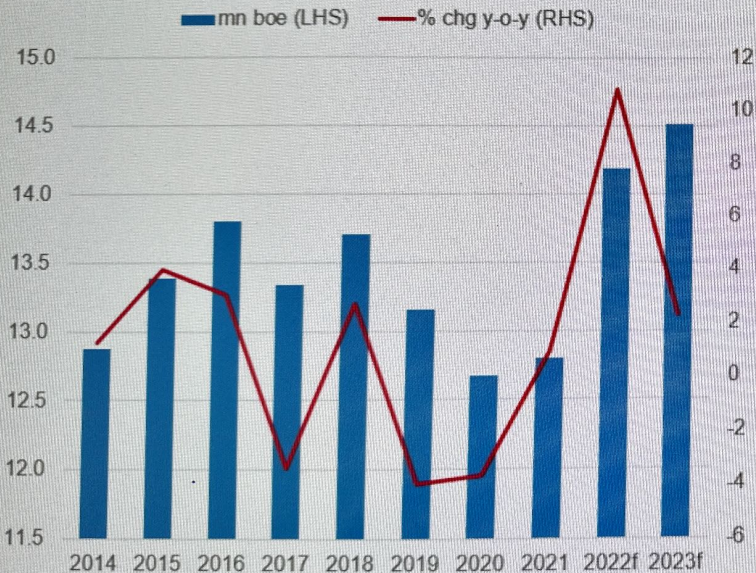


# Growth In 2023 Will Remain Above-Trend Despite Easing

## Despite Slower Increases In Oil Production...

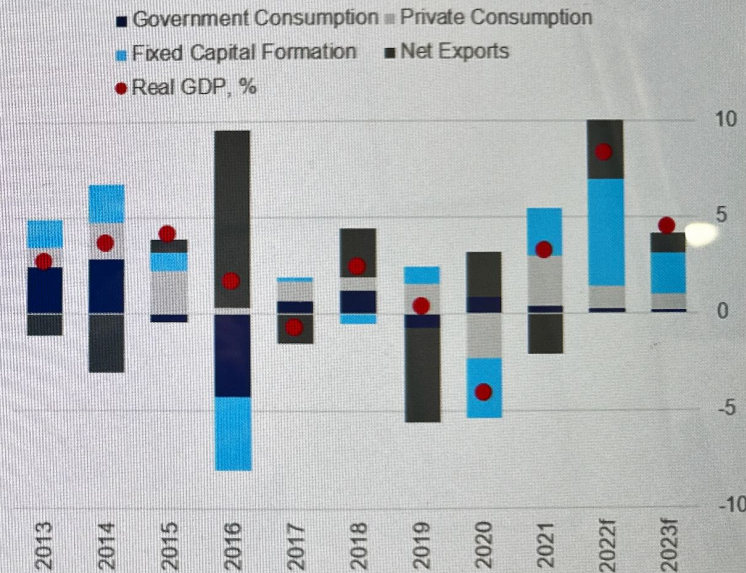
Saudi Arabia – Total Hydrocarbon Production



f = Fitch Solutions forecast. Source: IEA, OPEC, Fitch Solutions

## ...Strong Investment Will Keep Growth Above-Trend

Saudi Arabia – PP Contribution To Real GDP



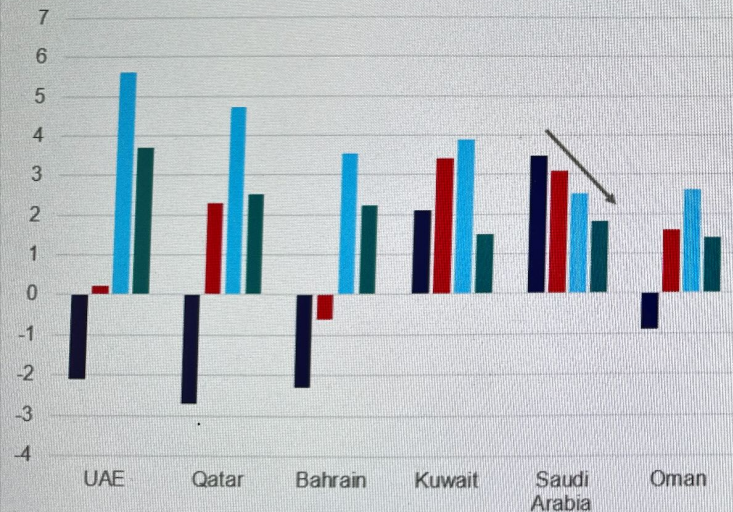
f = Fitch Solutions forecast. Source: GaStat, Fitch Solutions

# Higher Borrowing Costs Will Cause Headwinds

## Inflation Will Ease...

GCC Markets – Average Inflation

■ 2020 ■ 2021 ■ 2022 ■ 2023

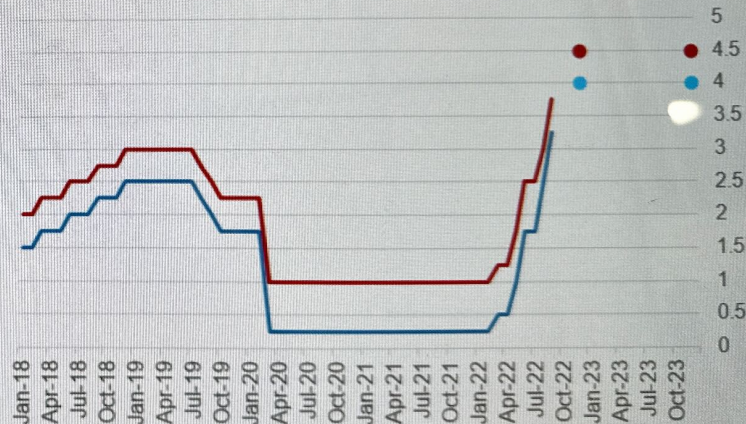


f = Fitch Solutions forecast. Source: National Sources, Fitch Solutions

## ...But Growth Will Still Suffer From Tighter Monetary Policy

Saudi Arabia & US – Policy Rate, %

— Fed  
— SAMA  
● Fed End 2022, 2023 Forecast  
● SAMA End 2022, 2023 Forecast



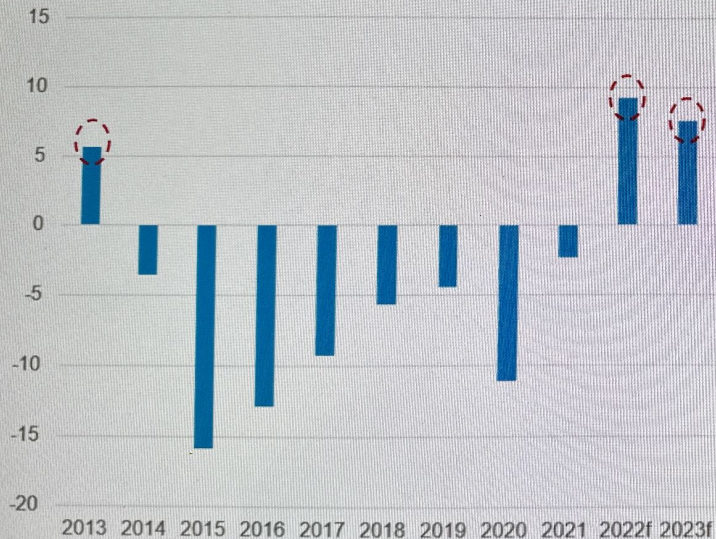
f = Fitch Solutions forecast. Source: Bloomberg, Fitch Solutions



# Fiscal Position Will Remain Healthy

## Budget Balance Will Remain In Surplus

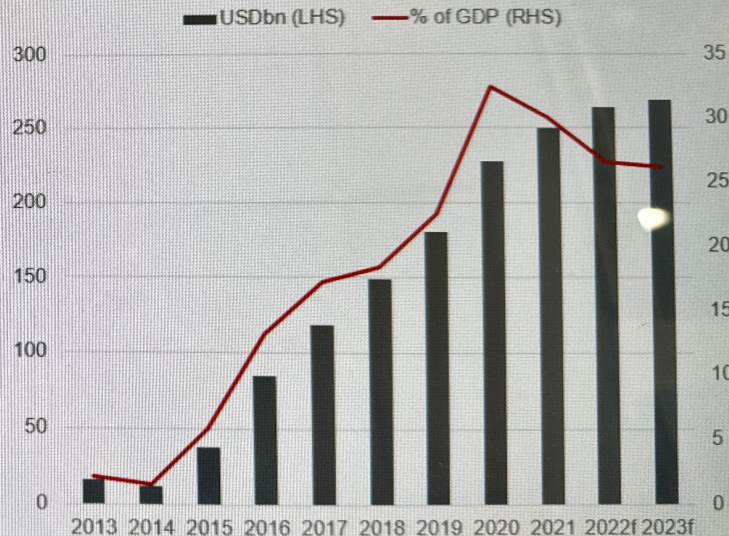
Saudi Arabia – Budget Balance, % Of GDP



f = Fitch Solutions forecast. Source: MoF, Fitch Solutions

## Debt Load Will Stabilise

Saudi Arabia – Total Government Debt



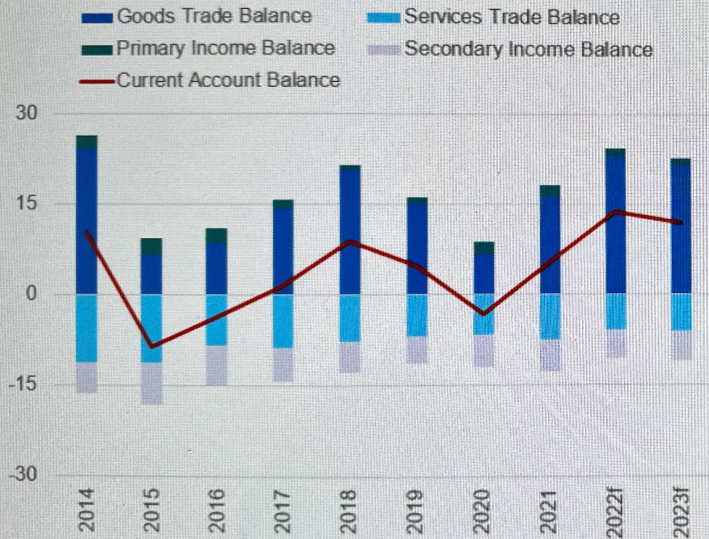
f = Fitch Solutions forecast. Source: MoF, Fitch Solutions



# Strong External Position

## External Surplus Will Remain In Double-Digits...

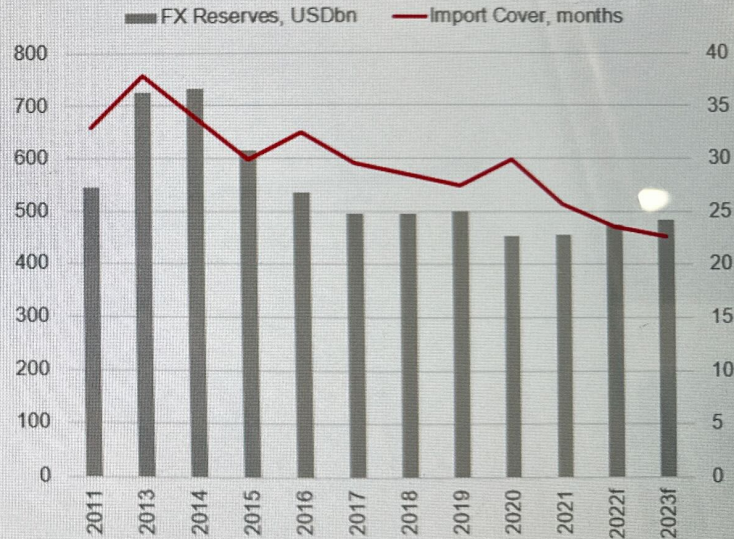
Saudi Arabia – Current Account Balance By Component, % Of GDP



f = Fitch Solutions forecast. Source: MoF, Fitch Solutions

## ...Keeping FX Reserves Above 20 Months Of Import Cover

Saudi Arabia – Total FX Reserves (LHS) & Import Cover (RHS)



f = Fitch Solutions forecast. Source: SAMA, Fitch Solutions



# Renewables & Power Sector

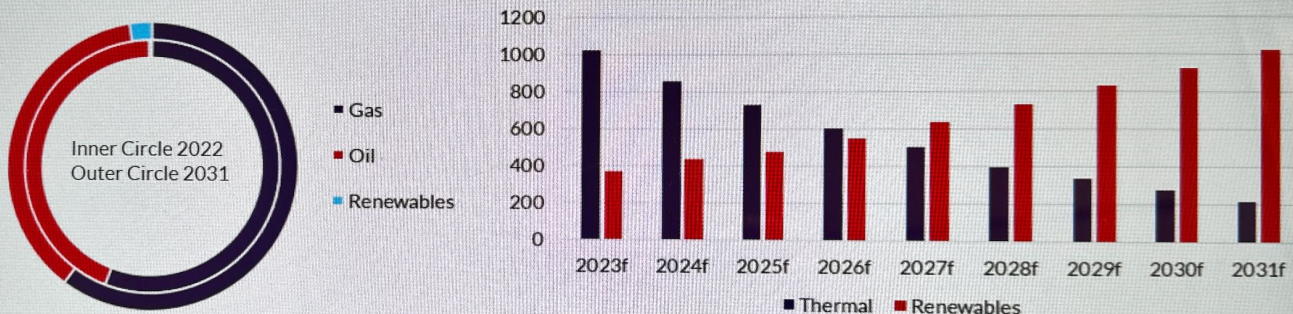




# Low Carbon Power Growth Rapidly Emerging, Yet Targets Will Be Missed

## Renewable Growth To Accelerate Over The Decade Rising Yet Fall Short Of Aims

Saudi Arabia – Generation By Power Type, TWh (LHS) & Net Capacity Growth, MW (RHS)

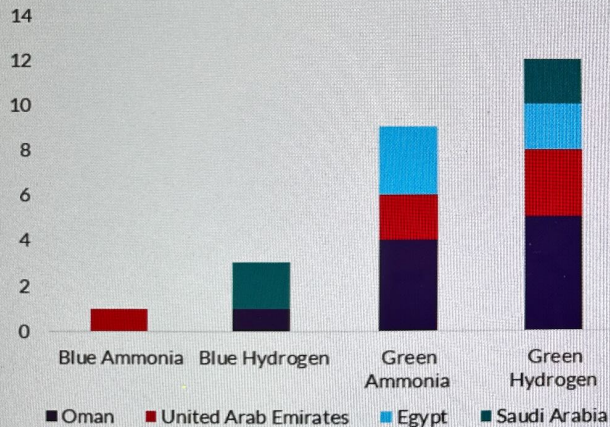


- Saudi Arabia renewables target to achieve nearly 60GW by 2030 (50% renewables in the mix) up from 1-2 GW today.
- Renewable generation to rise from 0.2% over 2022 to 3% by 2030 with solar driving growth.
- Declining outlook for thermal power plant development
- Nuclear power plant development faces upside risks but not featured



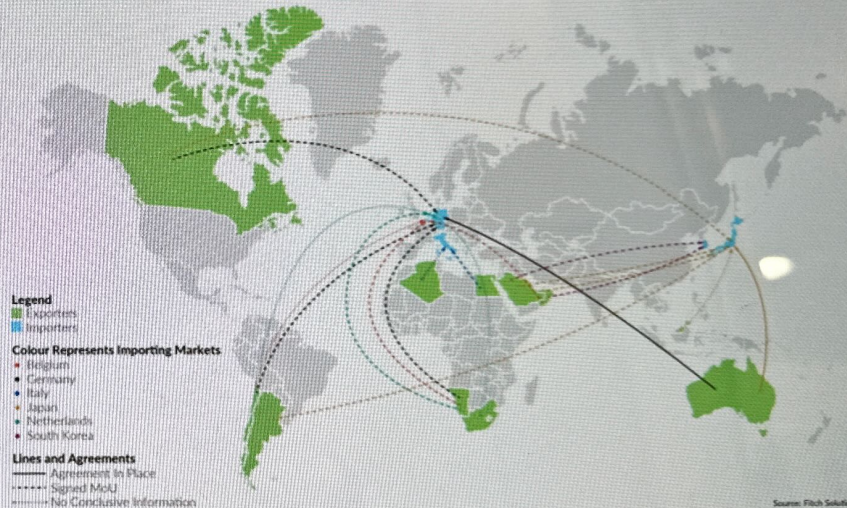
# Hydrogen Development Key To Global Ambitions

**UAE Leading Regional Pipeline With Green Hydrogen & Ammonia Projects While Saudi Targets Blue**  
**MENA - Project Pipeline By Count & Type**



Source: Fitch Solutions Infrastructure Key Projects Data

**MENA To Be Key To Global Supply**  
**Global – Select Hydrogen Trade Agreements**

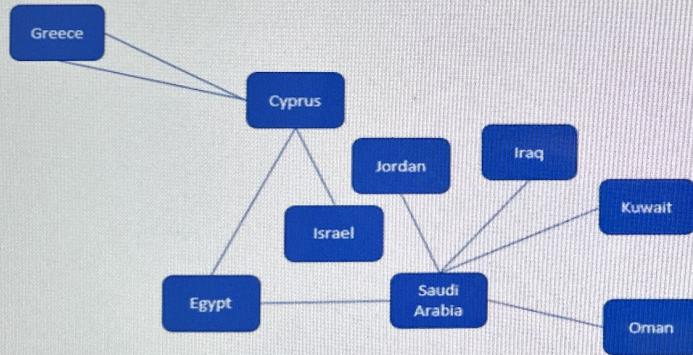


Source: Fitch Solutions



# Power Connections Offer New Routes To Market

## Vast Array Of New Grid Connection Projects To Couple Into Europe Select Markets - Ongoing Grid Connection Projects Between Markets



- New power transmission interconnection capacity will release pent up generation potential and create energy corridor between MENA and Europe.
- Will deepen cooperation between the two regions and unlock renewable growth potential from the regions dominant thermal sector.
- We highlight that the proposed 2-4GW of new connectivity from the Middle East to Greece would represent some 10-15% of the Greece's total installed power generation capacity.

Source: Fitch Solutions Infrastructure Key Projects Data

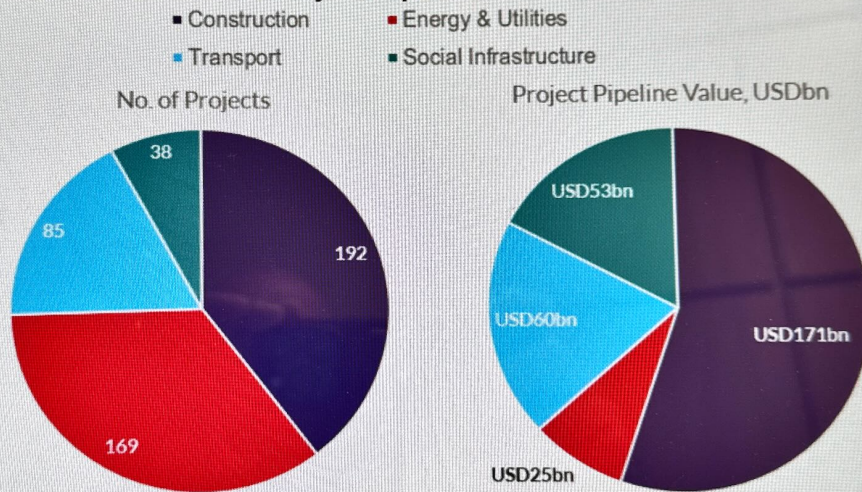


Infrastructure



# Saudi Arabia's Transformation: Infrastructure

## Saudi Arabia - No. & Value Of Infrastructure Project Pipeline



Note: Excludes cancelled and completed projects. Source: Fitch Solutions Infrastructure Key Projects Data

# Saudi Arabia's Transformation: Infrastructure

## Saudi Arabia - No. of Infrastructure Projects By Construction End



Note: Chart excludes 303 projects for which a timeframe is undisclosed. Source: Fitch Solutions Infrastructure Key Projects Data



# Saudi Arabia By 2030



# Four Main Drivers Of Growth, In Line With Vision 2030

## Vision 2030 Pillar: Thriving Economy

### Infrastructure Development

- Tourism
- Residential
- Industrial
- Logistics

### Expansion In Sectors From Low-Base

- Mining
- Energy
- Entertainment
- Financial Services

### Positive Demographic Developments

- Growing Population
- Higher Share Of Skilled Workers

### Digitalisation Of Services

- Public Sector Efficiency
- Growth In SMEs
- Higher Productivity



# Full Diversification Unlikely To Be Achieved

**Hydrocarbon  
Dependency**

- Limited On Growth, Elevated On Fiscal & External Position

**Government  
Dependency**

- Still Elevated, But Shift From Driver To Enabler

# Saudi Vision 2030: Hit or Miss?





# Mixed Outlook Against Vision 2030 Goals

Sector	Bearish	Neutral/Partial	Bullish
Natural Gas		X	
Renewables	X		
Tourism	X		
Financial Services			X
Transport & Logistics		X	
Information Technology			X
Mining		X	
Infrastructure		X	