


GROWTH VISION PRO



GCC Renaissance: Tapping Rising Investment Opportunities

Part 1: Macro Overview

Investment opportunities are shining a light on the renaissance GCC

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$2,2 trillion GDP in 2022

+255 bl in regional GDP by 2030 by tech champions*

6,9% GDP growth in 2022

$1 trillion infrastructure projects in 2020-2025

* $119 bl will be in the Kingdom of Saudi Arabia

10 largest SWFs manage $4,1 trillion

KSA & UAE attracted $40 bl FDI in 2022 (58% YoY)

40 registered hedge funds in UAE in 12 months

Cumulative 5% increase in GDP by tech champions by 2030

** 340 000 in KSA

KSA is the top VC in 2023 in MENA with 52% of regional capital deployed

+600 000 tech jobs** by 2030

Source: IMF, Strategy& 2022 - Becoming a digital disruptor: How national champions can ignite economic growth, data based in part of IDC data; Magnitt, FY2023 MENA ventures Investment Summary; KSA VC report, Growth Vision Pro

GCC drives and significantly contributes to the MENA region economy. KSA among the largest economies of GCC and drives 50% of GDP & 62% of the council’s population

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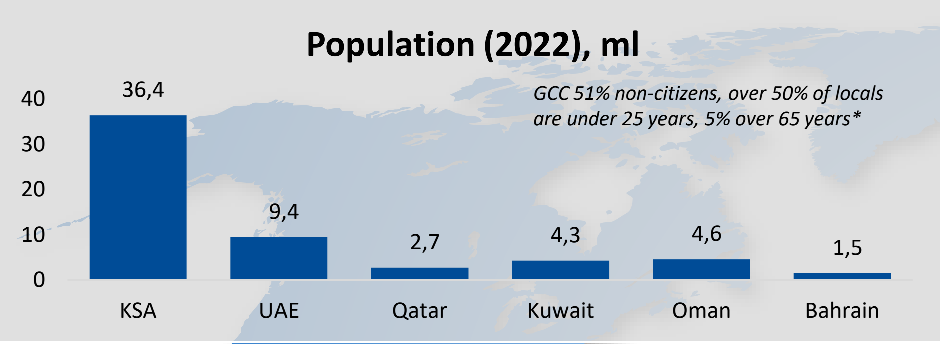

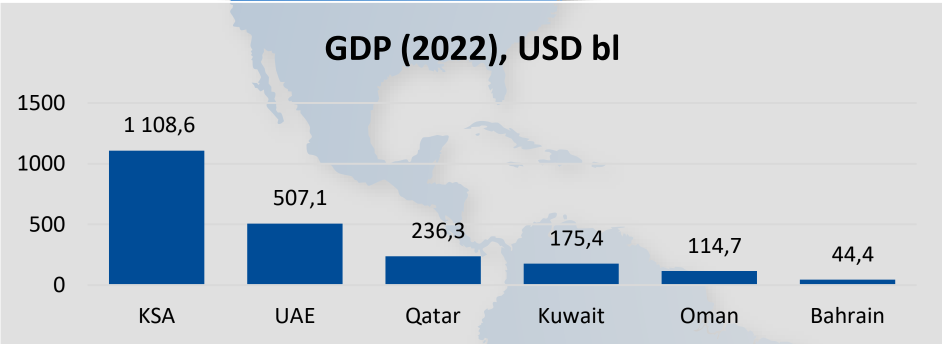

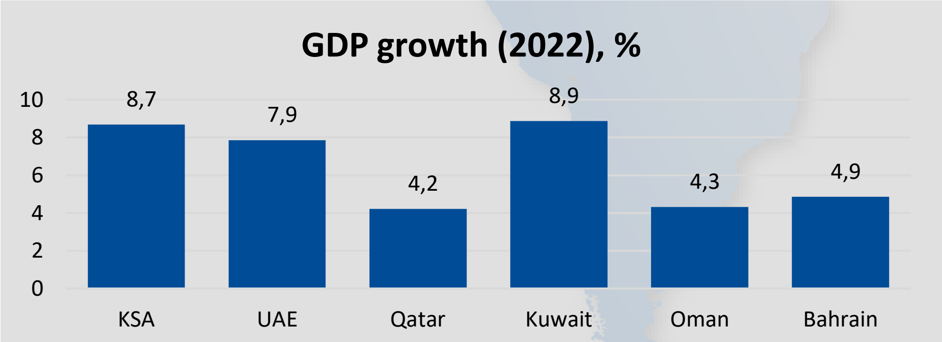

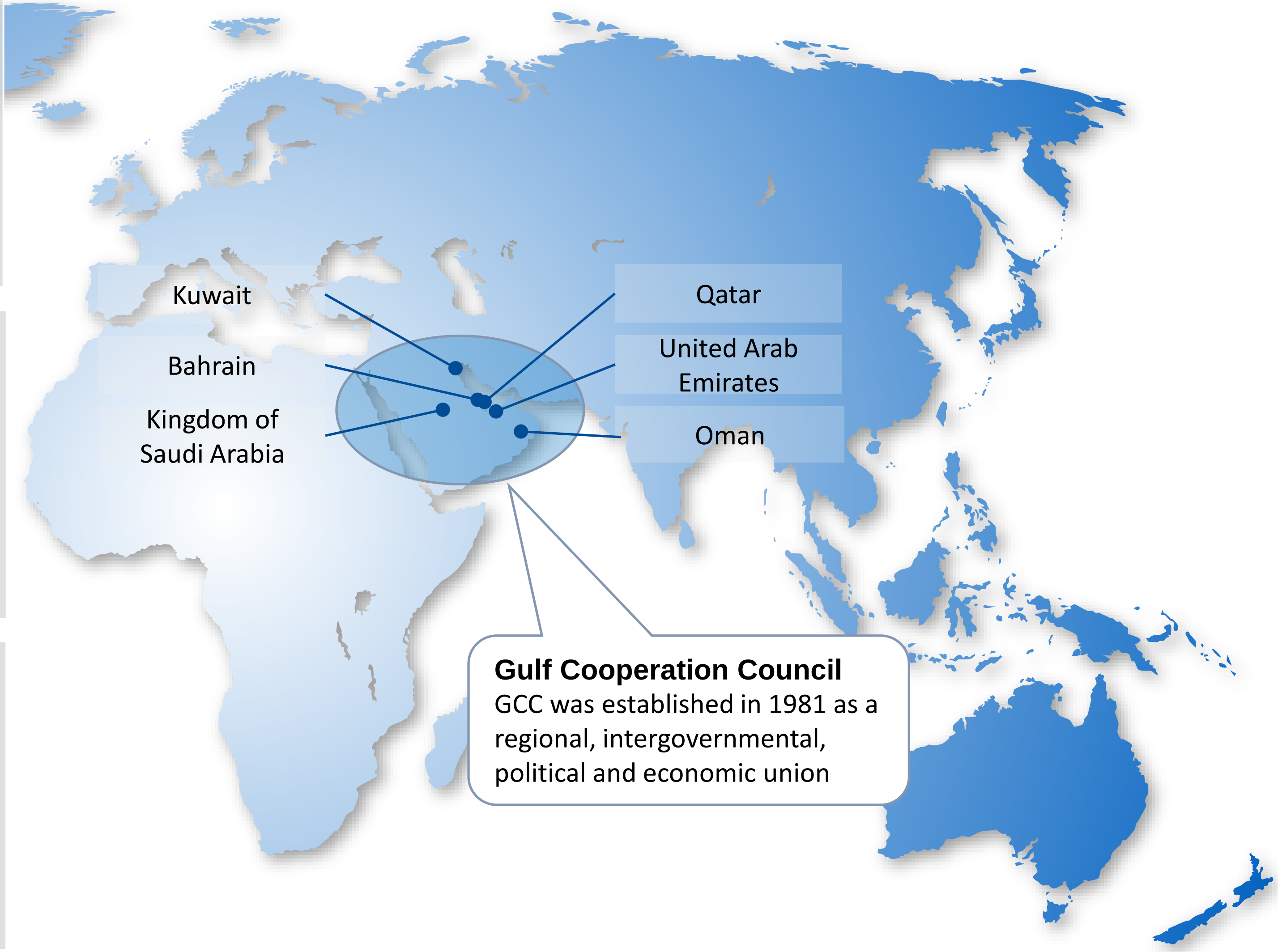

Source: International Monetary Fund, Growth Vision Pro analysis

** As of end of 2021 31,2% of citizen population are children, 64,5% adult, 4,45% elderly.*

MENA region according to international development institutions includes Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, Yemen.

KSA has been reducing its reliance on oil across output, revenue, and exports through diversification of income sources and stimulating private sector investments

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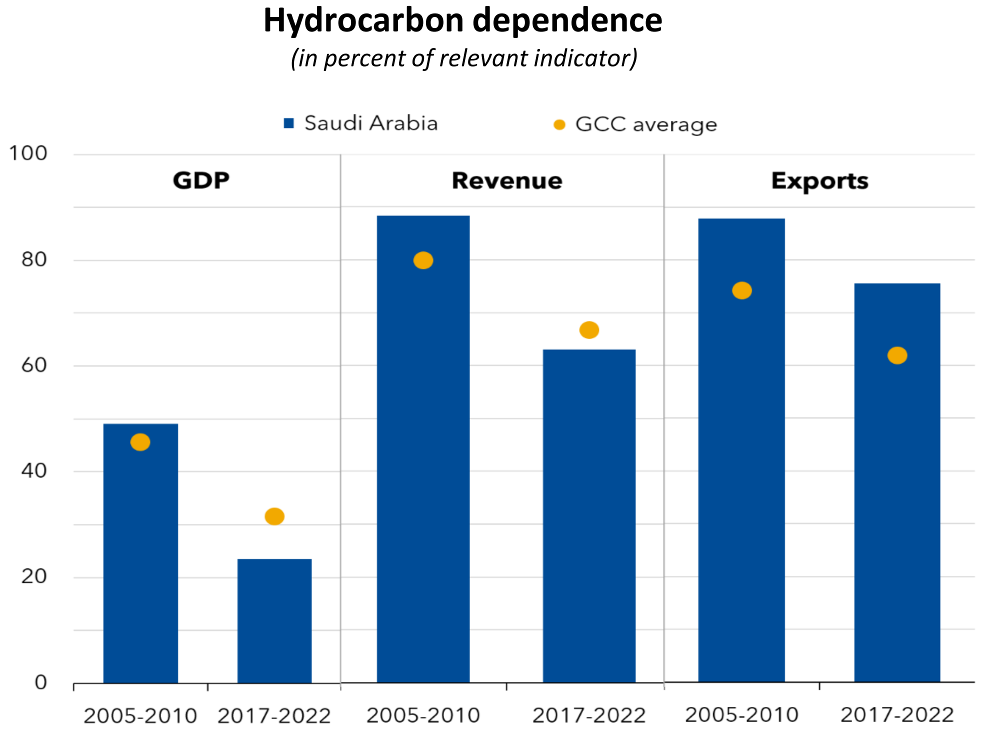

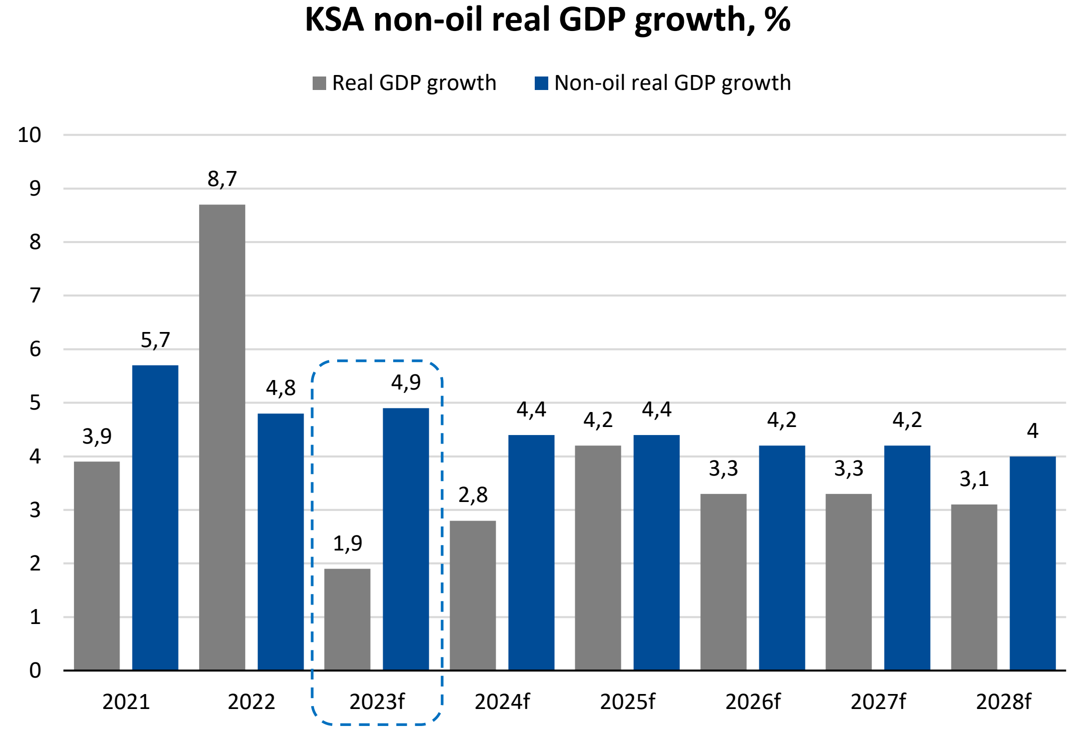

- ***Non-oil contribution to KSA export*** is forecasted to grow from current 21% (2022) up ***to 38% by 2028*** according to IMF and KSA projections.
- Despite non-oil revenue share increasing to 2,5 times since 2016 and recently reaching 476 bl SAR (42%), by 2028 it will reach only 639 bl SAR (47%). Thus, making ***Saudi 2030 Vision target of 1 trl. SAR challenging to reach but also good opportunity to tap for investors***.
- Fiscal breakeven price level for crude oil KSA $81, Qatar $44,8, Kuwait $71, Oman $72, Bahrain $126.

- Oil production in KSA upward trended but declined recently following OPEC+ production cuts leading to non-oil GDP representing a larger contribution to real GDP growth.
- Current non-oil GDP growth of KSA is driven mainly by ***retail*** (wholesale and commerce), ***construction, manufacturing and transport sectors***.

Source: International Monetary Fund, https://economymiddleeast.com/news/outlook-on-gcc-economies-improves-but-challenges-remain/, Growth Vision Pro analysis. Average Brent price 2005-2010 - $71,7b, 2017-2022 - $67,3b, 2021 - $70,9b, 2022 - $100,9b, 2023 - $82,5b

UAE intensifies its initiatives to double re-export and stimulate non-oil GDP component also by stimulating fiscal revenues

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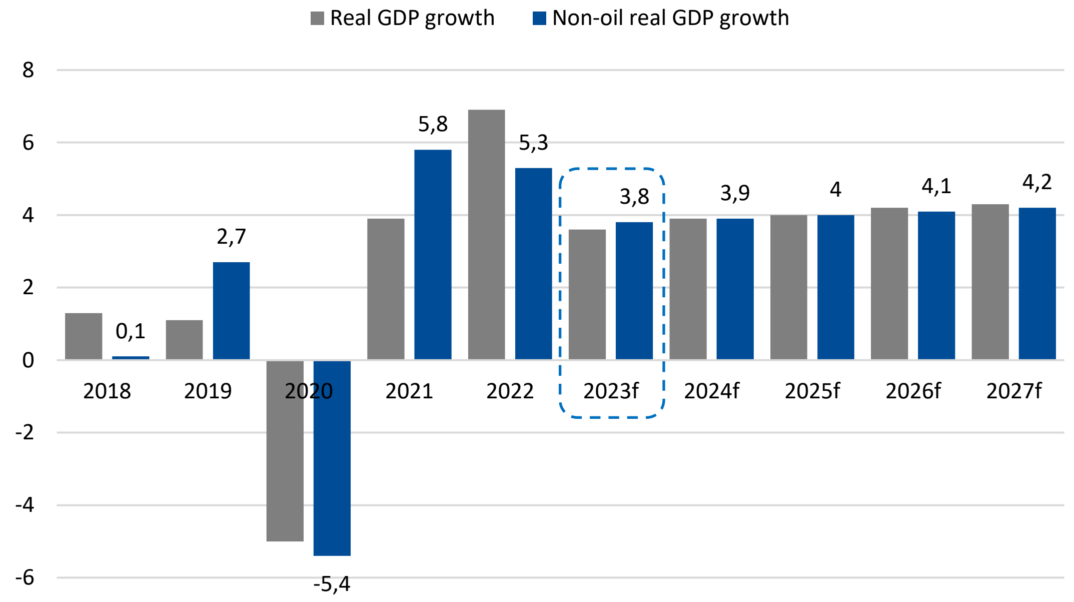
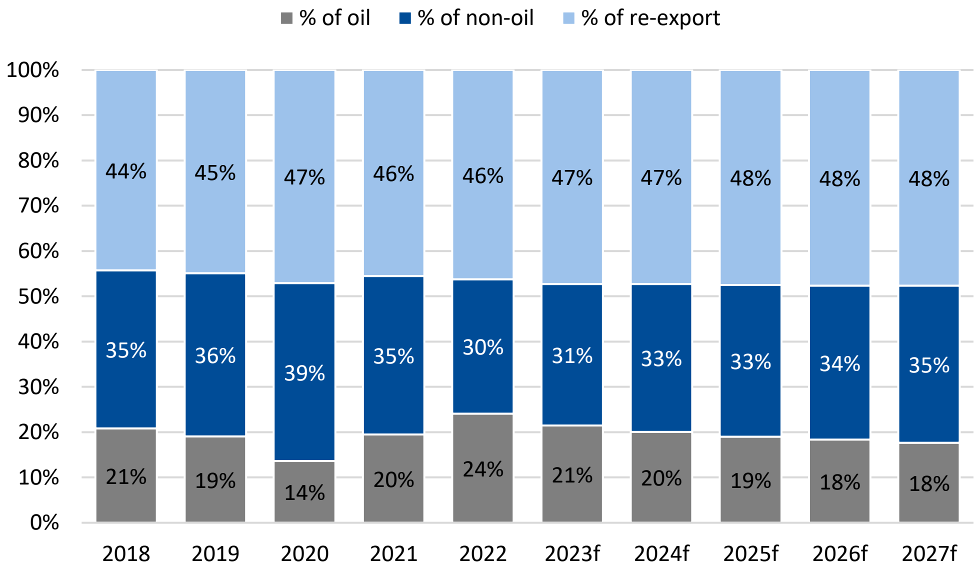
UAE non-oil real GDP growth, %



UAE oil and non-oil export structure, %



Note: Re-exports are the foreign goods exported n the same state as previously imported from special zones to the rest of the world.

- ***Non-oil GDP growth, mainly represented by the construction, real estate, tourism, transportation and manufacturing,*** expected to stabilized at the level of ***4% growth by 2027***. Oil revenues takes 60% of revenue and expected to be at 55-53% by 2027. ***Introducing CIT and VAT taxes*** supports fiscal revenue diversification.
- ***UAE maintains its role as the regional center for trade, finance and travel***. However, intensifying regional competition from KSA and Qatar poses challenges of execution of Abu Dhabi's Economic and Environment Vision 2030 and Dubai's Industrial Strategy 2030.

- ***Dubai has emerged as the major re-export center for the entire Middle East region***, that significantly impact on the UAE's export structure by taking its 48% share. While non-oil export share remains stable at the level of 35% with top products as precious metals, plastics, aluminum, iron and steel, copper, and tobacco.
- UAE approved 24 initiatives to ***double the current re-export level by 2030.*** Current main re-export products are telephones, diamonds, airplane components, petroleum liquids, vehicle parts. KSA, Iraq, India, Oman, Kuwait, China, the US, Hong Kong and Belgium are the top re-export markets.

Source: International Monetary Fund, https://www.arabnews.com/node/2277721/business-economy, Growth Vision Pro analysis