



صندوق التنمية الصناعية السعودي
SAUDI INDUSTRIAL DEVELOPMENT FUND



Enable to Manufacture

ANNUAL REPORT 2020

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



The Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud
(May Allah protect him)



His Royal Highness
Prince Mohammed bin Salman bin Abdulaziz Al Saud
(May Allah protect him)
Crown Prince, Deputy Prime Minister, Minister of Defense

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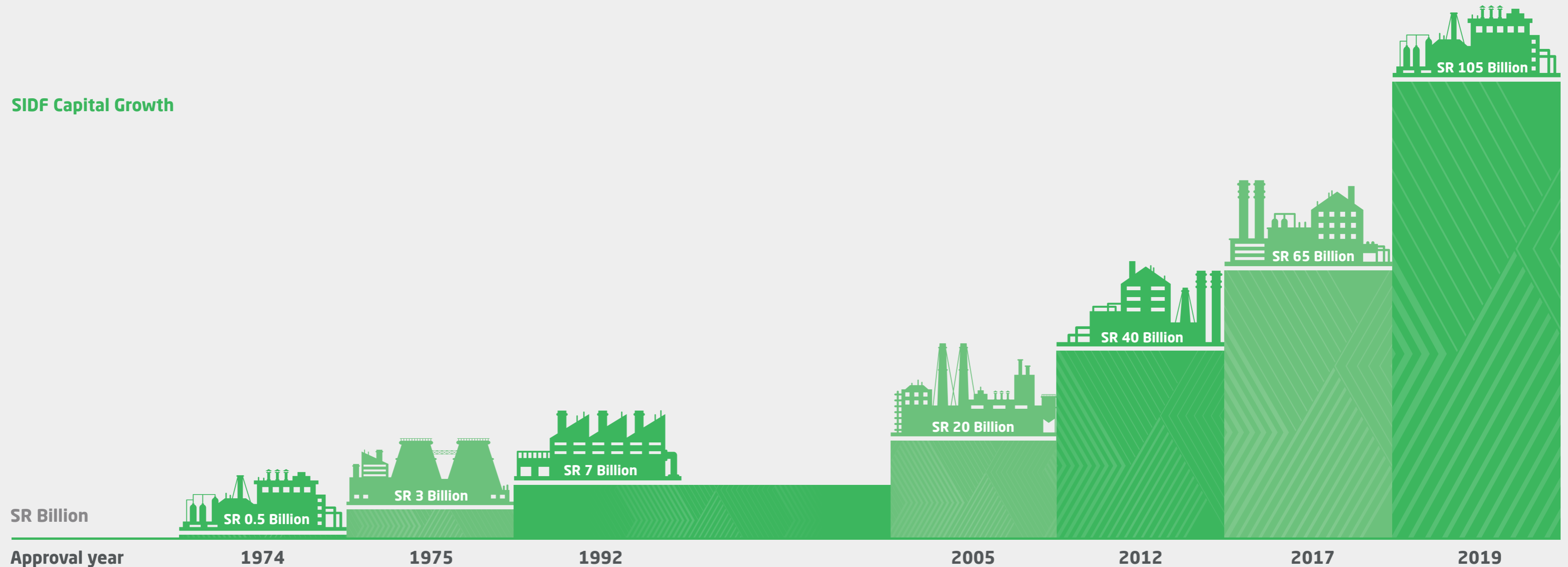
About SIDF

The Saudi Industrial Development Fund (SIDF) was established in 1394H (1974) with an initial capital of five hundred million (500 M) Saudi Riyals (SR) with the vision of providing financial enablement to the industrial sector in the Kingdom of Saudi Arabia. This capital was gradually lifted to reach SR 105 billion in 1440H (2019). For 46 years, SIDF has provided industrial support across a variety of sectors through industrial investment opportunities, strengthening the local industry, enhancing its performance, boosting competitiveness, sustaining strategic initiatives, and expanding the reach of its support to cover a number of promising sectors in the areas of industry, manufacturing, energy, mining, and logistics. As such, SIDF has become the primary financial enabler for industrial transformation in Saudi Arabia. In December 2020, SIDF began its relocation to its new headquarters in the King Abdullah Financial District in Riyadh, thus initiating a new era based upon greater confidence and readiness to further develop and grow the national economy.

SIDF provides financial and advisory support and offers innovative solutions to develop and improve local industry and its performance, with the aim to achieve the following strategic objectives:

- » Increase added value for the local economy.
- » Support local content.
- » Promote non-oil exports.
- » Integrate the industrial sector with other sectors.
- » Endorse Saudi talent participation in the industrial sector.
- » Optimize the production of local raw material.
- » Attract foreign capital and localize advanced technology.
- » Adopt a culture of safety and risk prevention in industrial facilities.
- » Raise environmental awareness in the industrial sector.

SIDF Capital Growth



Vision

Financially enabling Saudi Arabia's Industrial evolution.

Mission

To develop and diversify the Saudi economy by shaping the industrial landscape and encouraging and supporting priority sectors and competitive enterprises.

Role

SIDF is the financial partner for the development of industry, stimulation of jobs, and promotion of prosperity and growth in Saudi Arabia.

Values



Client's Success



Development



Teamwork



Reliability



Enablement



Board of Directors

The SIDF Board of Directors, consisting of a chairperson and five members, sets SIDF's general policies, and approves strategies, plans, and programs. It oversees administrative, financial, and technical regulations and procedures. It looks after lending and financing activities, the ownership, selling, and mortgage of property, and the conclusion of agreements and contracts in accordance with statutory procedures. The board also carries out other functions and duties to ensure that SIDF goals and objectives are consistently met.



Chairman of the Board of Directors
H.E. Mr. Bandar bin Ibrahim Alkhorayef
 Minister of Industry and Mineral Resources

The Board Members



H.E. Engineer.
Saleh bin Nasser Al-Jasser
 Minister of Transport



H.E. Dr.
Ghassan bin Abdulrahman Al-Shibli
 SIDF Board Member



Mr.
Stephen Grove
 Governor of the National Development Fund



H.E. Dr.
Abdulrahman bin Mo'ayyad Al-Qurtas
 Deputy Minister for the Balance of Payments at the Ministry of Economy and Planning



H.E. Dr.
Abdullah bin Abdulrahman Alnamlah
 Adviser at the Ministry of Finance



Foreword by H.E
**The Chairman of the Board
of Directors**



“Diversifying the economic base and devising sustainable sources of income require a leading national industrial sector capable of competing globally. From here stems the importance of SIDF as a financial enabler for the National Industrial Development and Logistics Program.”

The establishment of a leading national industrial sector capable of competing globally and achieving the objectives of the Saudi Vision 2030; contributing to diversifying sources of income and the economic base, requires an effective apparatus that finances industrial projects, provides financial coverage and enables the industrial sector to become an important pillar of the national economy. From it stems the importance of SIDF, which has not only served as key support in achieving the goals of the industrial sector but has also broadened its reach to finance the mining, energy, and logistics sectors.

Throughout 2020, SIDF was able to achieve outstanding performance in harmony with Vision 2030. Indeed, the Fund functions as the main financial enabler for the National Industrial Development and Logistics Program (NIDLP), which is considered one of the largest and most important programs of the Saudi Vision 2030, aiming at transforming the Kingdom into a leading industrial powerhouse and a global logistics hub.

Despite the negative impact of the COVID-19 pandemic on the global economy – its ramifications continuing to echo on the world stage – and the fluctuations in oil prices, which, in turn, were reflected in numerous challenges affecting industrial sector performance, SIDF continued to work on initiatives and programs to achieve its set goals and improve its indicators for coming years.

In 2020, SIDF approved 212 loans worth more than SR 17 billion in total, with a view to financing new or expansion projects. SIDF estimates indicated that loans disbursed during the period 2000–2020 amounted to more than SR 98.8 billion and contributed to implementing investments, with a value exceeding SR 470 billion. Such investments had a vital role in enhancing local economic performance during 2020. Throughout the same year, financed projects contributed to creating approximately 215,000 direct job opportunities, growing demand on local raw materials to reach an annual average of SR 131 billion, increasing industrial export to reach an annual average of SR 102 billion, and raising the GDP by SR 170 billion.

I am honored to confirm that in addition to the significant developmental role of SIDF in all aspects of financing, it has also gained the high confidence and trust of national financial institutions and investors. Indeed, studies conducted by SIDF are of high value, credibility, and reliability for both financial institutions and investors, who depend on these studies for their financial decisions. Praise and gratitude to Allah the almighty, we take great pride in the contributions of SIDF in developing the human resources of the industrial sector, thereby becoming an important source for the growth of national competencies and the provision of high-caliber training and qualification. These efforts culminated in the establishment of the SIDF Academy.

In closing, I would like to express my sincerest appreciation and gratitude to the Custodian of the Two Holy Mosques, His Majesty, King Salman bin Abdulaziz Al Saud and His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince, Deputy Prime Minister, and Minister of Defense – may Allah protect them both – for their continuous and unrelenting effort in transforming our Kingdom into a progressive and prosperous industrial country, and for the generous support and endless assistance SIDF and its programs continue to receive. I would also like to extend my gratitude to my colleagues, the members of the Board of Directors, the CEO, the CEO Deputies, and the SIDF cohort for their collective hard work and the satisfying results they continue to reap.

Bandar bin Ibrahim AlKhorayef
Minister of Industry and Mineral Resources
SIDF Chairman of the Board of Directors

215
Thousand
Direct job opportunities

131
SR Billion
Annual average demand on
local raw materials



**Foreword by H.E.
CEO's Message**



“SIDF provided financial initiatives and products worth more than 5 billion Saudi Riyals, as part of a number of proactive initiatives launched within the industrial enablement system.”

The Kingdom of Saudi Arabia is making great strides in implementing its ambitious plans to diversify economic activity within the framework of a comprehensive economic development strategy that is in line with the Saudi Vision 2030. In effect, SIDF has adapted its own strategy in such a way that serves the goals and aspirations of our beloved Kingdom to support the growth of the private sector in the industrial, logistics, mining, and energy sectors.

In 2020, SIDF achieved an outstanding new record, whereby it approved over 17 billion Saudi Riyals (SR) for 212 loans toward 201 projects and garnered investments that exceeded SR 57 billion. These exceptional results were achieved via the performance of the growing industrial sector and the provision of increased support necessary to aid promising sectors in becoming new pillars of the national economy.

SIDF also supported small and medium-sized enterprises (SMEs) by approving 178 loans, representing 84% of the total number of loans approved during 2020. Promising regions and cities also received 69 loans, which amounted in total value to SR 8.6 billion, constituting 30% of the total value of approved loans.

Furthermore, the year 2020 witnessed a number of proactive initiatives within the Saudi industrial ecosystem. Through these efforts, SIDF provided financial initiatives and products worth more than SR 5 billion. SIDF tackled the global COVID-19 pandemic heads-on by launching a variety of incentivization packages targeting industrial projects. An example includes the establishment of a pre-approved credit line open to beneficiaries to withdraw from within a duration of one year. Another example includes support specifically targeting medical companies. Financial products worth SR 1 billion were launched as part of the initiative to counter the effects of the pandemic, through which SIDF offered SR 476 million to 86 projects, with the aim of supporting SMEs in covering their operational costs. SIDF also offered SR 607 million to 12 medical and pharmaceutical projects in covering the cost of raw material.

SIDF has also restructured debt for small and medium-sized enterprises (SMEs), eliminated any additional fees, and provisioned exemptions from dues for the year 2020. A total of 546 loans were restructured, exceeding SR 4 billion. Of these, there

are 374 small projects with loans worth SR 826 million, 118 medium projects with loans worth SR 906 million, and 40 large-scale projects with loans worth SR 2.3 billion. In addition, there are 14 medical projects worth SR 74 million.

In order to facilitate customer experience, SIDF launched several initiatives aimed at improving and optimizing provided services, automating loan procedures, and enhancing consulting services that meet customer needs. Key initiatives include measuring customer satisfaction, facilitating e-approvals, and improving consulting services.

The SIDF Academy continued to provide training programs to SIDF staff, government agencies, and to public and private sector institutions through more than 20 top-quality programs, and in cooperation with world-class international educational centers, such as the Stanford Center for Professional Development (SCPD), London Business School, and Fitch Learning, one of the world's leading credit rating companies. Throughout 2020, more than 1,963 trainees benefitted from SIDF Academy programs, setting a new record for number of trainees.

These astounding achievements would not have been possible without the perpetual support and wisdom of our benevolent leadership. I would therefore like to take this opportunity to extend my sincerest gratitude to the Custodian of the Two Holy Mosques, His Majesty King Salman bin Abdulaziz Al Saud and His Royal Highness Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud, for their endless support to achieve the goals and objectives of the Saudi Vision 2030, and for their tireless efforts to elevate our Kingdom to the ranks of industrially-developed countries. I would also like to thank the SIDF Board members, headed by H.E., Chairman Bandar bin Ibrahim AlKhorayf, the Minister of Industry and Mineral Resources, as well as my fellow SIDF employees for their valued efforts.

Dr. Ibrahim bin Saad Al-Mojel

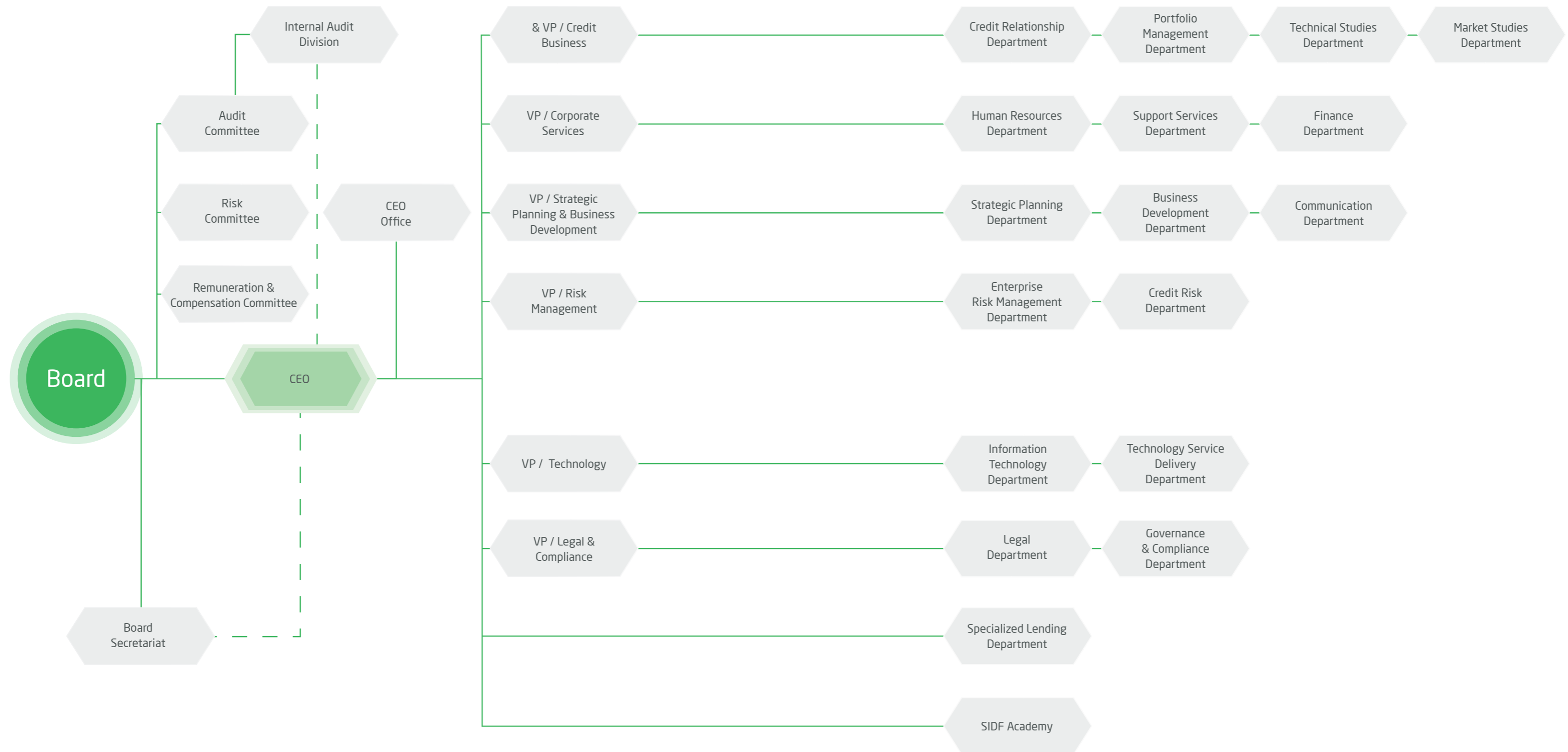
Chief Executive Officer
Saudi Industrial Development Fund

17+
SR Billion
Approved loans

84%
of total loans dedicated to
small and medium-sized
enterprises

Restructuring of
546
loans
with a value exceeding
SR 4 billion.

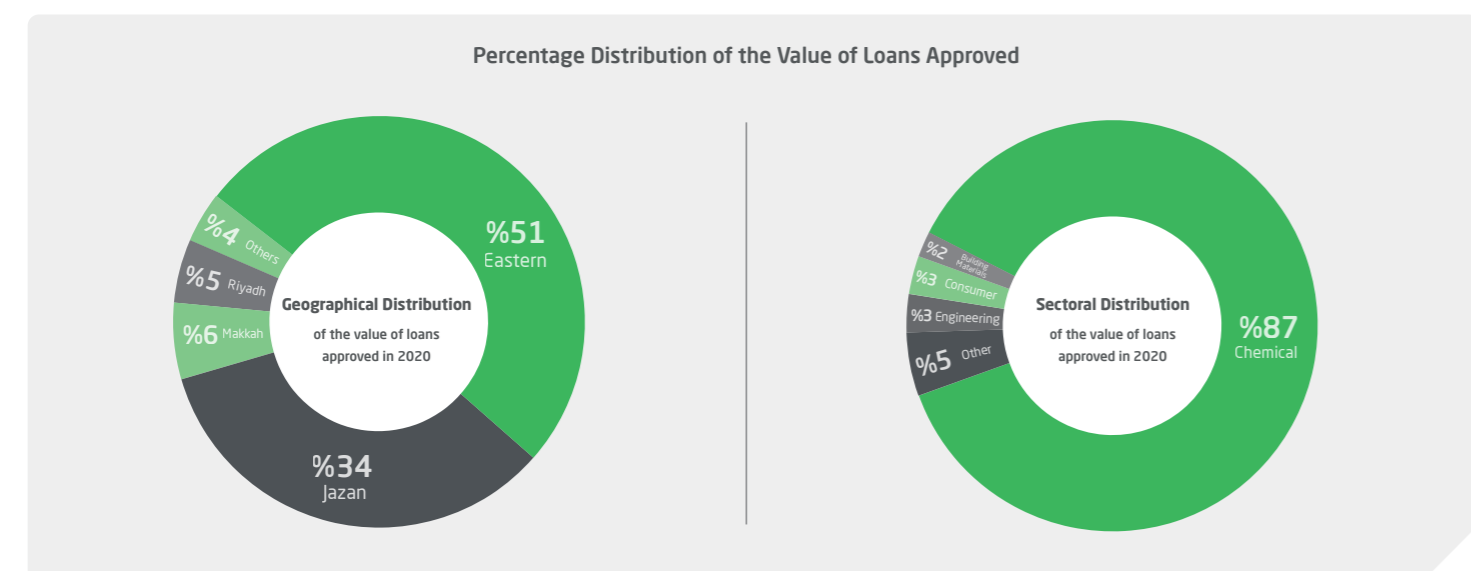
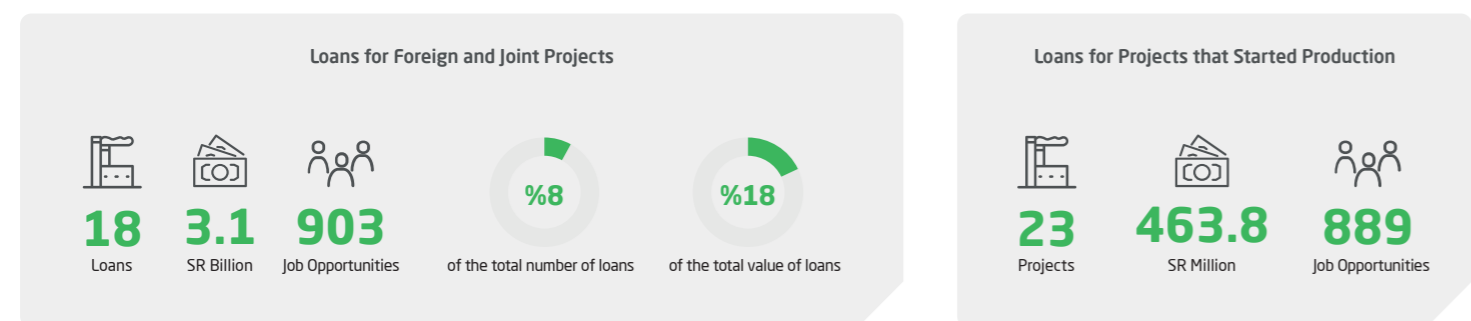
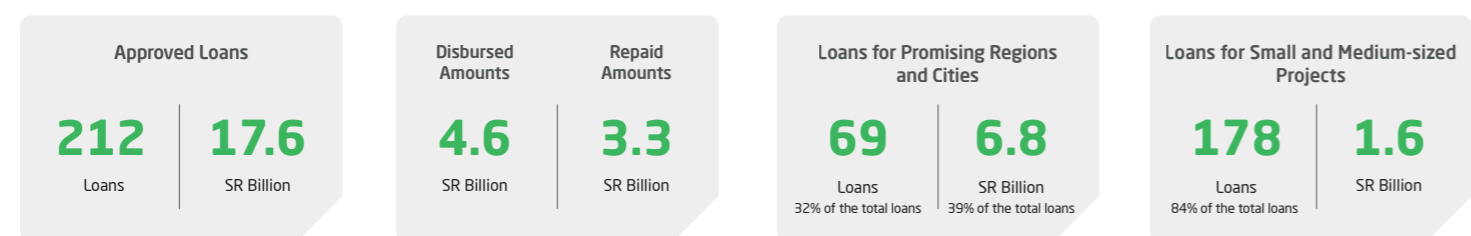
Organizational Structure:



2020 Highlights

Throughout 2020, SIDF focused on four main priorities: (1) improving organizational operations, (2) enhancing customer service and experience, (3) building a culture of excellence, and (4) supporting the industrial sector in facing the COVID-19 pandemic. With the completion of the first phase of the National Transformation Program in accordance with the Saudi Vision 2030, SIDF has achieved several accomplishments throughout 2020 despite circumstances and challenges resulting from the outbreak of the COVID-19 pandemic.

Lending Activity:



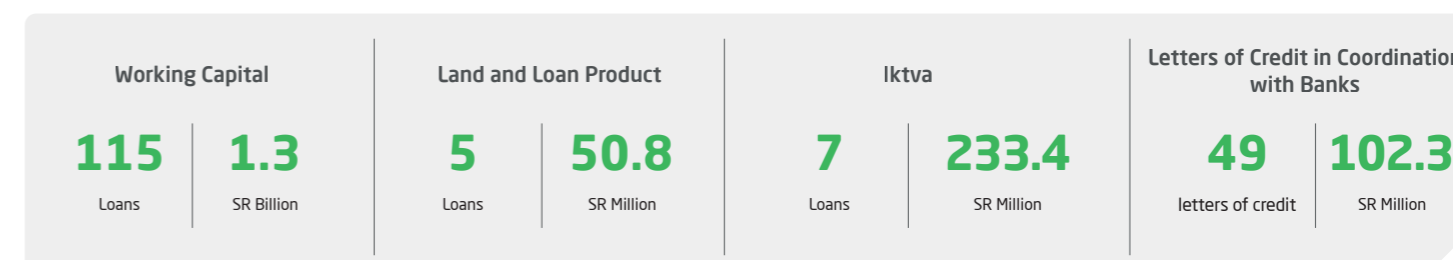
SIDF Response to The COVID-19 Pandemic:



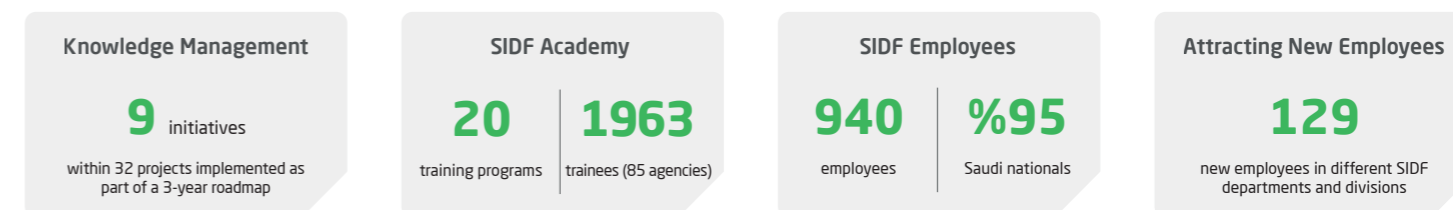
Digital Transformation:



Financial Products:



Other Figures:





Trends and Indicators of the Kingdom's Local Economy



KSA Economic Review for the year 2020

- ▶ The oil and non-oil sectors witnessed a 6.7% and 2.3% decrease, respectively.

59%

contribution of the non-oil sector to the GDP, marking a slight increase compared to 2019

- ▶ Certain economic activities witnessed a slight annual growth.

Throughout 2020, the global economy witnessed a slowdown in economic activity resulting from the global health emergency and the measures adopted to curb the spread of the novel Coronavirus (COVID-19). The repercussions were reflected in the performance of the Saudi economy, and the International Monetary Fund (IMF) estimated a 4.4% decline in the global economy during that same year.

At the local level, despite the measures implemented by government institutions to mitigate the effects of the global crisis, the real or constant-price GDP reached SR 2.531 trillion in 2020 according to the General Authority for Statistics, thus marking a decrease of 4.1% compared to 2019. The decrease is due to the several challenges faced by the local economy, most notably the outbreak of the COVID-19 pandemic and the precautionary measures taken to curb its spread, as well as the decrease in the average price of the OPEC basket by about 35% compared to 2019. The oil sector thus declined by 6.7% in 2020 compared to 2019, and the non-oil sector witnessed a decrease of 2.3% at constant price, although its contribution to the GDP in 2020 increased slightly to reach about 59%.

The decline in the non-oil sector is attributed to the decline in certain major economic activities, such as other manufacturing industries, which decreased by 5.38%, transportation, storage, and telecommunication activities, which decreased by 6%, wholesale and retail trade, restaurants, and hotels, which decreased by 4.75%, and electricity, gas, and water sector activities, which decreased by 2.12%.

On the other hand, certain economic activities witnessed a slight annual growth, such as the financial activities sector, insurance, real estate, and business services sectors, which grew by 0.8%, mining and quarrying activities, which increased by 0.8%, and government services, which increased by 0.4%.

Compared to 2019, 2020 also recorded a relative increase in inflation levels. Data from the General Authority for Statistics indicate that the annual average of the consumer price index reached approximately 3.4%. This is - to a large extent - due to the increase in VAT rate, which rose from 5 to 15% in mid-2020, as well as the increase in customs duties on some goods.

With regard to the current account of the balance of payment and as per the preliminary estimates of the Saudi Central Bank (SAMA), the account recorded a deficit of SR 73.6 billion by the end of 2020, as opposed to a surplus of SR 143 billion recorded

for the same period last year. The trade balance achieved a surplus of SR 165 billion, and recorded, however, a decline of 59%. The decline can be explained by the value of commodity exports which reached SR 657.5 billion as a result of the 39% decrease in oil exports, which amounted to SR 456 billion, and due to the decrease in the value of non-oil commodities, which reached SR 201.5 billion, marking a decrease of 12% compared to 2019. The value of commodity imports also declined by 14% in 2020 - compared to 2019 - reaching approximately SR 492.5 billion.

On the financial and monetary levels, and in light of recent developments in the economy at both the local and global scales, the financial and monetary policies continued to take the necessary actions to ensure the availability of an adequate level of liquidity that responds to the needs of the national economy. The actual figures of KSA's budget for the year 2020 recorded expected results given the repercussions of the global pandemic and the fluctuations in oil prices in early 2020. In fact, revenues decreased by 17% compared to last year, reaching SR 770 billion, while the value of expenditures increased by 0.8% to reach SR 1,068. KSA's budget thus recorded a deficit of about SR 298, and the level of public debt to GDP reached about 34.3%.

These results were attained as a result of the actions taken by the Kingdom to support financial and economic sectors, rearrange priorities in spending, pursue financial and monetary measures, manage expected financial risks, and counter the negative impacts of the COVID-19 pandemic. At the end of 2020, cash supply - in its broadest measure (M3) - registered an annual growth rate of 8.3% compared to the end of 2019, reaching SR 2,149 billion.

SIDF also offered stimulating packages to industrial projects facing the impacts of the COVID-19 pandemic. Stimulating initiatives included issuing new products, a new pre-approved credit line from which beneficiaries can withdraw amounts for a period of one year, and support for medical companies. In addition, SIDF supported supply chains and shipping lines in order to secure the provision of raw materials. In this regard, 12 companies received support totaling SR 800 million. Financial products worth SR 1 billion were also launched, as part of the initiative to counter the effects of the pandemic, through which SIDF offered SR 476 million to 86 projects with the aim of supporting small and medium-sized enterprises in covering their operational costs. SIDF also offered SR 607 million to 12 medical and pharmaceutical projects to support them in covering the cost of raw material.

Furthermore, SIDF restructured the loans of small and medium-sized enterprises without any additional fees and exempted them from settling their dues for 2020. A total of 546 loans amounting to more than SR 4 billion were restructured. Beneficiaries of the restructuring included 374 small projects with loans worth SR 826 million, 118 medium-sized projects with loans worth SR 906 million, 40 large-scale projects with loans worth SR 3.2 billion, and 14 medical projects with loans with SR 74 million.

During 2020, SIDF approved 212 loans amounting to SR 17.6 billion, distributed over different NIDL sectors and targeting projects in the industry, energy, logistics, and mining sectors.

It is worth noting that money supply, in its narrow measure (M1) recorded an annual growth rate of 15.6% compared to same quarter in 2019, and money supply (M2) registered an annual growth rate of 9.7% compared to the same period last year.

With respect to the banking sector, capital and reserves in commercial banks increased by 10% at the end of 2020 to reach SR 377 billion. Moreover, the total private sector and public sector liabilities of commercial banks increased throughout the year by 14.6% to reach SR 2,281 billion. Bank deposits also increased, achieving an annual growth of 8.2% compared to 2019.

As for the role of commercial banks in supporting the various economic activities, the total credit granted by commercial banks for private sector economic activities amounted to SR 1,782 billion in 2020, marking a 15% increase compared to last year. A closer look at credit details by sub-activities demonstrates that bank financing increased for most economic activities, the largest of which is the mining sector, in which bank financing grew by 27%, followed by the services sector with a 17% increase, then the agriculture and fishing sector with a 12% increase, and finally, the financing sector with an 11% increase. Nevertheless, bank financing decreased in other sectors, most notably the transportation and communications sector which witnessed a decrease of 8% in the financing granted, followed by both the building and construction sector and the industrial and production sector, with a slight decrease of 0.4%.

KSA Foreign Trade

657.5

SR billion
value of commodity exports

14%

decrease in the value of commodity imports

KSA Budget

770

SR billion
total revenue

1,068

SR billion
total expenditures

377

SR billion
commercial banks' capital and reserves

86

projects
received a total of SR 477 million in light of supporting small and medium-sized enterprises in covering their operational cost

607

SR billion
offered to 12 medical and pharmaceutical projects to support them in covering the cost of raw material

3.6%

increase in the general index of the Saudi Stock Exchange (TASI) in 2020 compared to previous year

► Numerous structural and organizational reforms were implemented in 2020, especially in relation to ministries and authorities.

► The Kingdom successfully hosted the G20 Summit in 2020 despite the exceptional circumstances imposed by the COVID-19 pandemic. Saudi efforts to host the Summit received wide international praise.

► The Saudi economy gained the praise and appreciation of many global economic bodies.

The general index of the Saudi Stock Exchange (TASI) increased by 3.6% at the end of 2020, achieving 8,689 points, compared to 8,389 points at the end of 2019. The value of the total number of shares traded throughout 2020 reached SR 2,087 billion as opposed to SR 880 billion in 2019, marking an increase of 137%.

Throughout 2020, Saudi Stock Exchange witnessed an increase in financing and growth opportunities for companies, and an increase in investment channels, as 3 new companies from the health care, banking, and food retails sectors became listed in the market. 3 companies also moved from the parallel market (Nomu) to the main market (TASI), bringing the total number of listed companies to 203 companies by the end of 2020. The market value of companies offered and listed on (TASI) reached approximately SR 9,101 billion. In the framework of strengthening the role of the capital market in Saudi economy, steadily developing capital market functions, and providing investors with integrated and diversified products and services, a derivatives market was launched based on the MSCI Tadawul 30 Index (MT30). This is reflected in the substantial development achieved by Saudi capital market towards enhancing the competitiveness of the financial sector and increasing investment stimulation and incentives.

As concerns structural and organizational reforms aimed at strengthening the economic structure, numerous reforms were implemented throughout 2020, most notably transforming the Saudi Commission for Tourism and National Heritage to become the Ministry of Tourism, the General Investment Authority to become the Ministry of Investment, and the General Sport Authority to become the Ministry of Sports. Moreover, the name of the Ministry of Commerce and Investment was changed to become the Ministry of Commerce, while the name of the Saudi Arabian Monetary Authority was changed to become the Saudi Central Bank, and the name of the National Industrial Clusters Development Program was changed to become the National Industrial Development Center. The Ministry of Civil Service was merged with the Ministry of Labor and Social Development to become the Ministry of Human Resources and Social Development, the Ministry of Housing was merged with the Ministry of Municipal and Rural Affairs to become the Ministry of Municipal and Rural Affairs and Housing, the Saudi Tourism Authority was established, the Localization and Balance of Payments Office was established, a VAT of 15% was imposed, real estate supplies were exempted from VAT, and a real estate transaction tax was implemented.



Several approvals were granted throughout 2020 as well, such as approval of the organization of the Saudi Export-Import Bank and the General Authority of Foreign Trade, the approval of the new Anti-Concealment Law, the Chambers of Commerce system, the Tourism Development Fund, the Executive Regulations of the Saudi E-Commerce Law, and the approval to launch several new cultural development authorities specialized in diverse fields.

In addition, the Kingdom successfully hosted the G20 Summit in 2020 despite the exceptional circumstances imposed globally by the COVID-19 pandemic. Saudi efforts to host the Summit received wide international praise, as member states were able to discuss, in Summit meetings and through video conferences, several themes and items, mainly: youth employment and preparation for the labor market, women empowerment, supporting local capital markets, investing in infrastructure, fighting corruption and raising integrity, developing the education sector, strengthening healthcare systems, activating the role of emerging technologies in the digital economy, and improving the mechanisms of global economic systems. Furthermore, the Saudi economy gained the praise and appreciation of many global economic bodies. For instance, the International Monetary Fund (IMF) praised the Kingdom's distinguished management of the COVID-19 outbreak crisis, which could not have been possible without government efforts in line with the direction of the Saudi Vision 2030, precautionary meas-

ures implemented early on in order to counter the impact of the crisis, and the support provided to the local economy through incentive packages that helped mitigate the repercussions of the pandemic on economic sectors. Along the same lines, the International Monetary Fund commended the economic, health, and social reforms implemented by the Kingdom and that have yielded positive results. The IMF expects the local economy to continue its recovery from the effects of the pandemic, achieve growth, decrease inflation rates, and reduce unemployment. It also reemphasized the continuous improvement achieved in public finance, monetary policies, the financial sector, government spending management, and the engagement of Saudi women in the labor market.

Notwithstanding the exceptional circumstances, the Kingdom still enjoys an outstanding credit rating at the global level. In the third quarter of 2020, S&P rated KSA at (A-/A-2) with a stable outlook due to the Kingdom's strong position in support of its net assets. In November 2020, FitchRating also gave KSA's sovereign credit an (A) rating, however with a negative outlook, given the impact of the COVID-19 pandemic and the fluctuations in oil markets on financial and external budgets, despite the Kingdom's efforts in fiscal consolidation. In May 2020, Moody's gave KSA a rating of (A1) with a negative outlook due to external shocks and fluctuations in oil prices as a result of the outbreak of the COVID-19 pandemic.

In conclusion, despite the global health emergency and the precautions taken at the local and global levels to fight the COVID-19 pandemic and its repercussions on oil markets and economic activities, the Kingdom was still able to confront challenges through implementing several measures, offering stimulus packages, controlling financial and monetary policies to mitigate the consequences of the drop in oil prices and the impact of the pandemic, and pursuing fiscal consolidation. Through these actions, the Kingdom sought to ensure the prevalence of the positive factors laid out in the Saudi Vision 2030, work on achieving them, and overcome possible economic obstacles. It is expected that the Saudi economy continues in its path of economic and structural reforms in order to enhance the strength of the local economy in all its sectors. The accomplishments achieved in 2020, regardless of all the circumstances, is proof of the Kingdom's determination to move forward, achieve its set ambitions, and establish a solid diversified economy that enjoys sustainability and growth.

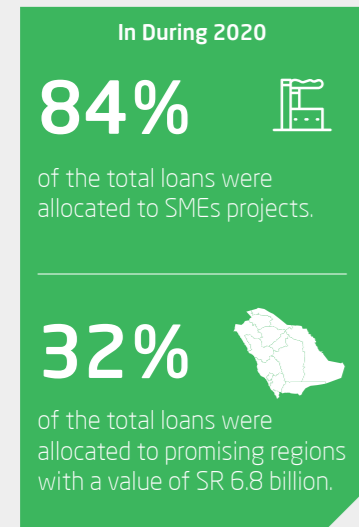
► Notwithstanding the exceptional circumstances, the Kingdom still enjoys an outstanding credit rating at the global level.

► The Saudi economy will continue in its path of economic and structural reforms in order to enhance the strength of the local economy in all its sectors.

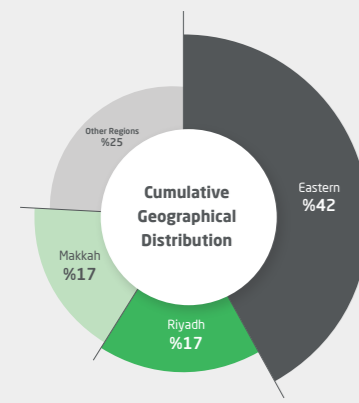
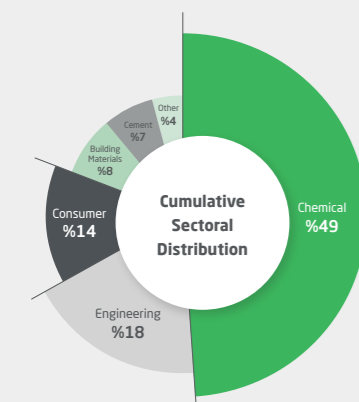
SIDF Lending Activity



SIDF Lending Activity



Cumulative Distribution
of approved amounts until end of 2020



Introduction:

SIDF's performance for the year 2020 coincided with the global COVID-19 Pandemic, necessitating a swift and rapid response to contain the impact of the crisis across the industrial ecosystem. SIDF, in turn, has proactively activated numerous initiatives, services, and products to facilitate a variety of incentivization packages targeting industrial projects valued at more than SR 5 billion to counter the effects of the Pandemic.

SIDF upheld an outstanding performance throughout the fiscal year 2020 (1441/1442H) towards developing the local industrial sector. Over the year, Loans approved by SIDF reached a new record high in terms of the number of loans and their value. Two hundred and twelve (212) industrial loans were approved with a value of SR 17,613 million to help finance projects with a total investment value exceeding SR 57.4 billion; amounts disbursed reached SR 4,650 million, while amounts repaid amounted to SR 3,274 million.

2020 also witnessed a high volume of loan approvals for industrial projects in promising regions and cities. These loans amounted to SR 6,847 million, comprising 39% of the total SIDF loans (in terms of value) and 32% of the total number of loans. Of note, and in contrast to previous years, the percentage of loans approved in the past for industrial projects in promising regions and cities did not exceed

14% of the total number of SIDF loans and 15% of their cumulative value. These loans increased after raising the percentage of SIDF financing for industrial projects in less developed regions and cities, reaching a maximum of 75% of the project cost instead of 50%. Furthermore, the timeframe for loan repayment was also extended from 15 years to 20 years.

Another notable SIDF record high achieved in 2020 was the number of approved loans for small and medium-sized enterprises (SMEs). Loans granted for SMEs amounted to SR 1,573 million and constituted 84% of the total number of loans approved by SIDF.

Overall, the total number of industrial loans approved by SIDF since its inception in 1974 (1394H) and until the end of the financial year 2020 (1441/1442H) reached 4,464 loans with a total value of SR 187,490 million. The total loans disbursed from these approvals reached SR 125,490 million, of which SR 77,051 million were repaid, representing 61% of disbursed loans. These figures highlight the success of SIDF-financed projects, backed by supporting SIDF-consulting services in the technical, administrative, financial, and market research fields.

Lending Activity During 2020



Cumulative Lending Activity until the End of 2020



1. Sectoral Distribution of Loans

Below is the distribution of loans along the main industrial sectors, classified by value of approved loans:



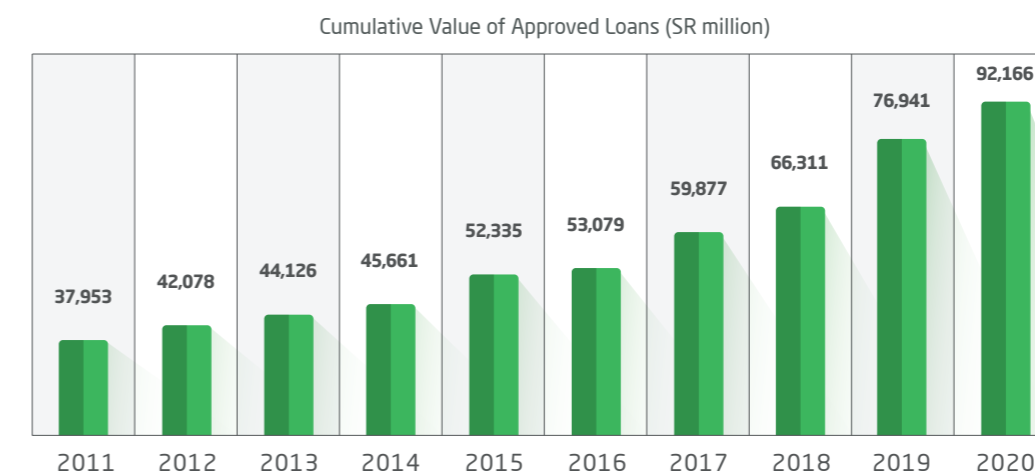
Loans Approved During 2020 (1441/1442H)

Chemical industries acquired the largest share of approved loans, in terms of value, during 2020 (1441/1442H). Ninety-one (91) loans for chemical industries, with a total value of SR 15,224 million, were approved, constituting 86% of the total value of approved loans and 43% of their total number. In turn, chemical industries ranked first in terms of both value and number of approved loans for 2020.

Among new loans approved in this sector were two loans for hydrogen gas production in Jizan, with a net worth of SR 6,000 million. SIDF also approved seven (7) loans worth SR 7,000 million for projects in Jubail, four (4) of which were to finance the production of polyethylene. The remaining three (3) were for polypropylene production projects. Furthermore, a loan worth SR 1,200 million was approved for a project in Ras Al-Khair to finance ammonia production.

Cumulative Value of Loans Until the End of the Financial Year 2020 (1441/1442H)

As the highest-ranking sector in terms of cumulative value of approved project loans, the chemical industries sector ranks first with a total value of SR 92,166 million since SIDF inception. This represents 49% of the total cumulative value of loans approved by SIDF.

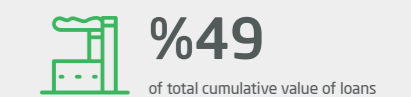


Chemical Industries

Loans approved throughout 2020



Cumulative value of loans until the end of 2020





Engineering Industries

Engineering Industries

Loans approved throughout 2020

561 SR billion
3% of total value of loans

%17
of total number of loans

Cumulative value of loans until the end of 2020

33.4 SR billion

%18
of total cumulative value of loans

Loans Approved During 2020 (1441/1442H)

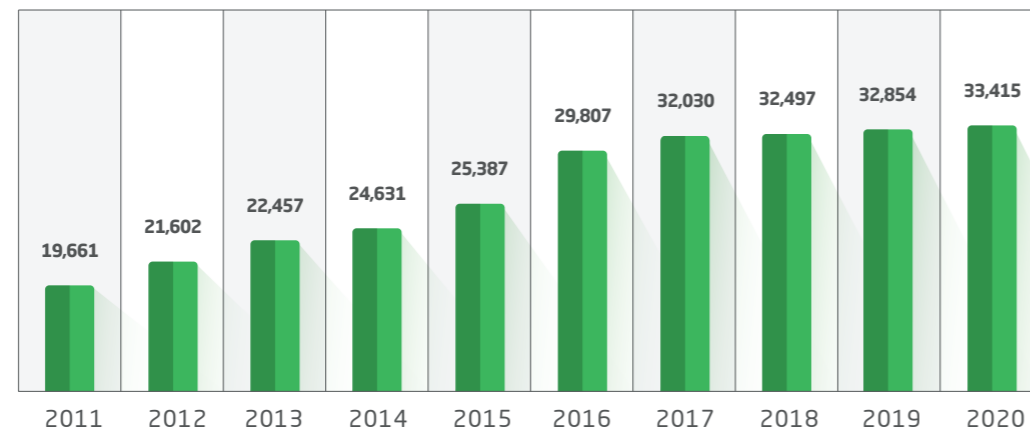
In 2020 (1441/1442H), SIDF approved 37 loans worth SR 561 million in value, placing the engineering industries third in terms of value and number of approved loans. These loans constitute 17% of the total number of SIDF approved loans and 3% of their value.

Among the new loans approved in this sector for 2020 (1441/1442H) are: three (3) loans worth approximately SR 146 million to support metal-formation projects in the city of Jubail and an additional two (2) worth SR 125 million to finance the establishment of two factories in Dammam; one loan (1) to finance the manufacturing of metal pipes/tubes; one (1) to support the manufacturing of solar panels, and finally one (1) worth SR 61 million to finance the manufacturing of smart meters in Riyadh.

Cumulative Value of Loans Until the End of the Financial Year 2020 (1441/1442H)

The engineering industry sector ranks second, compared to other sectors, in terms of the cumulative value of approved project loans. The total value for this sector - since SIDF inception - reached SR 33,415 million in 2020, and this value represents approximately 18% of the total cumulative value of loans approved by SIDF.

Cumulative Value of Approved Loans (SR million)



Consumer Industries

Consumer Industries

Loans approved throughout 2020

526 SR billion
3% of total value of loans

%21
of total number of loans

Cumulative value of loans until the end of 2020

26.8 SR billion

%14
of total cumulative value of loans

Loans Approved During 2020 (1441/1442H)

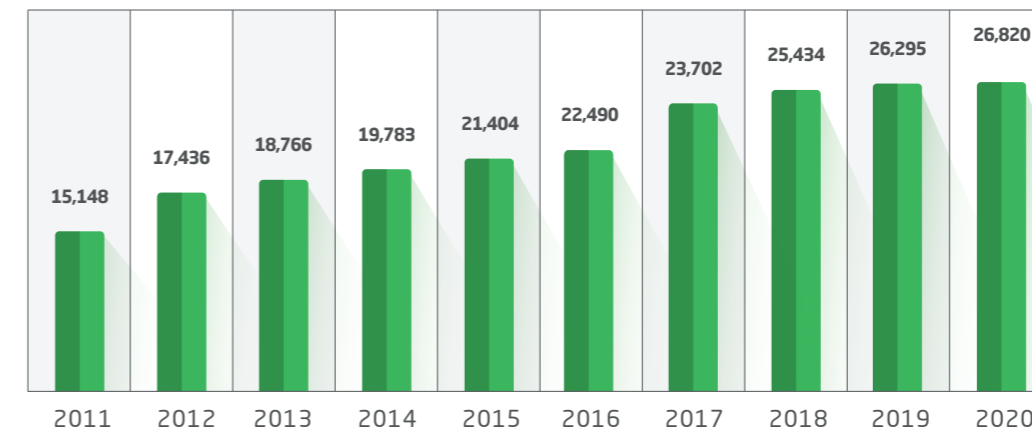
SIDF approved 45 loans in 2020 classified under the consumer industries sector, with a total value of SR 526 million. These loans constitute 21% of the total number of approved loans and 3% of their total value, placing the consumer industries sector second in terms of number of approved loans and fourth in terms of value of approved loans for that year.

Among the new loans approved in this sector are two (2) loans worth approximately SR 206 million, to finance the establishment of a paper rolls and medical textiles and fabrics factory in Rabigh. Another loan worth SR 37 million was approved to fund an olive oil factory project in Al-Jawf. Yet another four loans were approved to fund projects for the production of animal feed, medical masks, meats, and pallets in Jubail, worth SR 51 million cumulatively.

Cumulative Value of Loans Until the End of the Financial Year 1441/1442H (2020)

The consumer industries sector ranks fourth among SIDF-funded sectors in terms of cumulative project value of loans. The total value of loans approved for this sector since SIDF inception reached SR 26,828 million, representing approximately 14% of the total cumulative value of approved SIDF loans.

Cumulative Value of Approved Loans (SR million)





Building Materials

Loans approved throughout 2020

 **341** SR million
2% of total value of loans

 **%6**
of total number of loans

Cumulative value of loans until the end of 2020

 **27.1** SR billion

 **%15**
of total cumulative value of loans

Loans Approved During 2020 (1441/1442H)

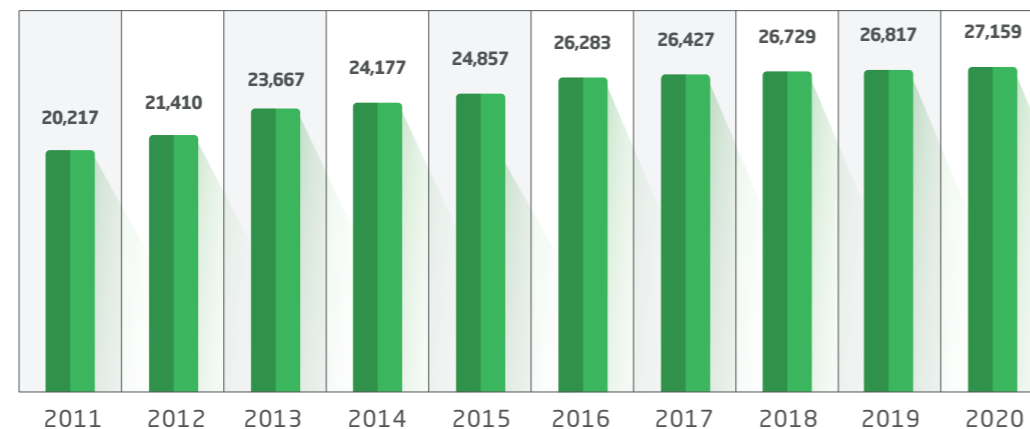
During 2020, SIDF approved 13 loans worth SR 341 million for the building materials and cement industry. These loans constitute 6% of the total approved loans for that year and 2% of their cumulative value.

Among these new loans, there are two (2) loans worth approximately SR 257 million for the financing of two newly-established ceramics and gypsum board factories in Yanbu. Another loan, worth SR 1.6 million, was approved to fund the establishment of a factory in Riyadh to manufacture silica powder. Finally, SIDF approved a loan worth SR 14 million to finance the establishment of a factory in the region of Al-Kharj, centered on the manufacturing of mineral wool.

Cumulative Value of Loans Until the End of the Financial Year 2020 (1441/1442H)

The total value of loans approved by SIDF for the building materials industry since its inception and until the end of the financial year 2020 reached SR 27,159 million. This value represents approximately 15% of the total cumulative value of SIDF-approved loans, ranking the building materials and cement sector third in terms of value.

Cumulative Value of Approved Loans (SR million)



Loans Approved During 2020 (1441/1442H)

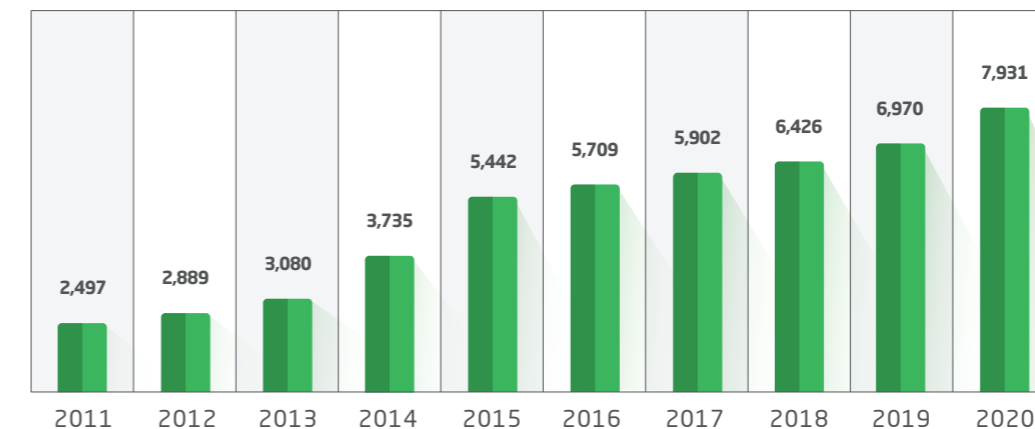
Throughout 2020, SIDF approved 26 loans, with a total value of SR 961 million, for other industries, thus constituting 12% of the total number of approved loans for that year and 5% of their total value. Accordingly, other industries ranked second in terms of value of approved loans and ranked fourth in terms of number of approved loans for during the abovementioned financial year.

Among the new loans approved in this sector during 1441/1442H (2020) is one loan worth around SR 430 million to finance the establishment of two projects to provide logistics and freight forward services in the cities of Jeddah and Riyadh, five loans worth SR 268 million for ground handling and logistics services projects in the Kingdom's various airports, namely Jeddah, Riyadh, Dammam, and Medina, and one loan worth SR 116 million to finance the establishment of a factory in Jeddah for the manufacture of medical supplies.

Cumulative Value of Loans Until the End of the Financial Year 2020 (1441/1442H)

The total value of loans approved for this sector since the inception of SIDF and until the end of the financial year 1441/1442H reached SR 7,931 million, which represents around 4% of the total cumulative value of loans approved by SIDF, ranking, as such, last in terms of value of approved loans.

Cumulative Value of Approved Loans (SR million)



Other Industries

Loans approved throughout 2020

 **961** SR million
5% of total value of loans

 **%12**
of total number of loans

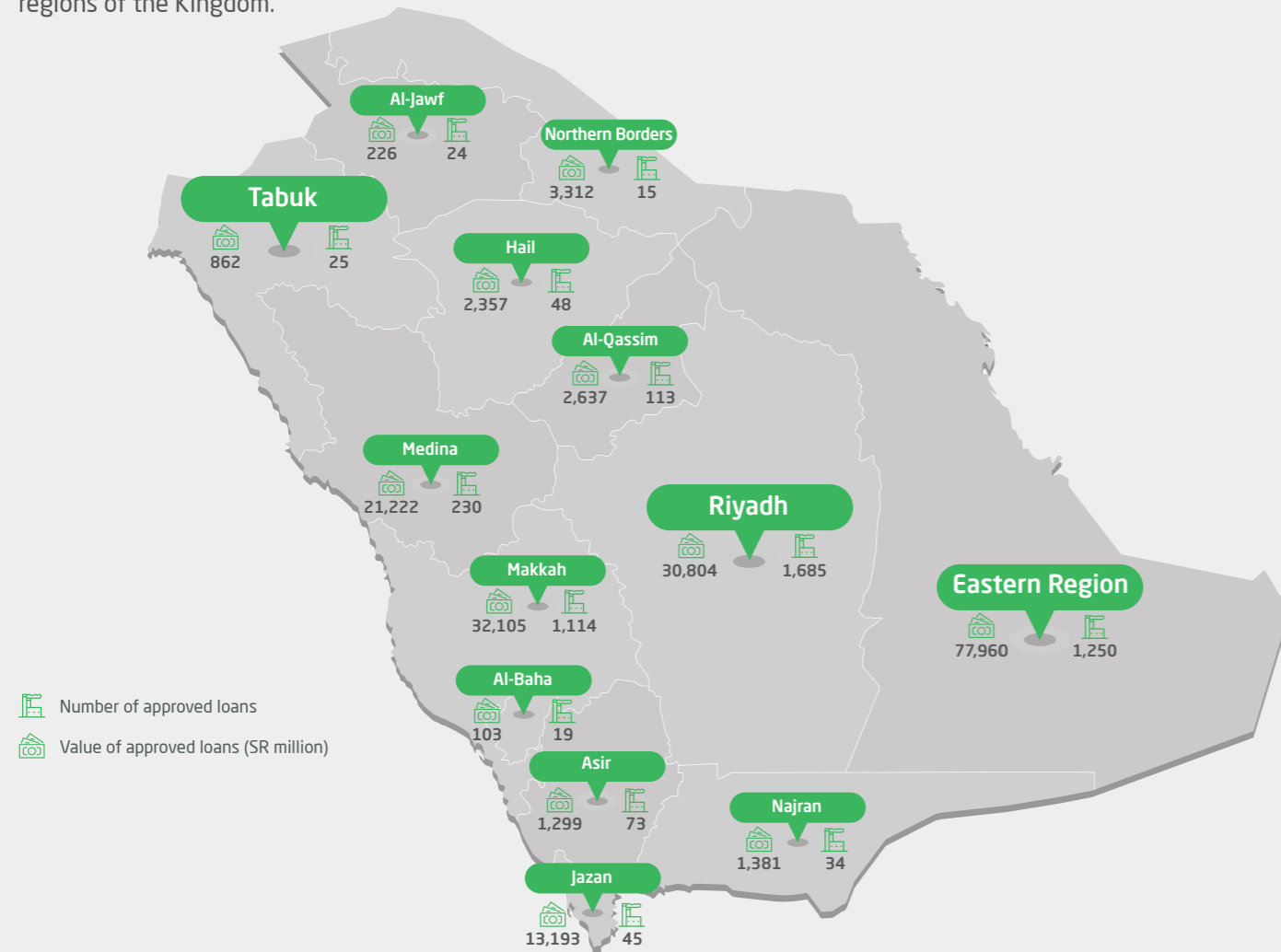
Cumulative value of loans until the end of 2020

 **7.9** SR billion

 **%4**
of total cumulative value of loans

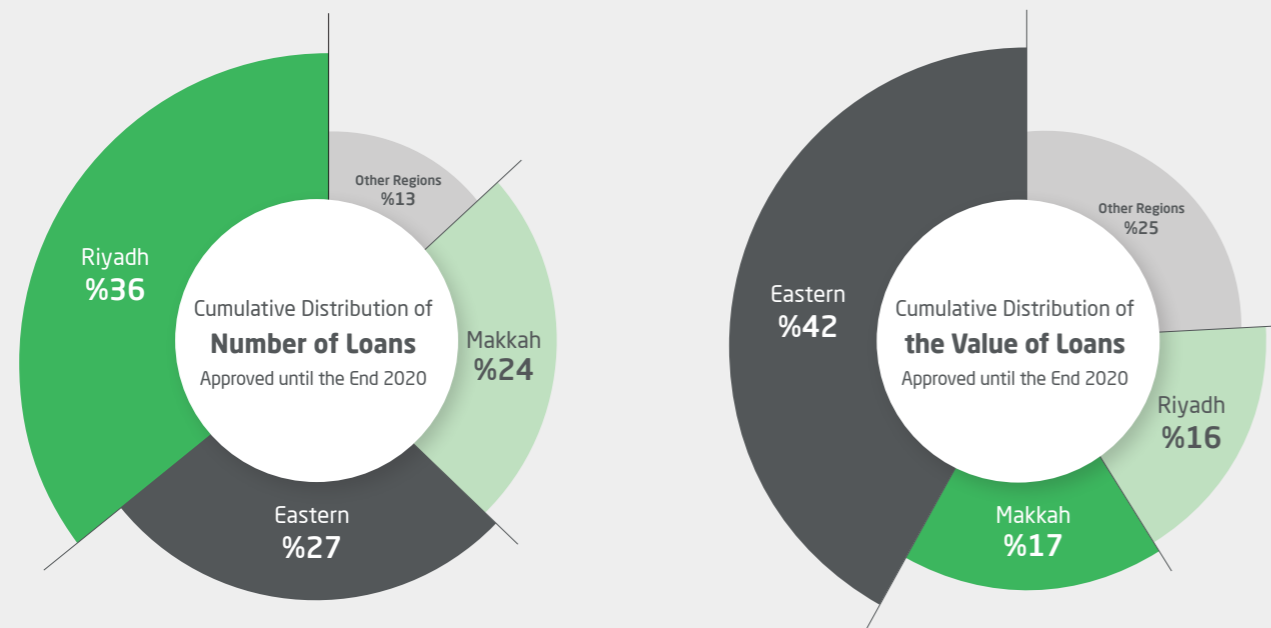
2. Geographical Distribution of Loans

Figure of Geographical distribution of total SIDF approved loans, in terms of number and value of loans, across different regions of the Kingdom.



Number of approved loans
Value of approved loans (SR million)

Cumulative Percentage Distribution of Approved Loans until End of 2020



Administrative Districts

Geographical distribution of total approved loans, in terms of number and value of loans, across the different regions of the Kingdom:

Riyadh Region

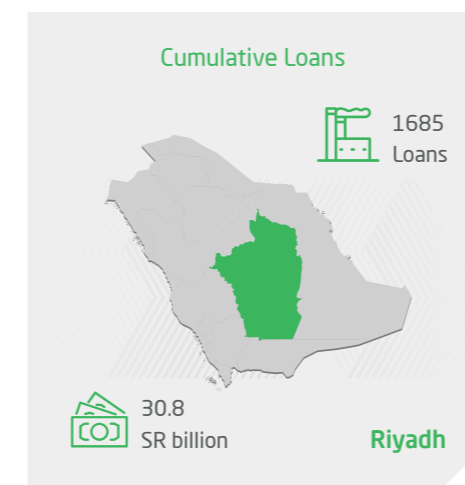
Loans Approved During 2020

In 2020, SIDF approved 70 loans worth SR 962 million to finance projects across the Riyadh Region. These loans constituted about 33% of SIDF's total number of loans and 5.4% of their total value. Given these numbers, Riyadh Region ranked first, in terms of the number of approved loans, and fourth, in terms of their value, for 2020.



Cumulative Loans

The total cumulative number of loans approved by SIDF, in contribution to the financing of industrial projects in the Riyadh Region, reached 1,685 loans, representing about 36% of the total number of loans approved since SIDF inception. As such, Riyadh Region ranks first, in terms of the cumulative number of approved loans, and third, in terms of cumulative value. By the end of 2020, the total value amounted to SR 30,804 million, constituting around 16.4% of the total cumulative value of loans approved by SIDF.



Makkah Region

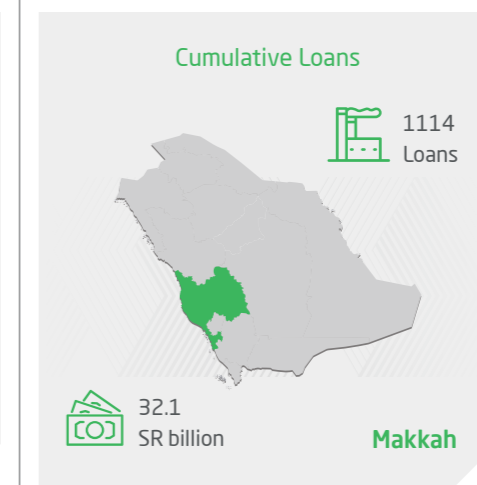
Loans Approved During 2020

SIDF approved 41 loans worth SR 1,027 million for projects within the Makkah Region for 2020. These loans make up approximately 19.3% of the total number of SIDF loans and 5.8% of their value. Accordingly, the Makkah Region ranked third in terms of both the number and value of approved loans in 2020.



Cumulative Loans

The total cumulative number of loans approved by SIDF to finance industrial projects in the Makkah Region reached 1,114 loans. These loans represented 23.8% of the total number of loans approved since its inception and until the end of 2020. As such, the Makkah Region ranked third, in terms of the cumulative number of approved loans; second, in terms of cumulative value, which totaled SR 32,105 million, or 17.1% of the total cumulative value of loans approved by SIDF.



Eastern Region

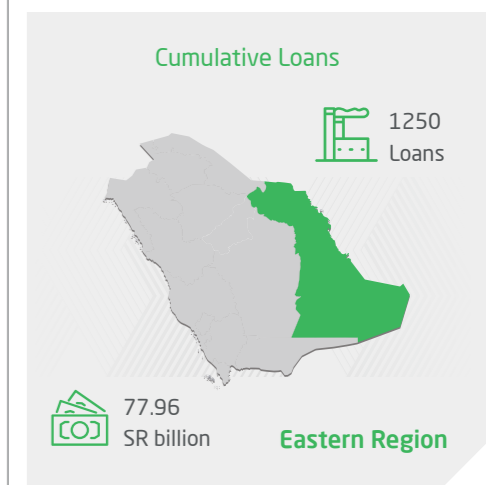
Loans Approved During 2020

The number of loans approved for projects in the Eastern Region was 62 loans worth SR 8,972 million. These loans represent 29.2% of the total number of loans and 51% of the total value of loans approved by SIDF for the year, placing the Eastern Region second in terms of number of approved loans and first in terms of value of approved loans for the year.



Cumulative Loans

SIDF approved 1,250 loans cumulatively in contribution to the financing of industrial projects in the Eastern Region. These loans represent about 26.7% of the total number of loans approved by SIDF since its inception and until the end of 2020. This places the Eastern Region second, in terms of the cumulative number of approved loans, and first, in terms of their cumulative value, which amounted to SR 77,960 million, or 41.6% of the total cumulative value of loans approved by SIDF.



Medina Region

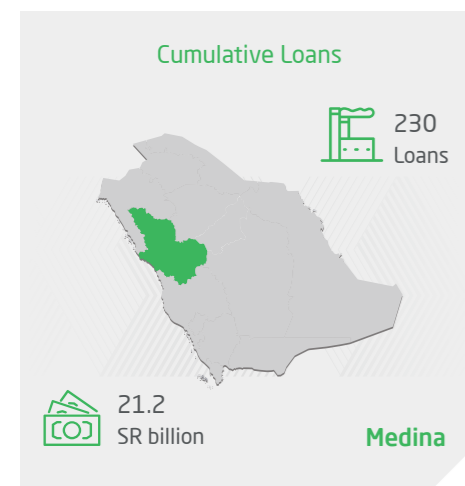
Loans Approved During 2020

In 2020, SIDF approved 15 loans worth SR 314 million for projects in the Medina Region, constituting 7.1% of the total number of loans and 1.8% of their total value. Accordingly, the Medina Region ranked fourth, in terms of number of approved loans, and fifth, in terms of value of approved loans for the year 2020.



Cumulative Loans

The total cumulative number of loans approved by SIDF to finance industrial projects in the Medina Region reached 230 loans, representing 4.9% of the total number of approved loans since inception in 1974 and until the end of 2020. Medina ranked fourth, in terms of both total number of approved loans and their cumulative value, which amounted to SR 21,222 million, or 11.3% of the total cumulative value of SIDF approved loans.



Asir Region

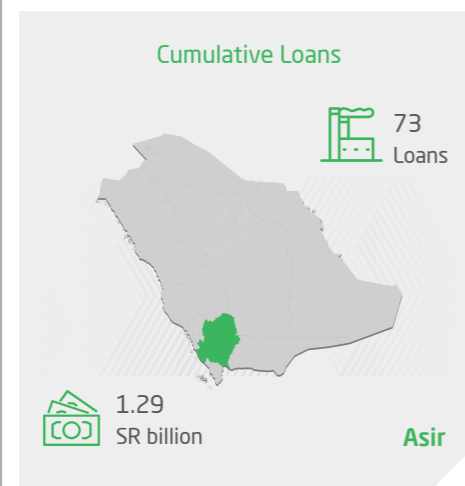
Loans Approved During 2020

SIDF approved 4 loans worth SR 19 million for industrial projects in the Asir Region in 2020. This region ranked sixth, in terms of number of approved loans, and tied for ninth in terms of the value of approved loans. Asir is classified as a promising region and has benefitted from the promising region program's increase in SIDF financing for industrial projects in less developed areas. The program offers up to a maximum of 75% of the project cost, contrasted to 50% for other developed regions, and an extended loan repayment period up to 20 years, compared to 15 years for developed areas.



Cumulative Loans

The total cumulative number of loans approved by SIDF to contribute to financing industrial projects in the Asir Region in 2020 is 73 loans, with a total cumulative value of SR 1,299 million. These loans represent 1.6% of the total cumulative number of SIDF loans and 0.7% of their total cumulative value. Asir ranked sixth in terms of the total number of SIDF approved loans and tenth in terms of their cumulative value since SIDF inception and until the end of 2020.



Hail Region

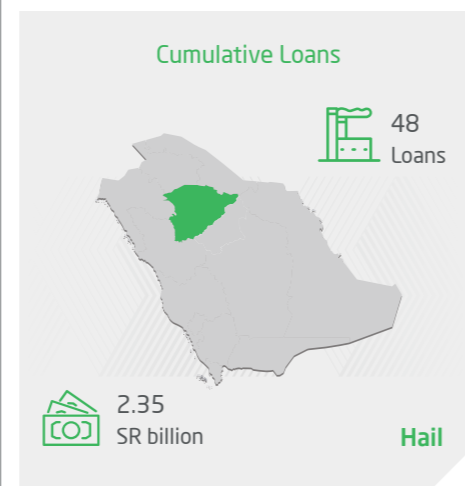
Loans Approved During 2020

SIDF approved a single (1) loan with a value of SR 2 million for an industrial project within the Hail Region. Hail tied for eighth, in terms of the number of approved loans, and thirteenth, in terms of their value during 2020. Hail is also classified as a promising region, benefitting from new regulations to increase the percentage of financing and extend the repayment period for projects in less developed regions and cities.



Cumulative Loans

To support the financing of industrial projects in the Hail Region, SIDF approved 48 loans with a total cumulative value of SR 2,357 million. These loans represent approximately 1% of the total cumulative number of SIDF loans and 1.3% of their total cumulative value. Hail thus placed seventh, in terms of the total number of SIDF approved loans; eighth in terms of cumulative value since SIDF inception in 1974 and up to the end of 2020.



Al-Qassim Region

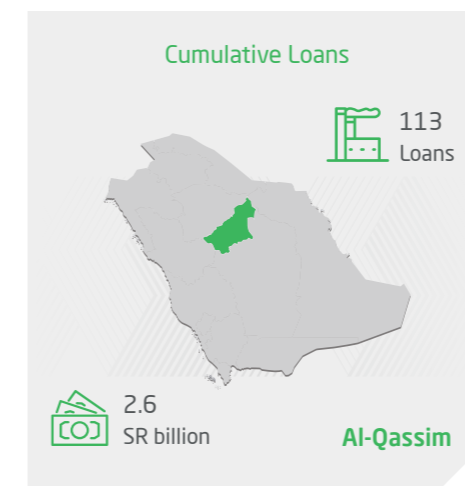
Loans Approved During 2020

In 2020, SIDF approved nine (9) loans with a value of SR 215 million to finance industrial projects in the Al-Qassim Region. Al-Qassim thus ranked fifth, in terms of the number of approved loans, and sixth, in terms of their value for the year 2020.



Cumulative Loans

The total cumulative number of SIDF approved loans in contribution to financing industrial projects in the Al-Qassim Region reached 113 loans, with a total cumulative value of SR 2,637 million. These loans represent 2.4% of the total cumulative number of loans and 1.4% of the total cumulative value of loans. The Al-Qassim Region thus ranked fifth, in terms of the cumulative number of approved loans, and seventh, in terms of the cumulative value of these loans since SIDF inception and until the end of 2020.



Jazan Region

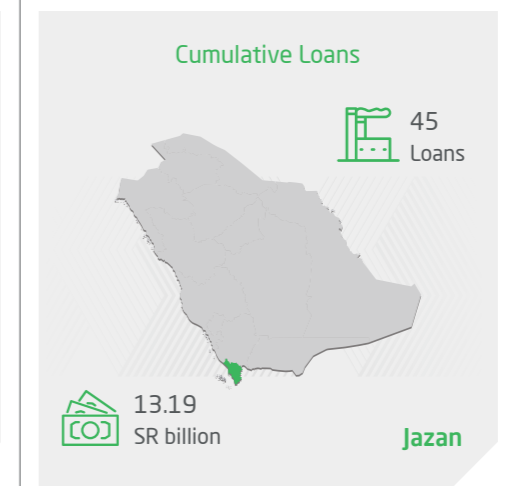
Loans Approved During 2020

SIDF approved two (2) loans with a value of SR 6,000 million to finance industrial projects in the Jazan Region in 2020. This placed Jazan second, in terms of the value of approved loans, and tied for seventh, in terms of the number of loans approved in 2020. Jazan is considered one of the promising regions in the Kingdom that benefited from increasing the percentage of financing and the extension of the repayment period.



Cumulative Loans

The total cumulative number of loans approved by SIDF in contribution to the financing of industrial projects in the Jazan Region reached 45 loans with a total cumulative value of SR 13,193 million. This represents 7% of the total cumulative value of loans and 1% of their total cumulative number. These loans place the Jazan Region fifth, in terms of the cumulative value of approved loans, and eighth, in terms of the cumulative number of loans approved by SIDF since its inception.



Other Regions of the Kingdom

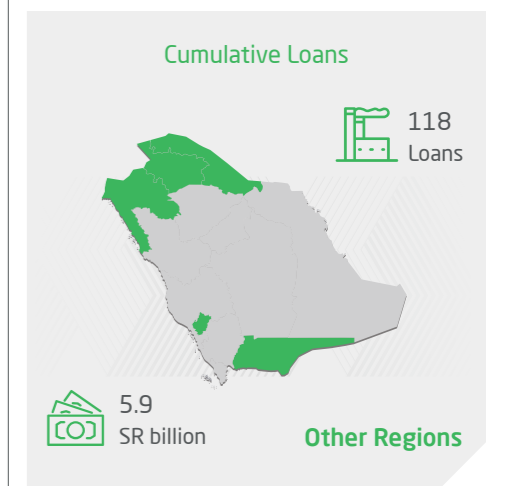
Loans Approved During 2020

In 2020, SIDF approved eight (8) loans worth SR 102 million to finance industrial projects within other regions of the Kingdom. These new projects were distributed as follows: two projects in each of Tabuk, Najran, and Al-Baha; one project in Al-Jawf, and a cross-regional project implemented in several regions in the Kingdom. Collectively, these regions received around 3.8% of the total number of loans and 0.6% of their total value as approved during this same year.



Cumulative Loans

The total cumulative number of loans approved by SIDF for other regions in the Kingdom reached 118 loans with a total cumulative value of SR 5,913 million. These loans represent approximately 2.5% of the total cumulative number of loans and 3.2% of their total cumulative value since SIDF inception and until the end of the year 2020.



69

Loans

representing 32% of the total number of loans approved during 2020

6.8

SR Billion

representing 39% of the total value of loans approved during 2020

Promising Regions

The SIDF Board has adopted new regulations and features that outline the percentage of SIDF financing for industrial projects in promising regions and cities across the Kingdom. These regions are located outside the parameters of central Saudi regions and cities. The initiative was in response and compliance with Resolution no. 296, issued by the Council of Ministers on 14/10/1432H (12/09/2011), with a vision for the industrial sector to transform and expand into a regionally-inclusive sector. The Resolution approved raising loans granted by SIDF for projects in less developed regions and cities (promising regions), covering up to 75% of the total project cost -- rather than 50%-- and extending the loan repayment period to up to 20 years rather than 15.

Loans Approved During 2020

Throughout 2020, SIDF approved 69 loans worth SR 6,847 million for industrial projects within promising regions and cities. These loans constitute about 32.1% of the total number of loans and 38.9% of their total value for the same year.

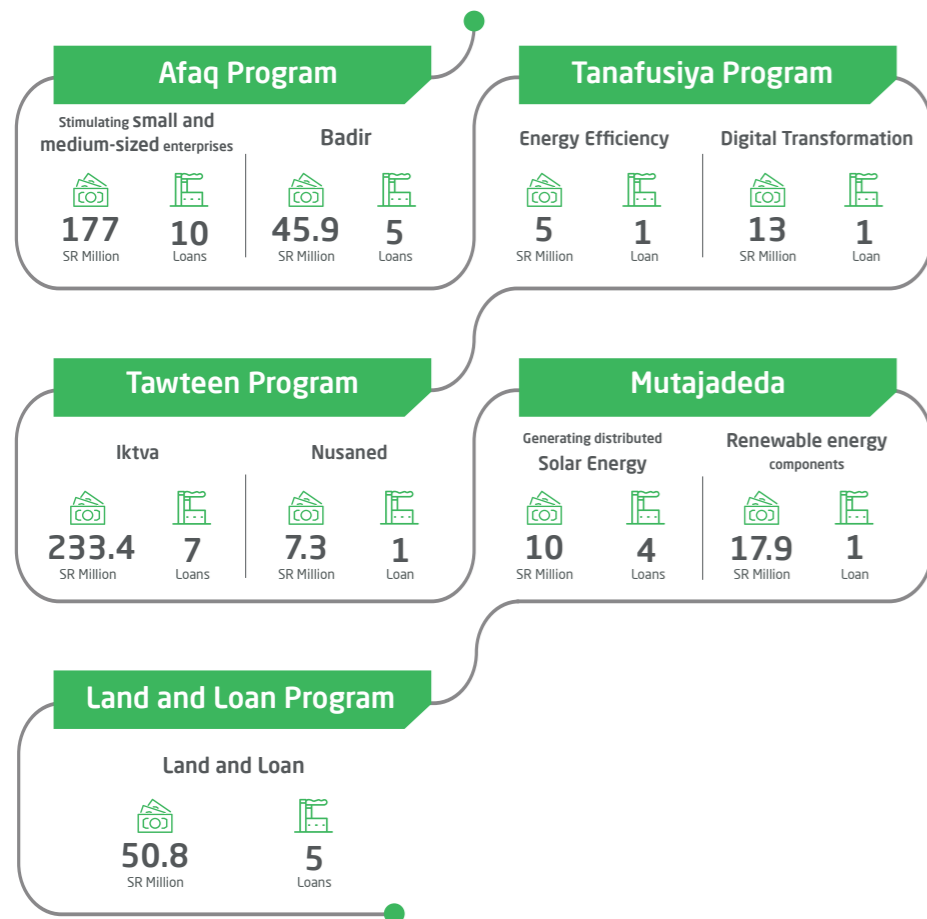
Cumulative Loans

By the end of 2020, the total cumulative number of loans approved by SIDF in contribution to financing industrial projects in promising regions and areas reached 1,047 loans with a total cumulative value of SR 50,763 million. Cumulative loans approved for promising regions represent 22.4% of the total cumulative number of loans and 27.1% of the total cumulative value since SIDF inception.

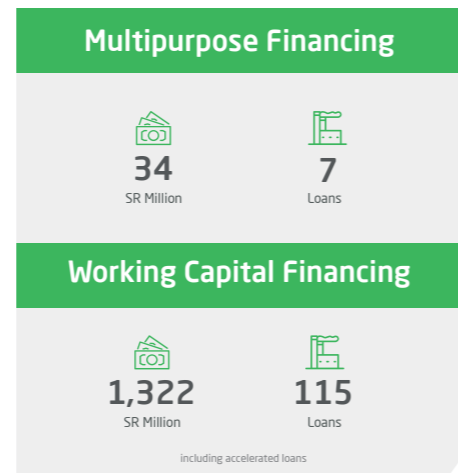
3. Approved Loans Classified by Financial Program and Product

In line with SIDF efforts aimed at stimulating investment in start-ups, promoting digital transformation, and increasing the energy efficiency of existing projects, a number of specialized financing programs and products were launched. These include:

Financial Programs in 2020

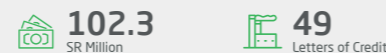


Financing Products in 2020



Letter of Credit in Coordination with Banks

Through this service, and in coordination with commercial banks, SIDF issues Letters of Credit to finance the import of machinery and equipment on relevant due dates.



4. Financing Foreign and Joint Ventures

Since opening its doors in 1974, SIDF has been encouraging the development of foreign and joint industrial projects. Direct foreign investment is a vital channel for attracting and ingesting modern technology into Saudi Arabia, creating new job opportunities for Saudi nationals, and introducing global markets to national products. For these reasons, SIDF has paid particular attention to attracting foreign investments, especially from well-established international companies. Whether or not these projects include Saudi partners or are fully owned by foreign entities, SIDF maintains a non-discriminatory policy in dealing with investors.

The total cumulative number of loans approved by SIDF, since its inception and until the end of the financial year 2020 (1441/1442H), for joint and foreign ventures reached 849 loans with a total cumulative value of SR 68,881 million. These loans constitute 37% of the total value of loans approved for industrial projects and 18% of their total number. It is important to note that joint venture foreign investment averages 42% for SIDF approved loans since inception and until the end of 2020.

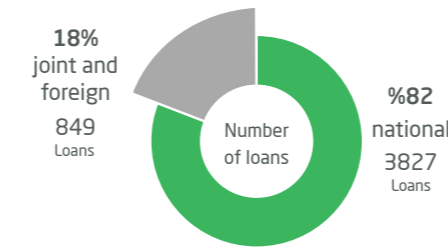
Given significant investment going into chemical industries, this sector ranks first among other indus-

trial sectors in terms of the total cumulative value of approved loans for foreign and joint ventures since SIDF inception and until the end of 2020. The chemical industry share of the total cumulative value of SIDF approved loans reached 65%, followed by the engineering industry sector, which received 23% of loans, and then the consumer industry sector, which received 6% of these loans.

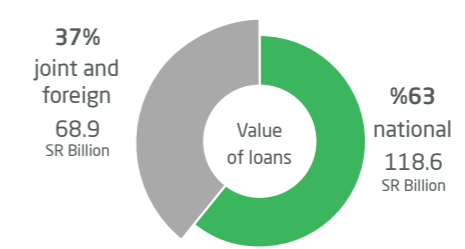
Throughout the fiscal year, SIDF approved 18 loans to finance the establishment of joint or foreign projects. The total value of these loans is SR 3,157 million, constituting approximately 18% of the total value of loans approved in 2020 and 8% of their total number. New loans approved for joint or foreign ventures in 2020 were distributed as follows: nine (9) loans for the chemical industry sector; five (5) loans for the engineering industry sector; three (3) loans for the consumer industry sector, and one (1) loan for the building materials industry sector.

Loans approved for joint and foreign projects in 2020 provided direct and indirect job opportunities for 903 employees and workers, representing 16% of the 5,788 job opportunities created by loans approved by SIDF for that year.

Number of loans approved for projects until the end of 2020, classified by type of ownership



Value of loans approved for projects until the end of 2020, classified by type of ownership



5. Projects that Began Production in 2020

23 industrial projects financed by SIDF began production in 2020. of the projects are as follows:

Sector	Number of Projects	Value of Loans (SR million)	Estimated Number of Employees
Chemical Industries	9	265.5	381
Other Industries	4	113.7	80
Engineering Industries	3	45.1	166
Consumer Industries	7	39.5	262
Total	23	463.8	889

903

job opportunities



16%

of total job opportunities generated

23 industrial projects

889 job opportunities

463.8 SR million

SIDF Strategy



SIDF Strategy

Introduction

For more than four decades, SIDF has played a crucial role in the industrial development process in the Kingdom. SIDF has set ambitious goals for developing and stimulating the national economy by providing a rigorous and elaborate financing system and offering consultations and incentives. In turn, it created a thriving industrial investment ecosystem capable of attracting capital from within and beyond national borders. In 2019, SIDF was granted approval to amend its bylaws as per the Royal Decree No. (M/122), dated 03/07/2019 (30/10/1440H). This amendment opened new horizons for SIDF to become the financial enabler of the industrial, energy, mining, and logistics sectors in the Kingdom. It broadened its role in the industrial sector and empowered it to launch new financing products and services packages that help expand the scope of its services.

The package of financial enablers, services, and products launched by SIDF achieved a paradigm leap in SIDF operations and processes. The primary objective of these packages was to meet the needs of the private sector and enable it to support national industry and contribute to transforming the Kingdom into a major industrial powerhouse and global logistics hub. SIDF contributes to achieving the Saudi Vision 2030 in its capacity as the financial enabler for the National Industrial Development and Logistics Program (NIDLP)--a critical strategic program within the Vision. SIDF also supports incentivization programs that stimulate private sector enterprises to convert to joint-stock companies and the utilization of modern construction technologies, aiming to localize and support innovative construction techniques.

1. Strategic Direction

During 2020, SIDF efforts focused on four main priorities addressed through a number of initiatives and projects as detailed below. This trend comes as a continuation of the SIDF strategic direction adopted in 2018 to empower it to perform its role as the financial enabler of NIDLP.

► In order to efficiently reach its objectives and fulfil the goals of the Saudi Vision 2030, SIDF focuses its efforts on transitioning to organizational work.

► SIDF offers a number of initiatives to improve its services and keep pace with customer needs.

► SIDF aims to build a culture founded on performance and on increasing employees' sense of responsibility.

1- Developing Institutional Work

SIDF has worked on implementing several initiatives that truly make it the primary financial enabler of NIDLP. In order to reach its objectives and fulfil the goals of the Saudi Vision 2030, SIDF focuses its efforts on transitioning to institutional work through the following:

- » **Planning and Budgeting Improvement Initiative:** This initiative aims to improve financial decision-making, allocation of financial resources, and financial planning of budgets.
- » **Knowledge Management Strategy:** This strategy seeks to cultivate organizational tacit and implicit assets by optimizing the use of SIDF data and information.
- » **Business Process Improvement Committee:** This committee is chaired by the CEO, and its members include the CEO Deputies and heads of relevant departments. It convenes on a weekly basis to review business processes and identify solutions to improve existing business processes and customer experience.
- » **Documenting Procedures, Processes, and the Authority Matrix:** Documentation is carried out in all departments in order to maintain a high level of governance.

2- Improving Customer Service and Experience

SIDF continuously seeks to improve customer experience in order to increase their level of satisfaction. Accordingly, SIDF has launched the following initiatives:

- » **Initiative to Measure Customer Satisfaction:** This initiative aims to calculate the baseline of customer satisfaction in order to identify aspects for improvement, increase satisfaction rate, and update services designed to fit customer needs.
- » **Electronic Approval Initiative:** This initiative aims to automate loan-approval processes for an enhanced customer experience.
- » **Consulting Services Improvement Initiative:** This initiative aims to improve consulting services in order to meet customer needs.

These initiatives compliment the continuous evaluation of products and programs to improve them and fulfill customer needs.

3- Building a Culture of Excellence

SIDF aims to build a culture founded on performance and on increasing employees' sense of responsibility. For this reason, SIDF seeks to create a work environment that allows employees to develop and prosper. A performance-oriented culture pushes employees to innovate and succeed, while individual contribution remains transparent and discretionary. To this end, SIDF has implemented several initiatives, the most notable of which include:

- » **The Excellence Culture Council:** This council is responsible for ensuring the growth of a rich and enabled culture at SIDF.
- » **The Leaders Program:** This program focuses on professional leadership development to prepare and empower employees for leadership positions that ensure business continuity.

4- Supporting the Industrial Sector in Facing the Impacts of the COVID-19 Pandemic

In March 2020, the Saudi government announced the launch of accelerated financial stimulus packages, worth more than SR 120 billion, to mitigate the impact of the COVID-19 virus outbreak on economic activities. In line with these trends, SIDF pioneered the support efforts targeting the industrial sector by launching several initiatives, with a total value exceeding SR 5 billion. This has markedly helped combat the negative impact of the pandemic on the economy.

The SIDF initiatives reduced the financial burden on small and medium-sized enterprises (SMEs) and large companies hurt by the unprecedented economic situation. Among these initiatives is restructuring debt installments due in 2020 for all SMEs and medical services companies sponsored by SIDF. SIDF also restructured and rescheduled debt for large industrial companies affected by the pandemic. The total amounts restructured in both initiatives surpassed SR 4 billion.

SIDF offered accelerated loans to eligible SMEs clients covering up to three (3) months of operating costs in all sectors to preserve the liquidity necessary in the market. Another initiative targeted existing and new medical and pharmaceutical projects through the provision of accelerated loans that finance up to six (6) months of raw material costs. The main goal was to sufficiently finance medical and pharmaceutical projects to ensure the availability of necessary medical products during the pandemic. Finally, SIDF launched a financing channel for special medical supplies, as it financed the cost of fixed assets for factories that manufacture products related to prevention. The total value of loans granted through these two initiatives exceeded SR 1 billion.

2. Specialized Financing Programs and Products

1- Afaq Program

Afaq Program aims to support the development and growth of small and medium-sized enterprises (SMEs) through several products and initiatives:

Small and Medium-Sized Enterprises (SMEs) Scale-Up

The SME Scale-Up product was launched to provide financial features to SMEs with proven success records to allow them to increase their production capacity and reach the growth and expansion that resonates with their aspirations. The program provides a number of important benefits and features:

- » Longer repayment period (8 years).
- » Longer grace period (up to 24 months).
- » Possibility to reduce net worth (financial solvency) requirement.
- » Upfront disbursement of 30% of the loan amount.

Industrial Entrepreneurship Stimulation

SIDF offers this product in partnership with business incubators and accelerators. One example includes the industrial accelerator program established in collaboration with the "Badir" program with the aim of supporting startups. This program constitutes a fundamental part of the economy, especially as it pertains to the early stages of entrepreneur development. This product offers several benefits and facilities:

- » Admission to the "Badir" incubator and participation in the bootcamp.
- » Linking industrial projects to a network of investors.
- » Initial financing up to SR 650,000 and a grace period of 24 months.
- » Acceptance of the investor's initial application without the need for financial solvency.

Achievements:

- » Approval of 15 projects with a total value of SR 222.9 million.

5+
SR Billion
value of initiatives launched by SIDF to mitigate the effects of the COVID-19 pandemic on the industrial sector

► Afaq Program aims to support industrial entrepreneurs and small and medium-sized enterprises.

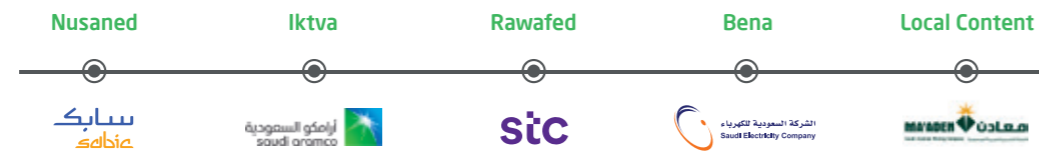
► Tawteen Program constitutes one of the tools employed by SIDF to contribute to the Kingdom's strategic objectives in terms of increasing local content.

2- Tawteen Program

Tawteen Program constitutes one of the tools employed by SIDF to contribute to the Kingdom's strategic objectives in terms of local content. It aims to stimulate local and foreign investments to increase local content, link demand with supply in partnership with leading companies in the Kingdom, and measure SIDF local content contribution. Tawteen Program offers its customers financing benefits and features including:

- » Longer repayment period (minimum of 7 years)
- » Longer grace period (up to 24 months)
- » Fast track for projects with purchase agreements

Program Partners:



Partnership Outcomes:

- » SIDF periodic reports apply the elements of measuring local content.
- » Approval of 8 loans with a total value of SR 240.7 million.

► Tanafusiya Program aims to update technologies and reduce operating costs for industrial enterprises.

3- Tanafusiya Program

Tanafusiya Program aims to develop the current industrial infrastructure in order to increase the competitiveness of local products. through two products:

Energy Efficiency:

Aims to improve energy efficiency and reduce operating costs of industrial enterprises.

Industrial Digital Transformation:

Aims to support the current industrial infrastructure by improving productivity through technology and digitization.

Program Benefits:

Tanafusiya Program offers the following benefits and features

- » Longer grace period (up to 24 months)
- » Faster turnaround time to study the application (maximum of 8 weeks)
- » Links with SIDF consulting services

Achievements:

- » Joint agreement for the digital transformation of 100 factories in partnership with Modon and King Abdulaziz City for Science and Technology (KACST).
- » Approval of 2 loans with a total value of SR 1.8 million.

4- Mutajadeda Program

Mutajadeda Program aims to take part in establishing the renewable energy sector in the Kingdom and making it an efficient and fast-growing sector by improving local developers in the field of renewable energy production, financing the manufacturing of specialized products mainly in solar and wind energy, and aligning these products with local and global demands, especially through:

The manufacturing of renewable energy components, while offering the following benefits

- » Longer repayment period of up to 15 years.
- » Longer grace period of up to 36 months.
- » Financing up to 75% of the project cost.
- » Alignment with the Renewable Energy Projects Development Office (REPDO).

Renewable Independent Power Producers (IPPs); offering the following benefits

- » Longer repayment period of up to 20 years.
- » Longer grace period of up to 36 months.

Distributed Solar Electrical Generation, while offering the following benefits

- » Longer repayment period of up to 15 years.
- » Longer grace period of up to 36 months.
- » Financing up to 75% of the project cost.
- » Available for projects owners and developers in commercial and agriculture sectors.

Achievements:

- » Approval of 5 loans with a total value of SR 28 million.
- » Collaboration with the Renewable Energy Project Development Office (at the Ministry of Energy) in assessing projects and stimulating investments.

5- Land and Loan Program

Through a range of strategic partnerships, SIDF offers a package of financing options directed to investors in the industrial sector. The package includes the Land and Loan product and the Factory and Loan product, which allow investors to submit a request for an industrial loan with the allocation of an industrial land, or the allocation of a ready-built factory, through the consolidated application service. The program offers its customers the following benefits and features:

- » Longer grace period of up to 30 months
- » Financing up to 75% of the project cost

Program Partners:



Achievements:

- » Approval of 5 loans with a total value of SR 50.8 million.

► Mutajadeda Program aims to promote the components of renewable energy production and support technological transformation projects in the industrial, commercial, and agricultural sectors.

69
SR Billion
value of approved loans

► The Land and Loan product allows investors to obtain an industrial loan with the allocation of an industrial land, or the allocation of a ready-built factory.



3. SIDF Objectives and Performance Indicators

SIDF future vision and performance indicators, set in 2020, focus on the following strategic objectives:

1- Increasing the economic impact of SIDF-financed projects:

SIDF aims to measure the economic impact of the industrial projects it finances on the GDP. This enables SIDF to increase its developmental role and achieve the goals of NIDLP and the Saudi Vision 2030.

2- Ensuring SIDF financial sustainability:

SIDF aims to enhance its long-term financial sustainability by improving financial efficiency and disbursement and collection processes.

3- Stimulating investments according to national priorities:

SIDF aims to stimulate private sector investments in national priorities and strategic sectors, thus contributing to making the Kingdom an industrial and mining powerhouse and a global leader in logistics services.

4- Improving customer experience:

SIDF aims to improve customer experience, as SIDF success is measured by the success its clients.

5- Improving the products and services portfolio:

SIDF aims to promote its portfolio of financial programs and products and other services in order to meet customer needs, a matter which encourages investment in targeted sectors.

6- Strengthening partnerships to enable the financing ecosystem:

SIDF aims to activate national and international partnerships to maximize its role in enabling the project-based financing ecosystem.

7- Improving institutional governance:

SIDF aims to improve corporate governance, risk management, and compliance as an integrated set of capabilities that enable it to reliably achieve its goals and objectives.

8- Enhancing the efficiency and effectiveness of operations:

SIDF aims to improve and enhance its business operations and apply best practices in optimizing the use of its human and technological resources.

9- Improving the attractiveness of work for SIDF employees:

SIDF aims to develop a comprehensive approach that contributes to creating one of the best work environments.

10- Developing and maintaining a performance-oriented culture:

SIDF aims to promote a performance-oriented culture along with a proactive ownership mindset to help achieve the SIDF vision.

11- Ensuring the availability of required skills and competencies:

SIDF aims to attract and retain the right talent and continue to invest in building the skillset and knowledge of current employees.

SIDF Objectives and Performance Indicators for 2020

Strategic Objective	Key Performance Indicator	Target 2020	Achieved
Stimulating investment in priority and strategic sectors	Value of approved loans	SR 15 billion	117% (SR 17.6 billion)
	% of loans approved for SMEs	15% of the total value of approved loans (SR 2.25 billion)	70%* (SR 1.573 billion)
	% of loans approved for promising regions	40% of the total value of approved loans (SR 6 billion)	113% (SR 6.7 billion)
Ensuring SIDF financial sustainability	% of Disbursed amounts	28% of the non-withdrawn amounts registered at the beginning of the period (SR 9 billion)	52%** (SR 4.65 billion)
	% of Collected (repaid) amounts	65% of the amounts due at the beginning of the period (SR 4 billion)	82%*** (SR 3.26 billion)
Improving customer experience	Customer satisfaction index	Determining the customer satisfaction baseline	100%
Enhancing the efficiency and effectiveness of operations	% of Average loan processing time for approval	5 months	120% (4 months)
	Availability of financial data and statement for customers	85%	113%
	% of customer satisfaction with Tamkeen system	75%	97%
	% availability of Tamkeen system (Tamkeen system running time)	98%	102%
Improving corporate governance, risk management, and compliance	% Response to risk-related feedback and items	100%	100%
	% Response to feedback and items related to internal audit and the General Court of Audit	100%	100%
	% of department and division directors trained on new institutional risk management practices	100%	100%
	Reviewing, in collaboration with the Risk Management Department, policies and procedures of departments identified by the Risk Committee of the Board of Directors	100%	100%
Ensuring the availability of required skills and competencies	# of training programs by SIDF Academy	7 training programs	125% (17 programs)
	% of training coverage programs for SIDF employees	90%	119%

* Economic slowdown resulting from the pandemic led to a decrease in investments in SMEs.

** Economic activity slowdown in the third and fourth quarters negatively impacted the amounts disbursed.

*** Due to SIDF initiatives to restructure and reschedule debt installments to enable the private sector to face the effects of the COVID-19 pandemic, SIDF expected, by mid-year, to collect SR 1.6 billion in repayments however, it was able to collect SR 3.26 billion exceeding all expectations.

SIDF Future Indicators for 2021

The below table shows the SIDF indicators approved by the Board of Directors for 2021.

Objective	Indicator	Target Value
Stimulating investment in priority and strategic sectors	Value of approved loans according to the set plan for 2021	SR 11 billion
	Percentage of the number of loans approved for SMEs from the total number of SIDF-approved loans for 2021	80%
	Value of loan amounts disbursed, as per the approved plan, for projects with a cost that exceeds SR five-hundred million (500,000,000)	SR 8.3 billion
	Value of loan amounts disbursed, as per the approved plan, for projects with a cost less than SR five-hundred million (500,000,000)	SR 1.7 billion
Ensuring SIDF financial sustainability	Value of amounts collected as per the approved plan for 2021	SR 4.5 billion
Achieving excellence in customer experience	SIDF customer satisfaction index	65%
Improving employee experience	Employee engagement index	70%

5. SIDF Business Development

1- Automating Procedures and Improving Customer Experience

- ▶ One of the most important benefits of the Tamkeen system is the automation of all loan life cycle procedures.

Tamkeen achievements

900+
applications
total number of loan applications

60%
reduction in the time needed to process loan applications

70%
reduction in the time needed to process loan disbursements

- ▶ Automation of all products in the Land and Loan platform.

Industrial Loan System (Tamkeen)

The Tamkeen system empowers the private sector in the Kingdom by improving customer experience, raising procedural quality, and offering services and products that meet the needs of the industrial market efficiently, swiftly, and transparently. One of the most essential features launched is the automation of loan life cycle procedures, starting with application submission and ending with amount disbursement. This automation has helped speed up and enhance the service and has facilitated the follow-up of applications and requests through full automation of core and sub-processes and linkage with government agencies.

Some of the most outstanding outcomes of the Tamkeen project include the procedural facilitation of job opportunities, growing the Saudization rate in employment, raising the Kingdom's GDP, and increasing local exports and the purchase of local raw materials. These outcomes contributed to one of the most critical Saudi Vision 2030 programs, the National Industrial Development and Logistics Program (NIDL). They helped SIDF achieve its objective to meet the needs of employees and customers and generate more effective outputs. This is aligned with Saudi national priorities for industrial and economic development and digital transformation.

Benefits

- » Contributing to achieving the Saudi Vision 2030 through the digital transformation initiative launched in the framework of the National Transformation Program 2020.
- » Direct data integration and linkage, by the Government Service Bus (GSB) through the e-Government Program (Yesser), with government agencies, ministries, and private entities, and real-time verification of data validity in order to speed up the approval process.
- » Simple and interactive design, as user experience was taken into account throughout the design of the entire loan life cycle.
- » Reducing loan application processing time by 60% and loan disbursement processing time by 70%.
- » Improving business processes by reducing the time period for loan approval from 5 months to 4 months.

Results

- » Increasing the total value of loans approved

throughout 2020 to reach more than SR 17 billion.

- » Total number of subscribers: more than 4,000 users.
- » Total loan applications: more than 900 applications.
- » Total disbursed loans: more than 200 loans.
- » Total loan amendment requests: more than 1,500 requests.
- » Total disbursement requests: more than 600 requests.
- » Sectors of focus in the Tamkeen platform: industry, mining, energy, and logistics services.
- » Number of business procedures automated: more than 250 procedures.
- » Automation of 100% of core business procedures.
- » Signing more than 100 electronic contracts.
- » Signing more than 30 electronic promissory notes.

Land and Loan Platform

In cooperation with the Saudi Authority for Industrial Cities and Technology Zones (Modon), King Salman Energy Park (SPARK), the Royal Commission for Jubail and Yanbu, and the Economic Cities and Special Zones Authority, SIDF launched the industrial digital partnership service (Land and Loan platform). This platform enables the investor to request financing, including the allocation of land for industrial investment in one of the industrial cities, through a consolidated application service and to follow-up on their requests and requirements through one point of contact. As such, it aims to accelerate the process of receiving a Land and Loan in industrial cities and reduces financial burdens on the investor, who may receive a 15% discount on the annual rent value in a number of promising industrial cities for the first 5 years, with a discount value not exceeding SR 20,000 annually.

Results

- » Total applications submitted on the platform: more than 284 applications.
- » Total value of investment applications submitted on the platform: more than SR 7.5 billion.
- » Total applications/investments approved: 14 applications.
- » Automation of all platform products.

Developing Technical E-Services and the External Electronic Portal

SIDF continuously works on data linkage with government agencies through the Government Service Bus (GSB) as beneficiaries or providers of government-government or government-business services. With a view to improve user experience, an external electronic portal was developed in line with the new SIDF identity. It offers ease of access to information, easy browsing, fast browsing, a rich content, and intuitive dynamic mobile device experience. Through its Information Technology Department, SIDF continues to improve and provide an operating environment for various SIDF departments and clients.

Results

- » Linking with 59 agencies, providing 160 services, and continuously working on linking with new government agencies.
- » Launching the SIDF external electronic portal.
- » Ensuring the provision of an operating environment, infrastructure, and information technology services to various SIDF departments and customers during the official working hours, at a rate of 95.99%.

SIDF Application

In an effort to develop the e-services provided by SIDF, the Technology Services team updated the SIDF application for smart phone devices with a view to improve customer experience and facilitate SIDF remote services in response to the circumstances imposed by the COVID-19 pandemic.

The SIDF app offers new services including live updates on disbursement, (re)payment, approvals, and certificates of non-borrowing. The application helps customers track and manage authority delegation, view and print account statements, and benefit from 40 new post-lending e-services.

The SIDF app allows customers to complete SIDF checks through their mobile devices, without the need for a site visit by the SIDF team. It also enables them to receive all details from the SIDF representative and communicate with him/her without having to visit an SIDF branch. Such features, and many others that facilitate electronic customer service, were implemented as an initiative to support businesses remotely during the COVID-19 pandemic.

Results

- » Client satisfaction with the SIDF application: 84% on Google Store and 88% on Apple Store.
- » SIDF initiative to remotely support businesses and ensure continuity and ease of operations during the COVID-19 pandemic.
- » Available on Google and Apple Stores.
- » Number of downloads: 2000.

Lending and Customer Relations Management System

A number of additional services were developed within the Lending and Customer Relations Management system (CRM/LMS) of the Tamkeen system, including the automation of additional procedures, the provision of several new electronic services to customers and employees, and the facilitation of access to these services using different electronic and smart devices.

Results

- » Launching electronic contracts and promissory notes.
- » Signing more than 1,250 electronic contracts and promissory notes.
- » Electronic and digital signing.
- » Developing more than 20 business intelligence reports (BIBO).
- » Completing phase 1 of the user experience project (UX) for the Tamkeen system.
- » Completing the Tamkeen credit risk project.
- » Checking the information security of the system.
- » 100% automation of e-contract procedures.
- » Launching version 2 of the SIDF application for smart devices.
- » Automating loan pay-off letters and credit checks
- » Automating the procedures of the Loan and Mortgage Committee.
- » Improving loan terms in the system.

Automation of New SIDF Products

Several new SIDF products, systems, and services were automated in line with the SIDF business strategy and with the outputs of the National Industrial Development and Logistics Program (NIDL), in order to support all NIDL target sectors and include other sectors such as the energy, mining, and logistics services sectors, all while continuing to support the industrial sector. Automated products included:

- » Project financing loan
- » National Companies Promotion Program
- » Loan to support the private sector (SMEs) during the COVID-19 pandemic
- » Aviation sector initiative loan
- » Special track for strategic partnerships loan
- » Special track for medical support loan
- » Mutajadeda loan program

1250+
electronic contracts
and promissory
signed as part of the lending
and customer relations
management system

- ▶ Automation of several new SIDF products, systems, and services.



2- Partnerships and Agreements to Enable National Industry

SIDF has developed its business strategy in conformity with the outputs of the National Industrial Development and Logistics Program (NIDLP). The aim is to help SIDF become the financial enabler for industrial transformation in the Kingdom by aligning its strategy with the aspirations and objectives of NIDLP to meet the financial and consultative requirements of target sectors. In light of this, SIDF expanded its support of NIDLP target sectors to include new sectors, alongside the industrial sector, such as energy, mining, and logistics services

▶ SIDF worked in cooperation and complementarity with government agencies to develop programs and strategies.

▶ The aim of the MoU with MIZUHO Bank is to develop a joint product or program as an incentive for Japanese investors in the Kingdom.

SIDF worked in cooperation and complementarity with government agencies to develop programs and strategies that enable industry, mining, energy, and logistics services sector; support and encourage industry and other viable economic activities in the Kingdom; provide innovative solutions for the growth and development of local industry; raise its performance level to achieve sustainable investment returns in the industrial sector; develop local economy added value by supporting local products; promote non-oil exports; achieve integration between the industrial sector and other sectors, and raise the participation level of Saudi nationals in the industrial sector, attracting foreign capital, and transferring and localizing technology.

International Partnerships:

International partnerships help develop the industrial ecosystem through strategic partnerships that build on SIDF's capacity and support for its customers

Memorandum of Understanding with MIZUHO Bank:

The aim of this Memorandum of Understanding (MoU) is to promote industrial development opportunities in the Kingdom through mutual cooperation to develop a joint product or program as an incentive for Japanese investors interested in investing in industrial products in the Kingdom and to introduce Japanese investment companies, institutions, and customers to their counterparts in the Kingdom with a view to promote mutual industrial and investment cooperation and joint cooperation in organizing introductory and awareness sessions for Japanese investors.

Memorandum of Understanding with MUFG Bank:

The aim of this Memorandum of Understanding (MoU) is to promote and stimulate industrial development in the Kingdom and seek cooperation through establishing a practical framework to develop a stronger relationship between the two parties. This will, in turn, enhance industrial development opportunities in the Kingdom by attracting Japanese investors interested in SIDF industrial and investment projects or any other relevant projects within the Kingdom.

Cooperation has been established in several areas such as holding a training course for financing of ships and aviation; interviewing lead Japanese companies; holding a workshop on credit, and hosting a workshop on financing acquisition.

Memorandum of Understanding with SMBC Bank:

The aim of this Memorandum of Understanding (MoU) is to identify partnerships that advance the Kingdom's economy and aspirations to become among the 15 largest economies in the world by 2030. It seeks to achieve this through (A) establishing a distinguished financial system within the framework of the Saudi Vision 2030 by attracting Japanese investors interested in SIDF industrial and investment projects (or any other relevant projects within the Kingdom), and (B) promoting joint cooperation in the industrial and investment fields to support and provide advice to SIDF, redesign the credit process, and find training opportunities such as conferences, workshops, and seminars.

Enhancing Industrial Project Opportunities:

1- Afaq Program for Entrepreneurship Support:
The program aims to support small and medium-sized enterprises and entrepreneurs, through offering two products:

Small and Medium-Sized Enterprises (SMEs) Scale-Up Program:

This product aims to support SMEs with proven success records by providing financial benefits that allow them to increase their production capacity and reach the growth and expansion rates that resonate with their aspirations. The program provides several important benefits and features including:

- » Longer repayment period (8 years).
- » Longer grace period (up to 24 months).
- » Possibility to reduce net worth requirement to 50% of the loan amount.
- » Upfront disbursement of 30% of the loan amount.

Results:

- » Approval of 10 projects with a total investment value of SR 365 million.

Industrial Entrepreneurship Stimulation Program:

SIDF offers this product to its customers in partnership with business incubators and accelerators, such as the industrial accelerator program established in partnership with the "Badir" program. The objective of this product is to support start-ups as early as possible. This product offers a number of benefits and features including:

- » Admission to the "Badir" incubator and participation in the bootcamp.
- » Consultation and advice from SIDF and the "Badir" program in conducting the feasibility study.
- » Initial financing provided by "Badir" with a value up to SR 650,000, in order to cover pre-operation expenses.
- » Acceptance of the investor's initial application without the need to prove financial solvency, but provided that this proof is presented before signing the loan contract.
- » Linking industrial projects to a network of investors.
- » Grace period of 24 months.

Results:

- » Approval of 4 projects with a total value of SR 57 million.

2- Cooperation Agreement between SIDF and the Social Development Bank (SDB)

This agreement aims to establish a partnership between SIDF and the Social Development Bank (SDB) for the purpose of stimulating investors in small enterprises, supporting the development and growth of the industry, and raising its performance level by transferring new and existing customers and investors between SIDF and SDB. This agreement is conditional, provided that the customer/investor agrees to this transfer. Transfer options include:

- » Transferring new projects from SIDF to SDB, granted that the value does not exceed SR 5 million.
- » Transferring existing projects and projects seeking growth and expansion from SDB to SIDF, provided that their value does not exceed SR 5 million.

Results:

- » Transfer of 12 projects from SIDF to SDB.

▶ Areas of cooperation with MUFG include holding a training course for the financing of ships and aviation.

▶ SIDF offers financial products in cooperation with "Badir" program to support small start-ups.

365
SR Million
total investments of
promising SMEs

▶ Cooperation agreement between SIDF and SDB aims to stimulate investors in small enterprises.



► While hosting the G20 Summit, SIDF contributed to sponsoring the Women 20 (W20) group.

► The Council of Ministers approved the SIDF's membership in the World Economic Forum.

3- Strategic Partners Path Initiative:

This initiative aims to set a special path for strategic partners (specialized in industrial development investment), such as the Saudi Arabian Industrial Investments Company (Dussur) and Nusaned Investment, to apply for SIDF loans and obtain conditional approval that helps them conclude a joint venture agreement with foreign investors before establishing a legal entity for the company or finalizing financial closure. As part of this initiative, initial approval was granted to finance a project with a value of SR 74.5 million.

4- Consulting Services for the Industrial Sector:

SIDF provides consulting services to the industrial sector with the aim of enabling knowledge and transferring expertise and best practices to improve productivity, increasing the operational efficiency of the industrial sector, and supporting factories facing challenges. 19 factories have benefited from consulting services up until the date of the report.

5- SIDF Contribution to G20

In hosting the G20 Summit, the Kingdom of Saudi Arabia contributed to:

- » Sponsoring the Women 20 (W20) group, which focuses on the social and economic empowerment of women in the G20 Summit.
- » Drafting the G20 - Organization for Economic Cooperation and Development (OECD) report on cooperation with institutional investors and asset managers in infrastructure.

6- Enabling the Industry ecosystem:

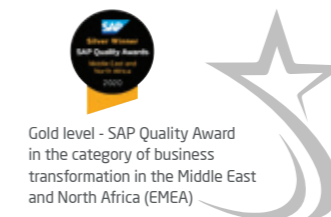
- » SIDF Academy launched 20 training programs that benefitted both the public and private sectors during the COVID-19 pandemic.
- » Other government programs were activated to support the private sector during 2020 :
 - 26 loans worth more than SR 1.7 billion were approved to support these programs.
 - Total amounts disbursed for these programs reached SR 1 billion.

7- SIDF Impact at the International Level:

- » SIDF was appointed Chair of the international Long-Term Investors Club for the period 2020-2021.
- » SIDF hosted the 2020 Meeting of the Steering Committee of the Long-Term Investors Club (December 2020 - virtual).
- » SIDF hosted the Montreal Group Board of Directors Meeting (June 2020 - virtual).
- » The Council of Ministers approved SIDF's membership in the World Economic Forum.



Fifth: Technology Prizes and Certificates



Human Resource Development





Most Notable Human Resources Achievements

By the end of 2020, SIDF employees reached.

940
employees

95%
of all SIDF employees are Saudi nationals

Number of employees successfully recruited into various departments:

129

Organizational Culture

SIDF was awarded the Best Work Environment Certificate in Asia (December 2020 – December 2021). The Fund seeks to spread innovation and creativity among employees at an organizational level through establishing a creativity program that endorses innovation and creative solutions to improve customer experience, the work environment, and community service. It also does so at a departmental level through the enforcement of best practices related to creativity and innovation. Among the most prominent outcomes of the creativity program is the launch of the "Corporate Volunteering Program," an initiative that empowers employees to volunteer outside of SIDF, thereby employing their professional skills to serve the market and society as a whole.

Training

The Human Resources Department applies modern standards in qualifying and training Saudi cadres through training programs that meet career progression plans in various SIDF job categories, tackling all areas related to the nature of business functions. Programs held for Saudi workers inside and outside the Kingdom in 2020 included specialized basic courses, short courses, panel discussions, professional seminars and conferences, exhibitions, training courses, and practical on-the-job trainings, adjusted to meet COVID19-precautionary measures. These programs are as follows:



Recruitment

By the end of 2020, the total number of male and female SIDF employees reached 940, of which 896 are Saudi nationals, occupying a range of leadership, supervisory, specialized, professional, technical, and administrative support positions. As such, the percentage of Saudi employees reached 95% of the total number of employees. During the same year, SIDF attracted and employed 129 employees across departments and divisions, concentrating on departments that carry out main activities, to contribute to achieving SIDF's main objectives in supporting and developing the industrial sector in the Kingdom.

SIDF Academy

Overview of SIDF Academy

Despite the significant challenges that faced SIDF and the Kingdom in 2020, in light of the COVID19 outbreak, the SIDF Academy fulfilled its commitment to provide world-class training programs for SIDF employees, individuals, and companies beyond SIDF and part of the wider industrial ecosystem. The Academy utilized innovative methods and has created a platform for remote training. Travel restrictions significantly hindered the availability of external training opportunities in general. However, SIDF adopted a proactive approach to provide unique and valuable learning experiences for SIDF customers and the industrial network through forming strategic partnerships with leading global educational and learning institutions such as the Stanford Center for Professional Development, London Business School, Fitch Learning, Cranfield University, GCC Board Directors Institute (GCC BDI), and Misk Academy. These valuable learning opportunities have significantly contributed to building capabilities and developing the knowledge and skills of human capital in the Kingdom.

Vision

To be the primary knowledge hub building human capabilities in priority sectors essential to achieving industrial evolution in the Kingdom.

Mission

To build human capabilities within the industrial ecosystem SIDF employees, customers, and other institutions – through holding world-class programs in partnership with leading training and learning institutions and adopting the latest methods that reflect SIDF's main functions in line with national goals.

Objectives

1. Developing specialized programs that focus on SIDF main functions.
2. Strategic alignment with government and private entities within the industrial ecosystem.
3. Building human capabilities to serve SIDF industrial development needs, SIDF customers, and the industrial ecosystem.
4. Concluding strategic partnerships with leading local and global learning and educational institutions to enhance the learning journey.
5. Building a matrix of skills and competencies in line with national goals.

Target Groups

SIDF Academy offers high-quality training programs that integrate various teaching methods, such as distance learning, hybrid education, and in-person classes, to the following groups:

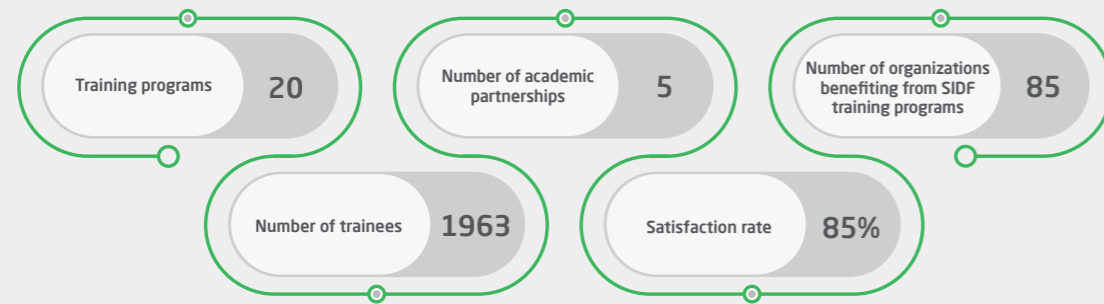
1. The industrial ecosystem
2. SIDF customers
3. SIDF employees

- ▶ Strategic partnerships with leading educational and learning institutions provided fruitful educational experiences to SIDF customers and the wider industrial network.

- ▶ Among SIDF Academy objectives are the development of specialized programs and strategic alignment with government agencies.



Training Fact-sheet for 2020



Misk Academy

- » Digital Nanodegree Program.

SIDF

- » Nokhab Credit Program.
- » Nokhab Market and Technical Studies.
- » SAP Financial Training.



GCC Board Directors Institute (BDI)

- » Building Better Boards.

Fitch Learning

- » Certified Investment Financial Professional (Basic).
- » Certified Investment Financial Professional (Intermediate).
- » Certified Investment Financial Professional (Advanced).
- » Data Analysis.
- » Essential Business Skills.
- » Nokhab Program for Credit Analyst – Fitch.

London Business School

- » Sustainable Leadership and Corporate Social Responsibility.
- » Innovation in the Digital World.
- » Nokhab Market Studies.

Participant Feedback on SIDF Academy Programs

C-Suite Executives

“ A new **learning experience** that exposes us to more **opportunities**. ”

“ Fewer participants allow for **more interaction**. ”

“ A true **learning experience**. ”

Data Analysis

“ Course content is **very useful** for companies and individuals alike. ”

“ **Excellent course** design and clear content. ”

“ Facilitator was dynamic and **spirited** and adopted a **teamwork** teaching method. ”

Leading Creative Transformation in Critical Times Program

“ **Fantastic** course. ”

“ **Remote networking**. ”

“ **Excellent** timing. ”

Women in Leadership

“ I held **discussions** without feeling shy; it was a **healthy experience**. ”

“ I thought the course was all about listening to the facilitator, with no interaction, but when we split into break-up rooms, **I loved it!** ”

“ It was a **wonderful** and fruitful experience. ”

Unleashing Innovation

“ High level of **professionalism** in just **80** minutes. ”

“ **Thank you** SIDF. I can't wait for another great program. ”

“ **A rich program** that **enhanced** my knowledge. ”



SIDF Young Leaders Council

The SIDF Young Leaders Council was established on the premise that the future of SIDF leadership rests on the potential and capabilities of youth to create and innovate. The program provides a platform to share ideas and proposals that allow for you development and the enhancement of their contributions in service of SIDF, the industrial sector, and the Kingdom as a whole.

The Council's work focuses on four main areas:

- 1. Consulting solutions:** conducting in-depth studies in various fields within SIDF.
- 2. SIDF business development:** identifying areas for improvement, conducting comprehensive studies, and submitting recommendations to relevant departments.
- 3. Social Impact:** enhancing SIDF work environment and SIDF youth participation and representation in activities.
- 4. Continuity of the Council:** selecting new members to pursue achievements and ensuring that projects are delivered to the concerned departments upon completion.

Despite the COVID-19 pandemic that imposed remote work, members of the Young Leaders Council continued to serve SIDF and the Kingdom. The council has successfully launched the most prominent initiatives during that period.

Main Achievements of the Young Leaders Council in 2020:

1. Launching the respirators initiative, in cooperation with the Crisis Team for Biomanufacturing for Health Security, under the leadership of His Excellency, the Deputy Minister of Industry and Mineral Resources, to aid factories that were willing to transform their production lines into respirators manufacturing lines. These products were then shared with the Ministry of Health to combat the pandemic.
2. Holding meetings and providing consultations to various SIDF departments.
3. Holding meetings with the engineers responsible for the new SIDF building to suggest modifications to the design in line with the latest design trends and developments.
4. Establishing an innovation laboratory within the SIDF headquarters and handing it over to the Human Resources Department to complement efforts and supervise the operation of the laboratory with the aim of establishing a permanent headquarters for innovation within SIDF.
5. Launching the SYLcast on SIDF's Snapchat account in order to provide general and useful information.
6. Cooperating with the Communication Department and the Excellence Culture Council to launch a virtual meeting for SIDF employees (Ramadan Week).
7. Cooperating with the Communications Department and the Excellence Culture Council to launch a remote innovation program.
8. Cooperating with the Support Services Department to provide vending machines that offer healthy and varied options.
9. Externally cooperating with the Qimam Fellowship Program through meeting coordination for meetings held between program members and the SIDF CEO and giving an introductory presentation about SIDF and its Young Leaders Council.
10. Cooperating with the staff of King Faisal Specialist Hospital and Research Center to establish a Young Leaders Council at the hospital.



Excellence Culture Council

The Excellence Culture Council was launched to complement the successes and efforts of the Social Services Committee, which was established within SIDF and lasted for more than 40 years. The "Excellence Culture Council" was selected as the new name in line with SIDF mission, vision, and strategic objectives and to reflect SIDF excellence in developing human cadres, policies, procedures, and industries.

Vision:

To enable cultural excellence in order to build and develop reliability through effective cooperation with a view to achieve a better work environment and instill a sense of belonging and development leading to client success.

Mission:

Maintaining and developing cultural excellence within SIDF by creating a work environment that promotes success.

Objectives:

1. Supporting the organizational foundation by spreading a culture of excellence within SIDF.
2. Strengthening interrelationships and communication among employees.
3. Contributing and giving back to the wider community.

Council Pillars:

- » Excellence
- » Interconnectivity and interdependence
- » Contributing and giving

Most Prominent Work:

1. Cooperating with the social committees of various bodies to participate in social projects.
2. Coordinating and organizing the SIDF Annual Ceremony in cooperation with the Communications Department.
3. Organizing and arranging activities for festive occasions and Ramadan.
4. Holding awareness and cultural programs.
5. Promoting health and sports awareness through various activities.
6. Offering gifts on happy occasions such as weddings and births.
7. Celebrating awareness days.
8. Organizing internal fundraising campaigns.
9. Supporting small-project entrepreneurs by providing them with opportunities to participate in SIDF forums.
10. Establishing remote interactive channels in various fields during the COVID-19 pandemic.
11. Serving as members of the Return-to-Work Committee after the pandemic.
12. Holding workshops to promote and develop knowledge and cultural exchange in cooperation with SIDF Academy.
13. Launching a virtual meeting for SIDF employees (Ramadan Week) in cooperation with the Communications Department and the Young Leaders Council.
14. Launching remote innovation programs in cooperation with the Young Leaders Council and relevant departments.



Industry Study:
Pharmaceutical Industry
in the Kingdom



Pharmaceutical Industry in the Kingdom

Introduction

The pharmaceutical industry is one of the most important industries worldwide, as all countries are keen on maintaining cooperation between the public and private sectors in order to preserve drug safety and availability and, at the same time, enjoy the benefits and profits brought by this ever-evolving industry. Between 2001 and 2020, the size of the global pharmaceutical manufacturing market increased by more than 200%, from 390 billion US Dollars to 1.2 trillion US Dollars.

144

SR billion

average annual government expenditure on health during the past three years

- ▶ 54 pharmaceutical and medical supplies factories are functional in the Kingdom.
- ▶ 30% contribution of local factories to meeting local demand.
- ▶ SR 1.5 billion value of exports.

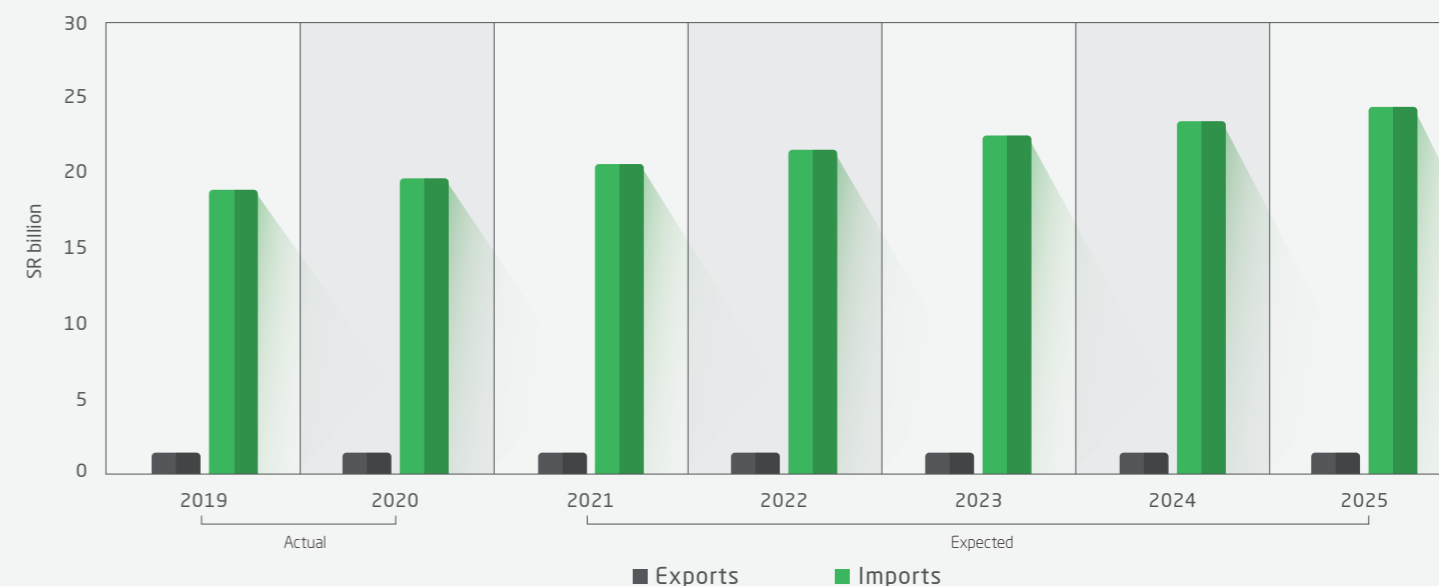
Government expenditure on health is among the top priorities of government spending in the Kingdom. In the past three (3) years, it reached SR 144 billion annually, ranking third after the defense and education sectors in government spending. The private sector's contribution to the healthcare industry towards GDP also increased, reaching a share of 27% of the Kingdom's GDP in 2020. Both government and private sector agencies anticipate the growth of this contribution in upcoming years.

From an industrial standpoint, the number of pharmaceutical and medical supply factories operating in the Kingdom reached 54 factories by the end of 2020, employing more than 11,000 workers, with a total capital of SR 3.8 billion. The size of the pharmaceutical market in the Kingdom reached SR 33 billion in 2020, and is forecasted to grow at an annual rate of 6% to reach SR 42 billion by 2024.

Pharmaceutical industry activity witnessed rapid developments, and the contribution of local factories to meeting local demand increased from 15% in 2010 to 30% in 2020. The Ministry of Industry and Mineral Resources aims to further grow this percentage to 50% by 2030.

In terms of international trade, the value of pharmaceutical exports, sent to more than 65 countries, reached approximately SR 1.5 billion in 2020, while pharmaceutical imports amounted to nearly SR 19.6 billion during the same year. These values were distributed as follows: Europe 70%, United States 13%, GCC countries 12%, and other countries 5%. The following graph (Figure 1) shows the flow of imports and exports in the international trade of pharmaceutical products between 2019 and 2025.

Figure 1: Flow of imports and exports in the international trade of pharmaceutical products during the period 2019-2025.



Source: Fitch

Main Actors in KSA Pharmaceutical Market

Pharmaceutical industry regulations and systems in the Kingdom have developed significantly, reflecting positively on the improvement and development of pharmaceutical products' manufacturing, distribution, and consumption. In the past, foreign investment in the pharmaceutical industry required a local business partner. Today, foreign investors are permitted to own 100% of a pharmaceutical project. This new direction has attracted an influx of foreign direct investment, which, in turn, allowed companies to initiate their activities in the Saudi market. As a result, international companies are now active in the Kingdom and include transnational companies such as Pfizer, Sanofi, GlaxoSmithKline, among other mega-companies. These companies operate either through direct investment or indirectly through commercial relations or the transfer of intellectual property rights for the local manufacturing of their products.

The Saudi Food and Drug Authority (SFDA) is responsible for setting policies and procedures that regulate the pharmaceutical market and price control. SFDA acts as the sole regulatory authority in the Kingdom, and all companies, including importers and local producers, are required to register their products electronically via the SFDA online platform.

In terms of procurement, the National Unified Procurement Company (NUPCO) for Pharmaceuticals, Medical Supplies, and Equipment is the official authority responsible for purchasing drugs and pharmaceuticals on behalf of the Ministry of Health and other public hospitals. It represents one of the largest buyers in the Saudi market, as government demand constituted 55% of the total demand for pharmaceuticals in 2019, while individual and private sector consumption accounted for 45%. Accordingly, NUPCO tenders are considered the most important in the market, given their magnitude. NUPCO is a state company established in 2008 and wholly owned (100%) by the Public Investment Fund (PIF). Its primary function is to initiate tenders to procure pharmaceuticals and medical supplies and equipment for all public medical institutions. NUPCO is also responsible for storing and distributing medical products to its customers. It obtains revenue by charging buyers a 4% fee out of the tender value. NUPCO's primary customers are the Ministry of Health, Medical Services Department of the Ministry of Defense and Aviation, National Guard Health Affairs, university hospitals and healthcare centers affiliated with the Ministry of Education, King Faisal Specialist Hospital and Research Center, government research centers, and other government hospitals and clinics.

- ▶ Foreign investors are allowed to own 100% of a pharmaceutical project.
- ▶ The Saudi Food and Drug Authority (SFDA) undertakes the task of setting the policies and procedures that regulate the pharmaceutical market.
- ▶ Government demand constituted 55% of the total demand for pharmaceuticals in the Kingdom.
- ▶ NUPCO tenders are considered the most important in the market given their magnitude.

Overview of Certain Pharmaceutical Product Manufacturers in the Kingdom

International and multinational companies, such as Novartis, Pfizer, Bayer, and Abbott, have an extensive presence in the Kingdom. Most of these companies adopt a method of sale through agents or contract manufacturing in partnership with local pharmaceutical and drug manufacturers to save costs while preserving an indirect presence in the market. However, Pfizer, Sanofi, and GlaxoSmithKline are among the most prominent foreign companies that manufacture their products locally. Alongside these companies, Tabuk Pharmaceuticals, SPIMACO, and Jamjoom are among the top 10 local pharmaceutical companies operating in the Kingdom. In what follows, an overview of the local performance of these companies is presented:

Pfizer meets
100%
of local demand for 16 of its
best-selling products

80%
of the GlaxoSmith products
are manufactured locally

▶ Tabuk Pharmaceuticals is the largest private Saudi pharmaceutical company.

▶ The number of Jamjoom products increased to reach 155.

Pfizer Inc.

Pfizer Inc. has been operating in the Kingdom since the early 1960s. It offers a range of products, including internal medicine drugs, vaccines, medication for oncology, inflammation, immunology diseases, rare diseases, healthcare in hospitals, and cardiovascular diseases. In 2017, Pfizer began production in the Kingdom by investing SR 188 million to manufacture and package medication in King Abdullah Economic City. One hundred twenty-four (124) employees, half of whom are Saudi nationals, work in the Pfizer factory. The company operates at 80% capacity to meet 100% of local demand for 16 best-selling products. Pfizer is also the first company to obtain a commercial license from the Saudi Arabian General Investment Authority, which allowed for 100% foreign ownership of its legal entity, licensed to import and export and engage in wholesale or retail trade of products and equipment and tools.

GlaxoSmithKline

GlaxoSmith's activity in the Kingdom dates back to more than 60 years, and the company currently employs 262 workers. This British company enjoys a strong focus and a leading position in respiratory diseases, HIV, vaccines, and consumer healthcare. In 1992, GlaxoSmith cooperated with Banaja Holdings Ltd. to establish the first multinational research center in the Kingdom--a facility that has since been repeatedly modernized and upgraded. Currently, 80% of the company's products are manufactured locally in Jeddah, and GlaxoSmith was also the first to manufacture vaccines in the Kingdom in 2013.

Sanofi

Sanofi has been present in the Saudi market for more than 50 years. In 2014, it became the first foreign company to open a factory in the Kingdom, more specifically in King Abdullah Economic City. It targets the Middle East market, not just the Saudi market. Sanofi provides medication and critical treatments such as insulin shots and medication for diabetes, cardiovascular diseases, rare diseases, organ transplants, and consumer health care. In 2016, Sanofi announced its cooperation with the Ministry of Health to train national competencies in diabetes research areas.

Tabuk Pharmaceuticals

Established in 1994, Tabuk Pharmaceuticals is the largest private Saudi pharmaceutical company with more than 250 registered products, commercial operations in 25 states, and four (4) active manufacturing sites. Tabuk Pharmaceuticals employs more than 2,000 workers (both males and females) and has its headquarters in Riyadh with factories in both Tabuk and Dammam. The company develops, manufactures, and markets generic drugs and medications for gastrointestinal diseases, diabetes, and cardiovascular diseases, alongside many other products.

Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO)

SPIMACO was established in 1986 in the city of Buraidah. Its main business is the development, manufacturing, and sale of pharmaceutical products and medical equipment. SPIMACO products increased from six (6) items, when it was first established, to more than 340 items at present. In addition, the company has secured partnerships with a wide range of major global pharmaceutical companies for joint marketing purposes. It also works on acquiring competing brands and trademarks, contract manufacturing, and licensing, as it owns 85% of Dammam Pharma and 51% of the Arabian Medical Products Manufacturing Company (ENAYAH). SPIMACO is one of the companies authorized to produce medications for Kimberly-Clark International.

Jamjoom Pharmaceuticals Company

Jamjoom Pharmaceuticals Company inaugurated its business in Jeddah in 2000 with 78 employees and six (6) registered products. It then developed its performance and currently employs 100 specialists in research and development, has an academy for pharmaceutical research and development, and increased the number of products registered under the company's name to reach 155 products in 2020. Jamjoom currently exports its products to more than 30 countries and is ranked locally as the largest company in the Kingdom in terms of the number of pharmaceutical formulas.

SIDF's Role in Supporting the Sector:

The pharmaceutical industry sector is considered one of the most important and strategic industries supported by SIDF. Investors are encouraged to compete within the industry and localize it. SIDF's contribution to supporting pharmaceutical companies began in 1978 and continues today. By the end of 2020, the total number of loans approved for the pharmaceutical sector reached SR 2.9 billion distributed over 49 loans, with a value exceeding SR 5.4 billion.

SWOT Analysis of the Pharmaceutical Industry in the Kingdom



* A generic medication or drug is one that has a trademark different than the trademark of the manufacturer or owner of production and distribution rights of the drug but is similar and equivalent to the registered drug in terms of active ingredient, chemical composition, properties, and use.

In Focus:
**The Impact of the COVID-19
Pandemic on the Industrial
Sector**



In Focus: The Impact of the COVID-19 Pandemic on the Industrial Sector

Introduction

The Kingdom's economy was affected by the double shock caused by the spread of the novel Coronavirus pandemic (COVID-19) and the sharp drop in oil prices. This shock carried negative repercussions on economic growth, and it posed additional risks on economic stability, which required the government to develop effective policies and procedures in a timely manner to confront these consequences. Uncertainty in the global markets as a result of the COVID-19 pandemic affected oil demand and prices, as well as stock markets, the global industrial sector, and other economic variables.

► The COVID-19 pandemic and the drop in oil prices affected economic growth.

Global Manufacturing PMI decreased in April 2020 to

39.8
points

Total Saudi commodity exports decreased by

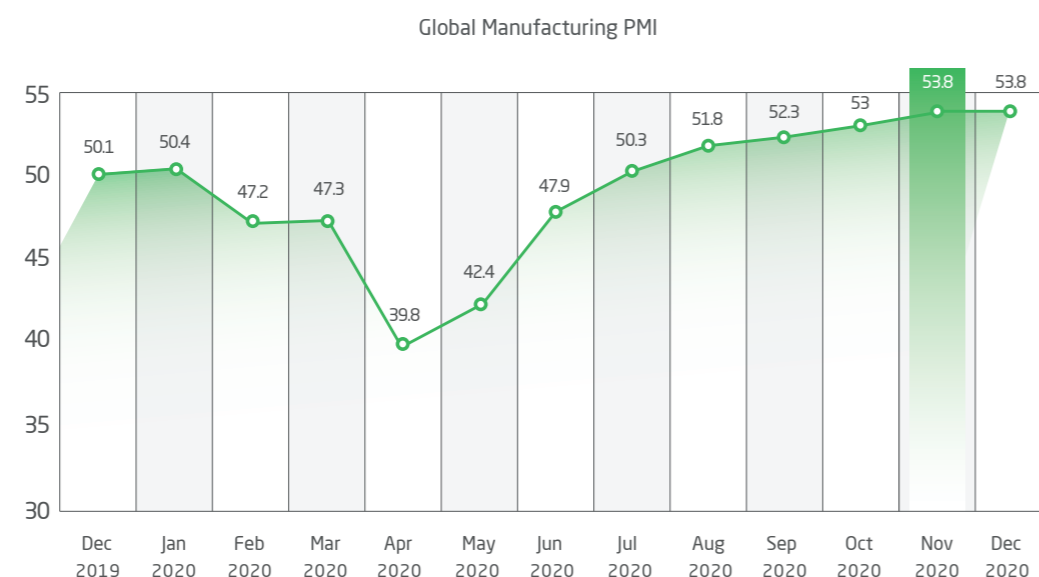
33.5%

Oil exports decreased by

40.5%

The Purchasing Managers' Index (PMI) – a measure of purchasing managers' perspectives of the conditions of the global manufacturing sector – showed a sharp decline in April 2020 (the index reached 39.8 points) because the global manufacturing was severely affected by economic turmoil resulting from the outbreak of the pandemic. By the end of 2020, however, the industrial and manufacturing sector was on the path of continuous recovery from the effects of the health crisis.

It should be noted that a score less than 50 points on the PMI indicates economic recession, and a score more than 50 points indicates economic growth.



Source: Global Manufacturing PMI – JP Morgan

Impact on the Industrial Sector in the Kingdom:

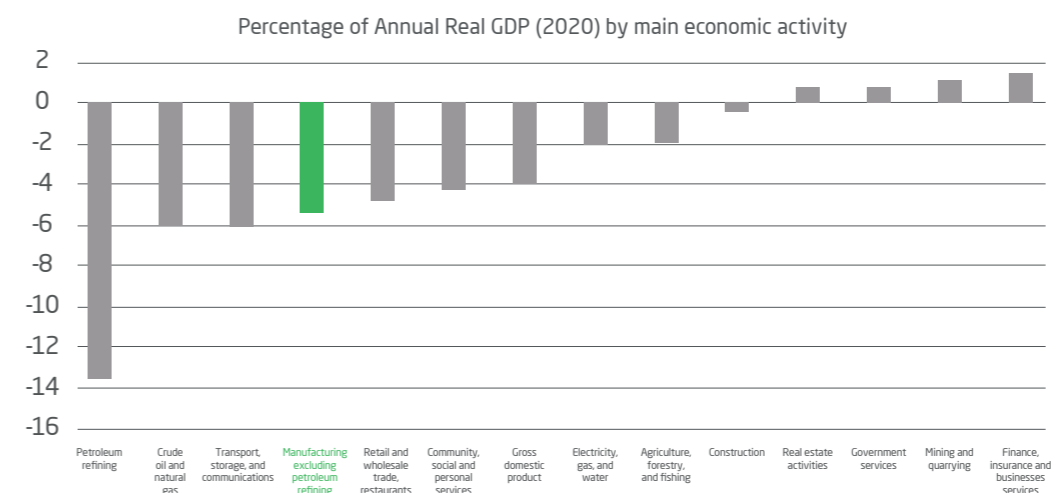
The effects of the Coronavirus pandemic on the industrial sector are reflected on three main dimensions:

- » **Supply Chain:** The decline in the production of imported components led to higher input prices, which resulted in manufacturers reducing production or searching for new sources of supply.
- » **Global Demand:** Global demand witnessed a decline, which in turn led to a decrease in Saudi exports. According to the General Authority for Statistics, total commodity exports decreased by 33.5% in 2020 compared to 2019. This decline emerged mainly from oil exports, which decreased by 40.5%, whereas non-oil exports decreased by 10.8%.
- » **Effect on the Oil Market:** In March 2020, oil prices witnessed a sharp decrease resulting from global economic slowdown. According to OPEC figures, the price of the OPEC basket decreased by about 35% from 2019 to 2020.

In general, the industrial sector in the Kingdom was negatively affected during the pandemic, which necessitated the development of fiscal and monetary government policies to mitigate the implications of these effects. The sections that follow describe the main indicators that demonstrate the impact of the crisis period on the Saudi industrial sector:

Industrial Sector GDP

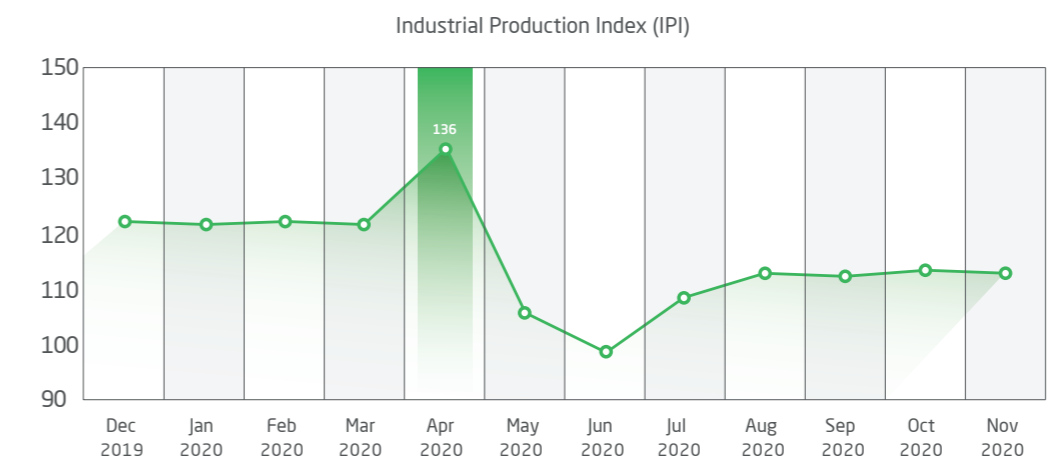
The industrial and manufacturing sector (excluding petroleum refining) was one of the economic activities most severely affected in terms of annual real constant-price GDP growth between 2019 and 2020. In fact, industrial and manufacturing economic activity (excluding petroleum refining) witnessed negative growth (5.4%), and the overall decline in real GDP during that period reached (4.1%).



Source: General Authority for Statistics.

Industrial Production Index:

The Industrial Production Index (IPI) is an economic index issued by the General Authority for Statistics that reflects relative changes in industrial production size. IPI is calculated based on an industrial production survey. As demonstrated in the graph below, the impact of the crisis began to appear in April 2020, and it reached its lowest in June 2020. After that, IPI began to relatively improve, although it did not reach pre-COVID-19 levels. According to the General Authority for statistics, industrial downstream activities decreased by 15.6% in November 2020 compared to November 2019, as the COVID-19 pandemic caused several factories to decrease their production operations.



Source: General Authority for Statistics.

5.4%

decrease in industrial economic activity

4.1%

overall decrease in real GDP

In November 2020, industrial downstream activities decreased by

15.6%

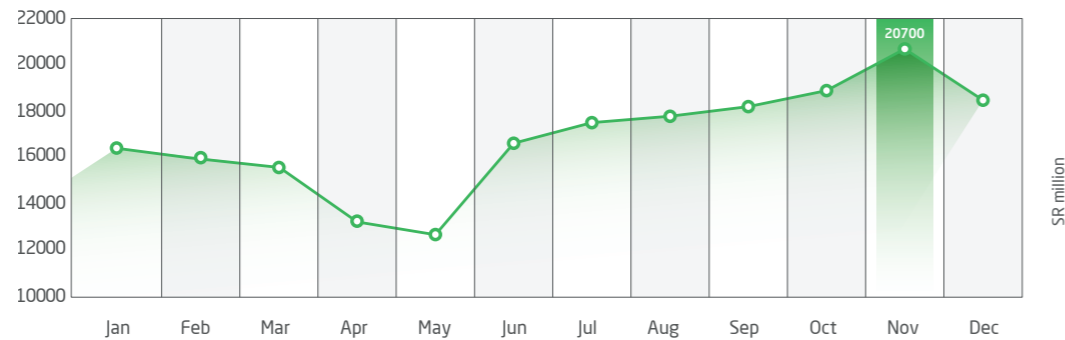
► June 2020 recorded the lowest score in the IPI with less than 100 points.

37.9%
decrease in the chemical sector and related products

Non-Oil Exports:

Non-oil exports were negatively affected in 2020, as they decreased by 10.8% reaching their lowest in May, with an annual decrease of 31.9%. The plastics and rubber sector, and all their products (which constitute 32.5% of non-oil commodity exports), decreased by 34.4%, and the chemical industries sector and related products (which constitute 29.3% of non-oil commodity exports) decreased by 37.9% since May 2019. As of June 2020, non-oil exports began to increase again until November. December 2020 witnessed a new decline. Since China is the main trading partner of the Kingdom in merchandise and commodities, these fluctuations can be, in large part, attributed to the impact of the Coronavirus pandemic.

Monthly Non-Oil Exports in 2020

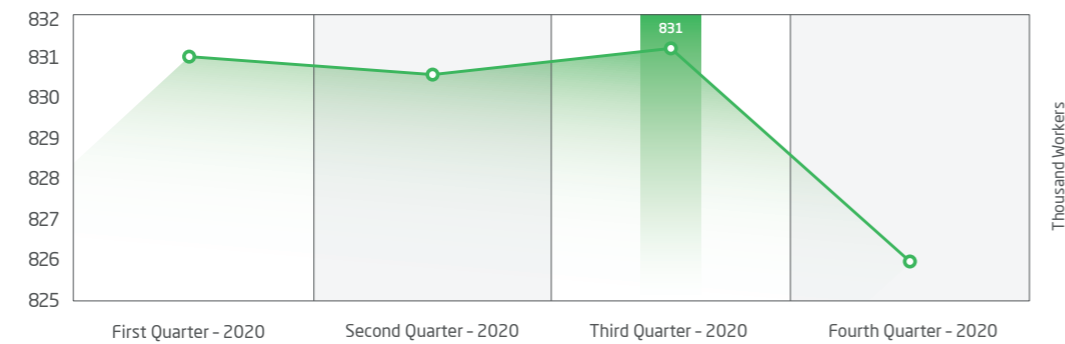


Source: General Authority for Statistics.

Industrial Labor Market:

Employment in the industrial sector was significantly affected by the crisis, and the impact was particularly evident in the last quarter of 2020, when total employment in the industrial sector decreased by about 5162 employees. The negative impact, in its largest proportion, affected non-Saudi workers, as demonstrated in the chart that follows. Total unemployment rate among Saudi nationals reached 12.6% in the fourth quarter of 2020, a level close to the unemployment rate in the fourth quarter of 2019 (12.0%) before the start of the pandemic.

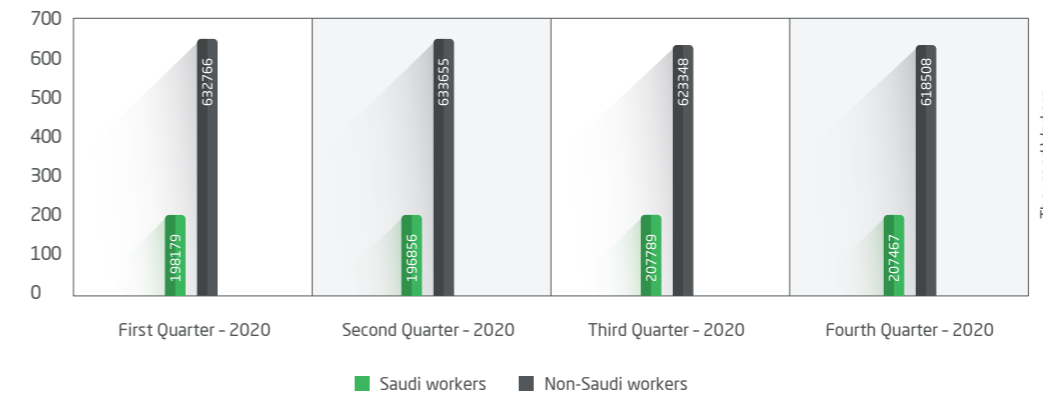
Total Employment in the Industrial Sector



Source: General Authority for Statistics.

12.6%
unemployment rate among Saudi nationals in the fourth quarter of 2020

Employment in the Industrial Sector, by Nationality



Impact on the Industrial Sectors

The impacts faced by the industrial sectors in the Kingdom are mainly related to imported raw materials and global demand. We can measure the extent to which each sector experiences the impact of the COVID-19 pandemic by tracking net income growth in companies representative of the sector by using the data of listed companies. The table below shows the average impact on earnings per share in each sector.

Growth of the Earnings per Share for Listed Companies in Each Sector (2019-2020)

Sector	Earnings per Share		
	2019	2020	Growth (%)
Energy	1,79	1,05	-41 %
Materials	1,36	0	-100 %
Capital Goods	-1,43	0,02	101 %
Food and Beverage	0,88	1,69	92 %
Healthcare Equipment and Services	1,6	2,33	45 %

Source: Tadawul

The table above reveals that sectors most related to the supply chain and global demand (energy and materials sectors) were most affected by the crisis, whereas sectors most related to local demand were less affected by the pandemic. This requires policy focus on the most vulnerable sectors to maintain their sustainability

Policies to Mitigate the Effects of the Pandemic:

In response to the economic consequences of the Coronavirus outbreak, several countries around the world announced various stimulus packages to support the economy. Along similar lines, the Kingdom announced the launch of a financial and fiscal package aimed at supporting the industrial sector to restore its production capacity. The most important policies adopted by the Kingdom are as follows:

At the financial level, in March 2020, the Kingdom launched a support package for the private sector worth SR 70 billion. The package entailed suspending payment of government taxes, fees, and other dues to provide liquidity for the private sector and increase the funding available through the National Development Fund. The government also authorized the use of the insurance scheme against unemployment "SANED" to provide wage support, within a specific limit, to private sector companies that retained their Saudi employees. Furthermore, the government eased restrictions on the movement of foreign workers and their contractual arrangements. Additional measures were similarly announced to mitigate the impact of the crisis on the private sector, such as providing temporary electricity subsidies in the commercial, industrial, and agriculture sectors (with a value of SR 0.9 billion). On May 10, the Ministry of Finance announced new tax measures to increase non-oil revenues and rationalize spending. In addition, on July 14, the Ministry of Finance launched a program worth SR 670 million to help companies postpone loan repayment in 2020.

100%
the materials sector recorded the lowest percentage growth of earnings per share for listed companies

70
SR billion
The Kingdom support to private sector

► The Saudi Central Bank reduced key interest rates, reverse repo rates, and repo rates.

► SIDF provided three accelerated financial support packages.

The number of KSA factories that began production in 2020 reached

515
factories

► Localization allowed meeting increased local demand in certain sectors (especially in health supplies such as masks, gloves, and sanitizers).

At the monetary level

the Saudi Central Bank (SAMA) reduced key interest rates twice in March and reduced reverse repurchase agreements rates (reverse repo rates) and repurchase agreements rates (repo rates). These rates were set at 1.25% and decreased to become 0.5% and 1% respectively. On March 14, the Saudi Central Bank launched a package worth SR 50 billion (13.3 billion US Dollars, almost 2% of the GDP) to support the private sector, especially small and medium-sized enterprises, by providing financing to banks allowing them to postpone the repayment of their existing loans and increase corporate lending. The Saudi Central Bank also issued instructions to banks to postpone the repayment of loans granted to all Saudi employees for a period of three months without additional fees. It took this initiative to provide financing for customers who lost their jobs and to exempt customers from various banking fees.

At the level of SIDF

SIDF provides, at the onset of the pandemic, proactive initiatives were taken to support small and medium-sized enterprises through adopting financial measures tailored to meet their specific needs during these difficult times. SIDF initiatives resulted in the provision of three accelerated financial support packages with a value exceeding SR 5 billion. This assistance took the form of debt restructuring, as 546 loan installments, exceeding SR 4 billion, due in 2020 were restructured and rescheduled. The financial liquidity of companies was also enhanced through credit instruments to finance the operating expenses of companies, especially those affected by the lockdown. 86 companies benefitted from this initiative receiving assistance worth SR 476 million. Finally, SIDF launched accelerated working capital loans with a value of SR 607 million to cover the costs of raw materials for companies in the medical sector to help enhance local medical content and drug safety and availability in the Kingdom.

At the level of KSA operational and licensed factories

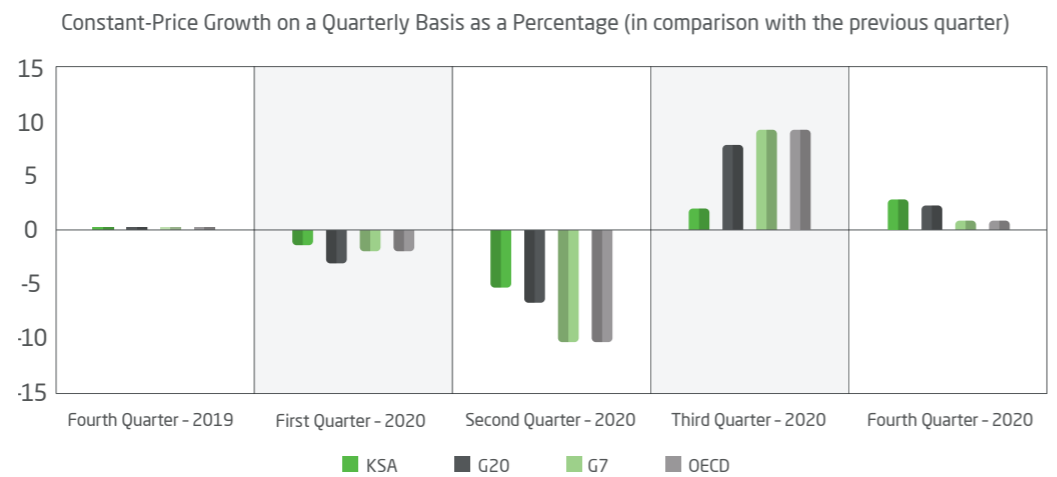
According to the Ministry of Industry and Mineral Resources, 903 licenses were granted throughout 2020 to factories with a total investment value of SR 23.5 billion. The number of factories that began production in 2020 reached 515 factories with a labor force of about 39,400 workers.

Local Content Policy as a Tool to Mitigate Relevant Global Shocks

In its vision, the Saudi government focused on localization policies, which have proven to be of great value during the pandemic. Moreover, the shift to local supply chains enhanced the ability to respond to disruptions in the supply chain, and localization also allowed meeting increased local demand in certain sectors (especially in health supplies such as masks, gloves, and sanitizers). As such, the COVID-19 pandemic could have a positive impact on industry and manufacture in the long run.

Comparison with Other Economies in the World

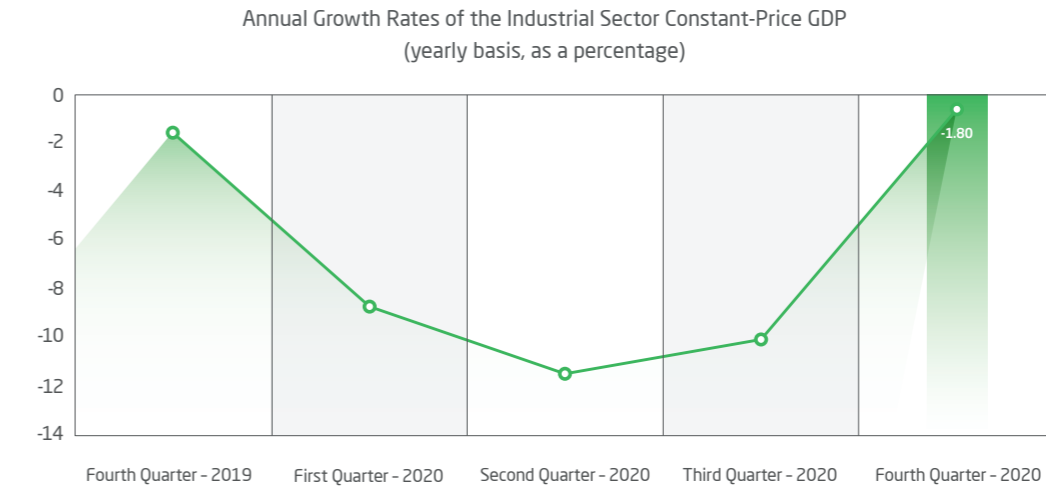
In comparison with other economies in the world, the Saudi economy was less affected by the pandemic during the first half of 2020. Recovery from negative growth began during the third quarter of that same year and achieved its highest rates during the last quarter of 2020. This reflects the effectiveness of government policies adopted during the crisis.



Source: Organization for Economic Co-operation and Development (OECD)
According to the source, data is updated on a quarterly basis, and 2015 was considered as the basis for the constant price.

Industrial Sector Performance

Taking into account the industrial sector growth rate, the following graph demonstrates that the industrial sector is more negatively affected than the overall economy. This can be explained by the vulnerability of this sector to global shocks.



Source: General Authority for Statistics

As revealed by the graph, this index, like the other indicators, followed the same trend. It reached its lowest level in the second quarter of 2020, and then began to rise in the quarters that follow.

Conclusion:

The most significant lesson learned from the COVID-19 pandemic is the importance of local content policies in mitigating the repercussions of global shocks, especially in the most affected sectors. In addition, government support plays an important role in confronting the impact of the pandemic.

In the industrial and manufacturing field, certain sectors benefitted from the crisis due to the increase in local demand (such as some sub-sectors of medications, pharmaceuticals, sterilizers, and certain food industries). However, other sectors were negatively affected due to their high dependence on imported inputs and global demand.

► The annual growth rate of the industrial sector GDP reached its lowest during the second quarter of 2020.

► Certain sectors benefitted from the crisis due to the increase in local demand.

SIDF Response to the COVID-19 Pandemic





SIDF Response to the COVID-19 Pandemic

SIDF handled the precautionary and preventive measures imposed by the government to contain the Coronavirus contagion responsibly and professionally by applying preventive protocols approved by designated authorities. SIDF adhered to the best occupational health and safety standards at the workplace and was able to work with ease and serve SIDF customers during the pandemic due to the following measures:

Remote Work:

In order not to disrupt workflow and processes, SIDF adopted a remote-work model through the following:

» Providing employees with the needed devices and applications:

Employees were provided with laptops and applications and were granted safe access to the SSL VPN network to enable them to work remotely and communicate with SIDF customers.

» Establishing awareness committees (safety and security):

These committees spread awareness and maintained employee safety and security.

» Cyber protection:

SIDF applied the requirements of the National Cybersecurity Authority to protect data and employees.

» Crisis and emergency committees:

These committees monitored workflow and took the necessary measures to provide solutions to problems and challenges faced by SIDF employees working remotely.

» Business continuity:

The Business Continuity Team ensured continuity in offering SIDF main services by providing relevant departments with the necessary instructions and guidelines regarding critical processes and their prioritization.

» Issuing a new version of the smart application:

SIDF issued a new version of the smart app as one of its initiatives to support remote work and facilitate operations during the COVID-19 pandemic.

Loans Services:

» Following-up with current SIDF clients:

- Disbursement.
- Repayment.
- Virtual (remotely) visits and follow-ups.

» Restructuring loans for small and medium-sized enterprises (SMEs) without any additional fees and exempting them from repayment throughout 2020. 546 projects with loans amounting to SR 4 billion were restructured, including 374 small projects with loans worth SR 825 million, 118 medium-sized projects with loans worth SR 906 million, 40 large projects with loans worth SR 2.3 billion, and 14 medical projects with a value of SR 74 million.

Services for New SIDF Customers:

In order to facilitate customer experience, SIDF launched several initiatives with the aim of developing and updating the services provided, such as:

- » Allowing customers to submit applications electronically by automating loan procedures.
- » Enhancing consulting services that meet customer needs, the most prominent of these services are the initiative to measure customer satisfaction, electronic approval of loans, and the initiative to improve consulting services.

Launching a Stimulus Package for Industrial Projects:

SIDF launched a stimulus package that includes:

- » Issuing a new product, a pre-approved credit line from which beneficiaries can withdraw amounts for a period of one year.
- » Providing support to medical companies through covering the costs of raw materials for 12 medical and pharmaceutical companies, an assistance program worth SR 607 million.
- » Launching financial products worth SR 1 billion to counter the effects of the pandemic, and granting financial support worth SR 476 to 86 small and medium enterprises (SMEs) to help cover their operational costs.

Preparing a Suitable Work Environment for the Return of Employees

- » Contracting with a specialized company to sanitize the SIDF building and all facilities.
- » Ensuring the presence of security guards and holding inspection tours around the clock.
- » Changing air conditioning filters at the workplace.
- » Opening the doors of all offices and staircases to prevent touching doorknobs and handles and facilitate the circulation of air indoors.
- » Distributing sanitizers at all SIDF entrances and in front of elevators.

» Daily sanitizing of offices and public utilities, as well as elevators and staircases.

- » Limiting the number of seats available for use in seating areas
- » Reorganizing employee work locations within their units to ensure social distancing.
- » Reorganizing conference and meeting rooms, reducing the number of chairs available in these locations, promoting to virtual meetings.
- » Using floor stickers to specify where to stand in front of entrances, elevators, and prayer halls.
- » Providing each individual with a disposable personal prayer rug and maintaining social distance between the rows of employees participating in prayer.

Occupational Health and Safety

- » Sanitizing the entire building using sanitizer spray machines, either once a week or when a case of infection is detected.
- » Taking the temperature of employees and visitors upon entering the building.
- » Limiting the number of individuals in the elevator to a maximum of 4 people.
- » Providing sanitizers and spray machines needed to prevent viruses.
- » Programming elevators to periodically stop on the ground floor and open its doors to circulate the air.

- » Enforcing designated authority requirements and regulations compliance on contractors regarding the accommodation of workers and ensuring that those working with the contractor adhere to wearing masks and other precautionary measures.
- » Carrying out inspection tours to ensure that SIDF employees and visitors are committed to wearing masks and maintaining social distancing.

Education and Awareness Raising

- » Periodically organizing virtual educational workshops for SIDF employees regarding the precautionary measures specified by the Ministry of Health under the supervision of the Safety and Security Committee.
- » Hanging instructive and guidance posters in elevators and building entrances, as well as prayer hall entrances.
- » Updating awareness and instructive messages and posters on a weekly basis.
- » Educating and raising awareness among employees regarding the necessity of social distancing and wearing masks.

Lending Activity Statistics



Lending Activity Statistics

Value of Cumulative Approved Loans, Disbursed, and Repaid Amounts (SR million)

Year	Repaid Amounts	Disbursed Amounts	Approved Amounts
1432/1433H (2011)	37,216	64,578	95,476
1433/1434H (2012)	41,526	70,636	105,415
1434/1435H (2013)	45,886	75,592	112,095
1435/1436H (2014)	50,346	81,276	117,987
1436/1437H (2015)	54,999	88,444	129,425
1437/1438H (2016)	59,333	94,821	137,367
1438/1439H (2017)	63,631	102,240	147,938
1439/1440H (2018)	68,688	111,629	157,378
1440/1441H (2019)	73,777	120,840	169,878
1441/1442H (2020)	77,051	125,490	187,490*

*Of which SR 24.9 billion were terminated or reduced.

Number and Value of SIDF Approved Loans, by Region

Region	Throughout 1441/1442H (2020)		Cumulative Total	
	Number	Value (SR million)	Number	Value (SR million)
Riyadh	70	962	1685	30,804
Makkah	41	1,027	1114	32,105
Medina	15	314	230	21,222
Eastern Region	62	8,972	1250	77,960
Al-Qassim	9	215	113	2,637
Asir	4	19	73	1,299
Tabuk	2	10	25	862
Hail	1	2	48	2,357
Jazan	2	6,000	45	13,193
Najran	2	7	34	1,381
Al-Baha	2	19	19	103
Al-Jawf	1	37	24	226
Northern Borders	0	0	15	3,312
Multi Regions	1	29	1	29
Total	212	17,613	4676	*187,490

* Of which SR 24.9 were terminated or reduced.

Number and Value of Approved Loans, by Industrial Sub-Sector

Sector	Throughout 1441/1442H (2020)		Cumulative Total	
	Number	Value (SR million)	Number	Value (SR million)
Consumer Industries	45	526	1314	26,820
Food products	18	151	628	16,266
Drinks and beverages	5	47	123	2,340
Fabrics	8	112	138	2,641
Leather and leather alternatives	-	-	26	137
Wood products	-	-	26	270
Wood furniture	2	10	86	607
Paper products	12	205	247	4,341
Printing	-	-	40	218
Chemical Industries	91	15,224	1318	92,166
Chemicals	52	14,926	623	78,768
Oil and gas products	1	2	81	5,409
Rubber products	2	27	31	898
Plastic products	36	269	583	7,091
Building Materials Industry	13	341	700	27,158
Ceramic products	1	243	43	2,217
Glass products	-	-	123	3,806
Cement industry	-	-	48	12,685
Other Building Materials	12	99	486	8,450
Engineering Industry	37	561	1174	33,415
Metal products	34	494	746	22,863
Machines and equipment	-	-	132	1,601
Electrical equipment	3	67	213	3,844
Transportation equipment	-	-	83	5,107
Other Industries	26	961	170	7,931
Total	212	17,613	4676	187,490*

* Of which SR 24.9 were terminated or reduced.

Value of Loans Approved During Each Year, Classified According to the Sector of the Industry

Sector	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Chemical Industries	2,483	4,125	2,047	1,535	6,674	744	6,798	6,434	10,631	15,224
Engineering Industries	1,966	1,942	855	2,174	756	4,420	2,223	449	375	561
Consumer Industries	1,061	2,287	1,330	1,017	1,621	1,086	1,213	1,731	861	526
Building Materials Industry	1,227	1,194	2,257	510	680	1,425	144	302	89	341
Other Industries	1,348	392	191	656	1,707	267	193	524	544	961
Total	8,085	9,940	6,680	5,892	11,438	7,942	10,571	9,440	12,499	17,613

Cumulative Value of Approved Loans, Classified According to the Sector of the Industry

Sector	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Chemical Industries	37,953	42,078	44,126	45,661	52,335	53,079	59,877	66,311	76,941	92,166
Engineering Industries	19,661	21,602	22,457	24,631	25,387	29,807	32,030	32,479	32,854	33,415
Consumer Industries	15,148	17,436	18,766	19,783	21,404	22,490	23,702	25,434	26,295	26,820
Building Materials Industry	20,217	21,411	23,667	24,178	24,858	26,283	26,427	26,729	26,817	27,158
Other Industries	2,497	2,889	3,080	3,735	5,442	5,709	5,902	6,426	6,970	7,931
Total	95,476	105,415	112,095	117,987	129,425	137,367	147,938	157,378	169,878	*187,490

* Of which SR 24.9 were terminated or reduced.



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