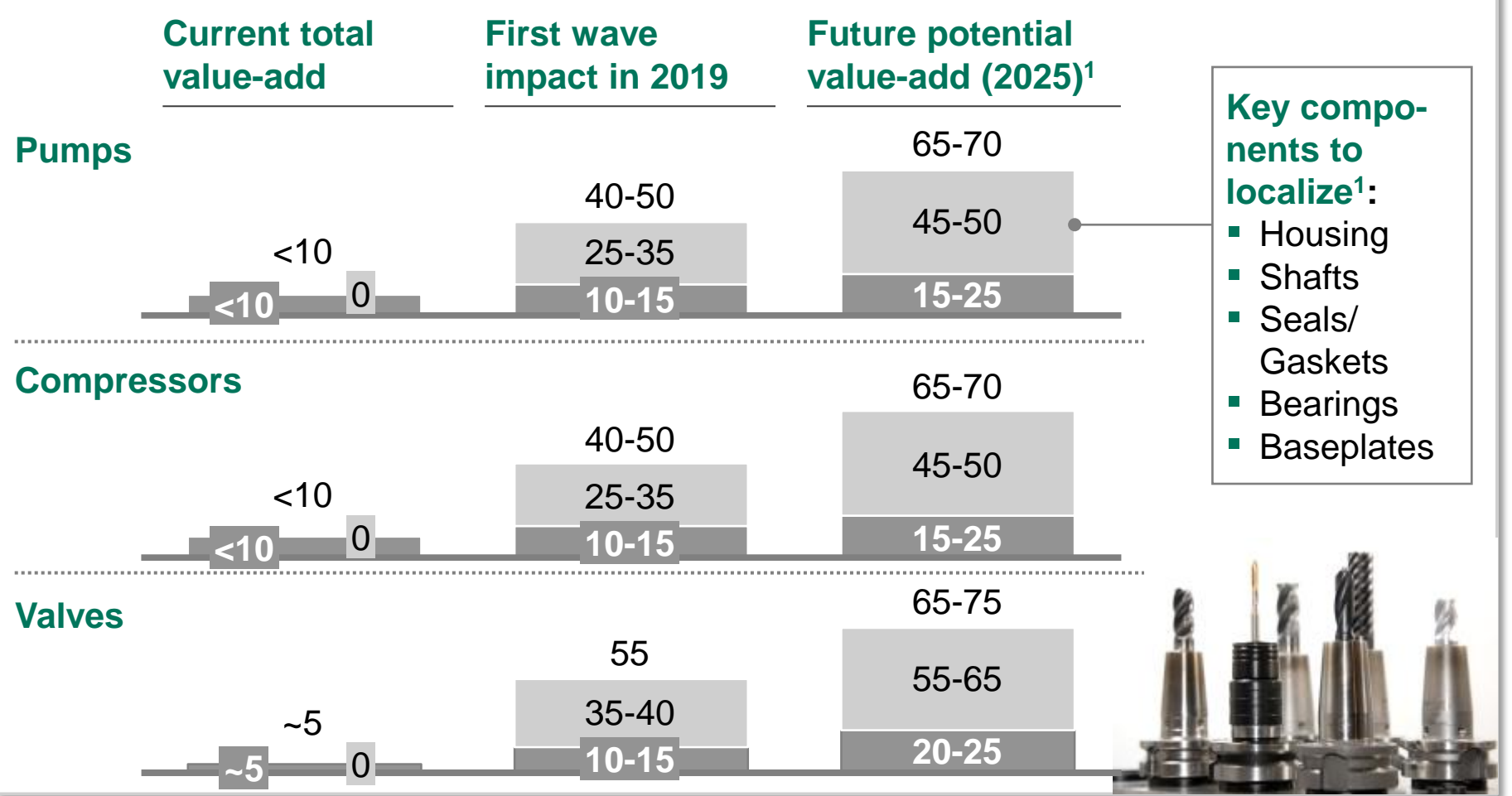
Opportunity will be higher when accounting for exports

¹ Includes jobs created from additional component manufacturing (i.e., casting, seals/gaskets, shafts)

Opportunities for local production appear not only for international OEMs but also for local component manufacturers

■ Component manufacturer ■ Equipment OEM

Three largest equipment categories share of local value add, percentage of sales



1 Assumes prime mover (pumps and compressors), impellers (pumps), screws (compressors), actuators (valves) are only partially locally sourced; 50% profit repatriation; Full localization of value chain activities (excl. R&D)

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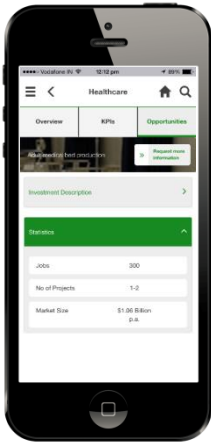


Under construction – Invest Saudi app with atlas of opportunities

Example content (V1.2)



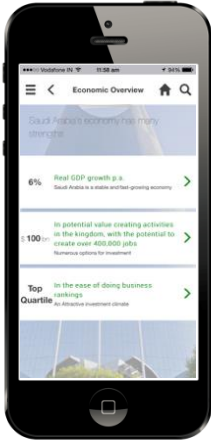
Overviews, outlooks and other information to 17 UIP sectors



Description and statistics for **concrete investment opportunities** across the UIP sectors



KPIs and other statistics across the UIP sectors



General information and statistics related to the **Kingdom's economy** and investor climate

Learn more about the app and try it today

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