



SIDF 
صندوق التنمية الصناعية السعودي



Annual Report 2023



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Custodian of the Two Holy Mosques

King
Salman bin Abdulaziz Al Saud

May Allah protect him



Saudi Arabia is on the fast track towards development that is both comprehensive and sustainable. In this second phase of Saudi Vision 2030, our Kingdom has eyes set on developing new and uprising industries, supporting local content, and facilitating the business environment. It is the era of empowering people, engaging the private sector, and promoting implementation effectiveness towards further success and progress, at the service of our dear country.



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His Royal Highness

Prince

Mohammed bin Salman bin Abdulaziz Al Saud

Crown Prince, Prime Minister

May Allah protect him



We are full of gratitude for the massive achievements in development across several industries particularly in the past year. We are looking forward towards more progress and more benefit to the Kingdom, its people and its residents. We pray that we protect such achievements for our generation and the next generations.



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SIDF Overview

The Saudi Industrial Development Fund (SIDF) was established in 1974 with an initial capital of SAR 500 million, aiming at supporting industrial development in Saudi Arabia through granting medium and long-term loans to new and existing industrial businesses. SIDF gradually increased its capital to SAR 105 billion by 2019. Throughout 50 years, SIDF has adapted its support to evolving needs of the industrial sector, by encouraging industrial investment opportunities, promoting local industry development, enhancing performance, fostering competition, and backing strategic initiatives. Moreover, SIDF has expanded its support to include emerging sectors in the manufacturing, energy, mining, and logistics industries. Hence, SIDF plays a vital role as the key financial enabler for industrial transformation and national economy development.

SIDF efficiently operates to deliver both financial and advisory assistance, as well as inventive solutions, to foster the growth and advancement of the local industry and improve its overall performance, with the aim of delivering the following objectives:



Enhancing enterprises effectiveness and productivity while maintaining sustainability.

Supporting local products.

Promoting non-oil exports.

Establishing seamless integration between the industrial sector and other sectors.

Maximizing involvement of skilled Saudi individuals in the industrial sector.

Efficiently utilizing local raw materials.

Attracting FDI and transferring and localizing technology.

Promoting a culture of industrial safety and prevention against risks in industrial facilities.

Promoting environmental awareness in the industrial sector.



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Our Vision

The Saudi Industrial development fund will enable Saudi Arabia's transformation into an industrial powerhouse and a global logistics hub.

Our Mission

To promote the ecosystem's competitiveness and investments attractiveness by providing financial and non-financial services.

Our Values



Customer Success

We actively support our clients to succeed as we measure our success by theirs.



Enablement

We enable others to take ownership of the work we do and the outcomes we are trying to achieve together.



Team Work

We work as part of a team to achieve the growth, development and prosperity of our country.



Development

Development is at the core of our business. It underpins everything we do.



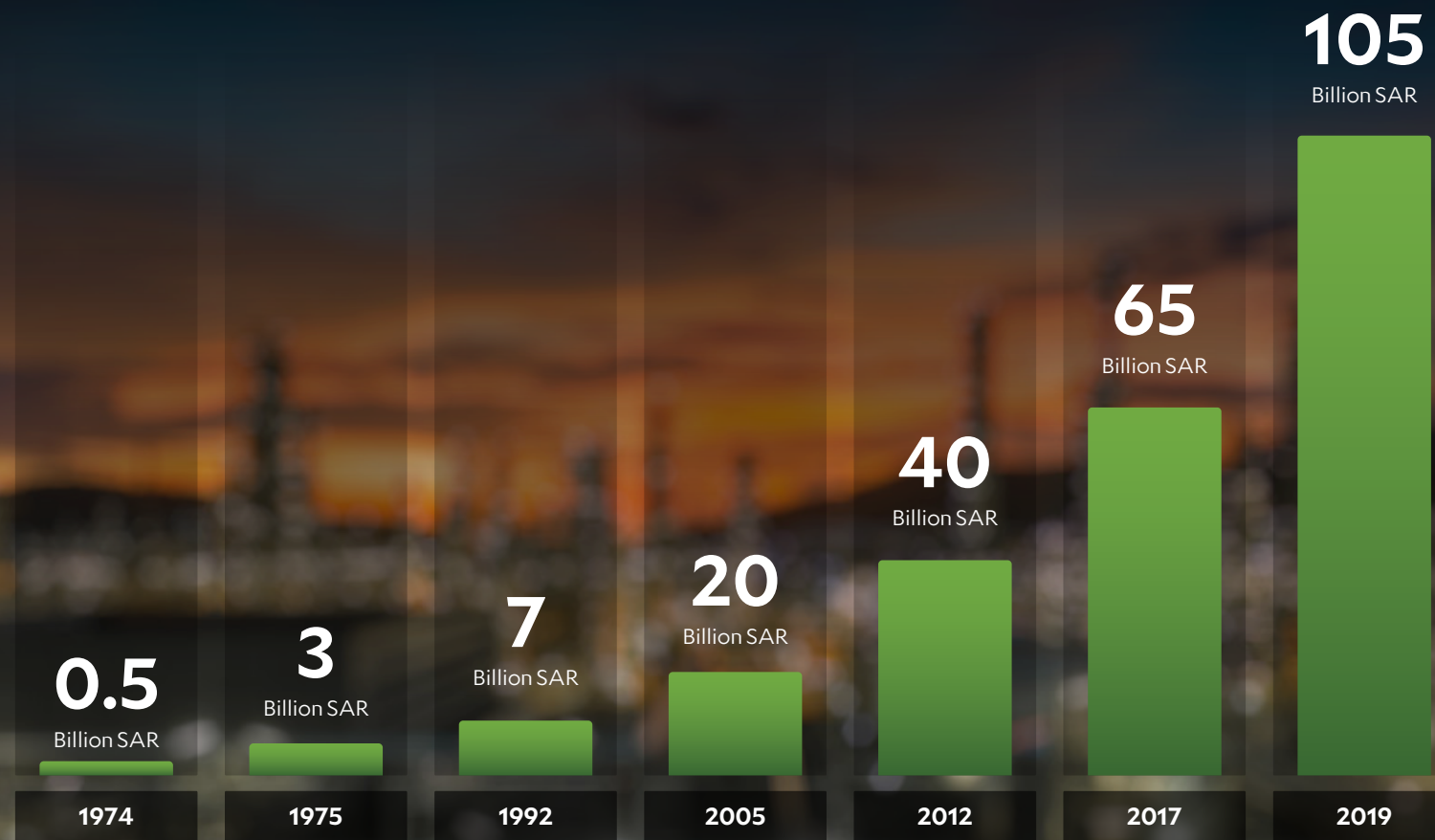
Reliability

We show reliability in our work and all decisions taken.



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SIDF Capital Growth



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Board of Directors

The Board of Directors comprises a chairperson and five members, and is responsible for the following:



- ✓ Establishing SIDF general policies.
- ✓ Approving strategies, plans and programs required for implementation.
- ✓ Approving SIDF administrative, financial, and technical regulations and procedures.
- ✓ Approving loaning and financing activities, authorizing ownership, sale, and mortgage of funds, and signing agreements and contracts, according to the relevant laws.
- ✓ Performing any activities or action that achieves and aligns with SIDF goals.

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Members of the Board of Directors



H.E. Mr.

Bandar bin Ibrahim Alkhorayef

Minister of Industry and Mineral Resources
Chairman of the Board



H.E. Eng.

Saleh bin Nasser Al-Jasser

Minister of Transport and Logistic Services
Board Member



H.E. Dr.

Fahad bin Abdullah Al-Mubarak

Advisor in The Royal Court
Board Member



H.E. Dr.

Chassan bin Abdulrahman Al-Shibl

Advisor to the General Secretariat of the
Council of Ministers
Board Member



Dr.

Stephen Groff

Governor of the National Development Fund
Board Member



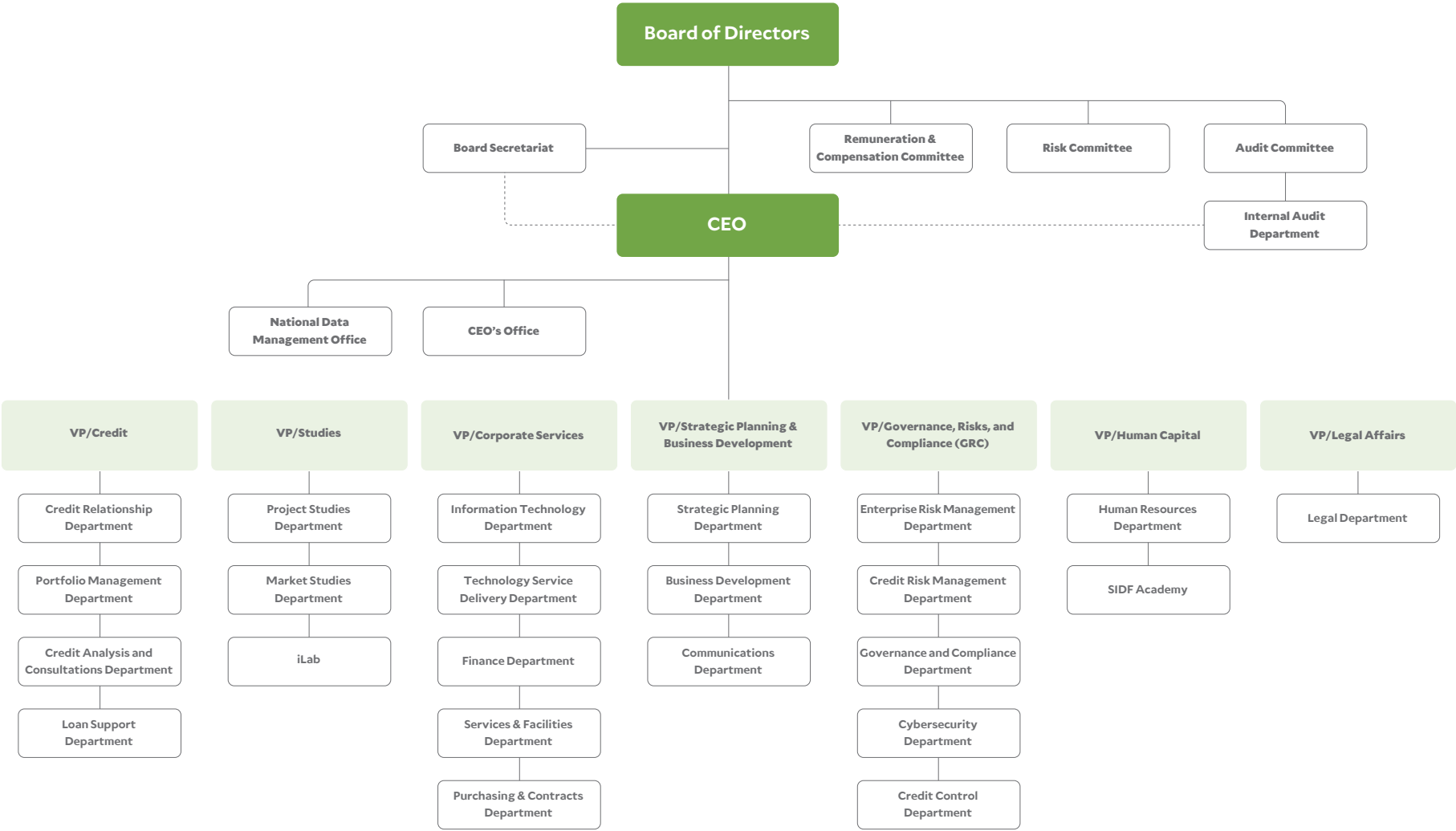
H.E. Dr.

Abdullah bin Abdulrahman Alnamlah

Advisor to Minister of Finance
Board Member

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Chairman's Message

Bandar bin Ibrahim Alkhorayef

Minister of Industry and Mineral Resources

SIDF has completed 50 years of giving. This is a call-for-celebration for half a century of endless support granted by SIDF. It is time we ponder on this institution's historic status as a leading specialized development entity in the Kingdom. Throughout the fifty years of its life, SIDF excellently delivered exceptional outcomes that were an integral part of the boost of the national industry that consequently elevated this sector's contribution to the national economy.

The Saudi Industrial Development Fund has become the edifice of industry in the Kingdom thanks to three key factors: its strong foundation in partnership with Chase Manhattan Bank, its dedication to its core mission of bolstering the industrial sector, and investment in human capital. The highly trained and talented leaders who have gone through SIDF's corridors have made a big difference in the various entities of the public and private sectors.

Through this epic journey, SIDF became the most valuable player post the launch of Saudi Vision 2030. Therefore, SIDF decided to rephrase its development role into an actual partner for the Vision Realization Goals. The Council of Ministers approved the amendment of SIDF's bylaws to extend its support to the National Industrial Development and Logistics Program (NIDLP) main sectors of industry, mining, energy, and logistics.

In 2023, SIDF granted approval for 134 loans at a total value of SAR 12.9 billion of an investment value surpassing SAR 51 billion. The loans were granted for the establishment or new expansion of existing factories. The small and medium enterprises (SMEs) received the largest share of loans at 62%.

A 2023 milestone involved SIDF improving its financing programs and products. SIDF launched several new products, programs and initiatives to serve specific target sectors. Tanafusiya Accelerator was launched to finance automation, digitization, and energy efficiency projects. The Promising Factories Initiative (soft loans) finances fast-growing industrial enterprises and SMEs. Guarantee Program to Support Working Capital Needs was another SIDF product launched in 2023.

SIDF continues investing in human capital, automating all business proce-

dures, innovating and improving several services, programs and products, and adopting the administrative best practices and standards. SIDF has an unwavering strategic direction to raise awareness and promote knowledge with a special focus on enhancing the internal ecosystem and governance.

I would like to express my heartfelt gratitude and appreciation to King Salman bin Abdulaziz Al Saud, the Custodian of the Two Holy Mosques, and to His Royal Highness Prince Mohammed bin Salman, the Crown Prince and Prime Minister, for their unwavering commitment and continuous support towards the industrial ecosystem. Their wise guidance has been instrumental in enabling SIDF to fulfill its role as a financial enabler. I would also like to extend my thanks to the Board of Directors and all my SIDF colleagues for their dedicated efforts, which have played a pivotal role in our notable achievements.

SAR 12.9 billion
The value of approved loans

SAR 51 billion
The value of investments in funded projects

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CEO Message

Sultan bin Khalid Al Saud

Since its inception in 1974, SIDF has played a pioneering role in developing, implementing and achieving industrial development policies and programs, which are engineered to allow SIDF to be the main financial enabler to transform the Kingdom into an industrial powerhouse and a global logistics hub. The net value of SIDF's approved loans since its establishment to the end of 2023 reached more than SAR 180 billion, dedicated for more than 4000 projects, with nearly SAR 700 billion investments.

Over the past five decades, the Saudi industrial Gross Domestic Product (GDP) increased 25-fold to SAR 246 billion (at fixed prices and excluding inflation). The total funds approved and granted by SIDF since the launch of Saudi Vision 2030 to the end of 2023 surpassed the total amount approved and disbursed during the first 36 years of its life.

During the fiscal year 2023, SIDF approved 134 loans amounting to SAR 12.9 billion, to finance several projects in industry, energy, mining and logistics, at an investment value surpassing SAR 51 billion.

In the meantime, SIDF continues its support to diversifying development by implementing ambitious plans and establishing internal operations mechanisms. SIDF launched several new services, products, and programs in 2023.

The new "WAIE" System helped improve digitalization and automation of internal operations concerning corporate risks by more than 80%. In addition, a comprehensive monitoring system for IT services was launched for better communication with customers.

In 2023, SIDF Academy successfully trained 2,064 individuals through 68 training programs. Prestigious education institutions supervised the training programs, including Stanford Center for Professional Development (SCPD), Fitch Learning, and King Abdullah University of Science and Technology (KAUST). Additionally, the Academy's Nokhab Program served 45 trainees; eight of them have industry backgrounds. SIDF Academy succeeded in receiving the General License for E-Learning from the National E-Learning Center.

In conclusion, the remarkable progress and accomplishments of SIDF would not have been possible without the invaluable support of our wise leaders. I would like to express my sincere gratitude and appreciation to King Salman bin Abdulaziz, the Custodian of the Two Holy Mosques, and Crown Prince Mohammed bin Salman – may Allah protect them both. Their unwavering support has been instrumental in realizing the objectives of Vision 2030 and elevating our beloved country among the leading industrial nations. I would also like to extend my thanks to the Chairman, members of the Board of Directors, and my esteemed colleagues at the Saudi Industrial Development Fund for their dedicated and tireless efforts in this regard.

134

loans

The number of approved loans

SAR 12.9

billion

The value of approved loans

2,064

trainees

At SIDF Academy programs

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2023 Highlights



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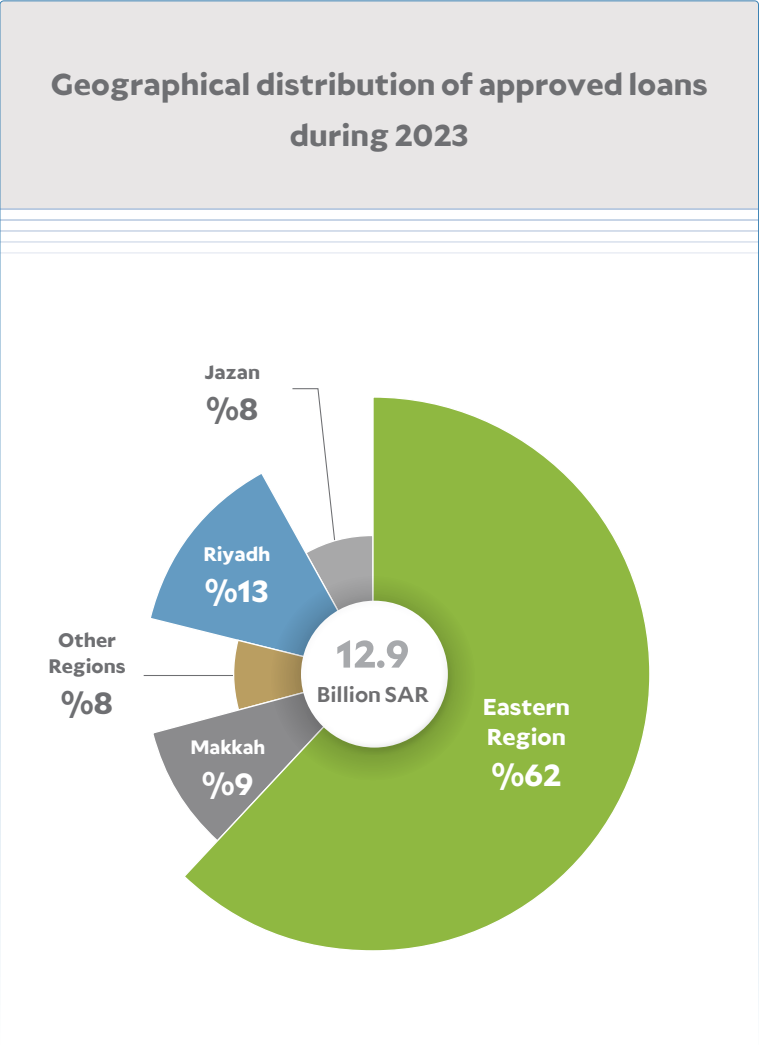
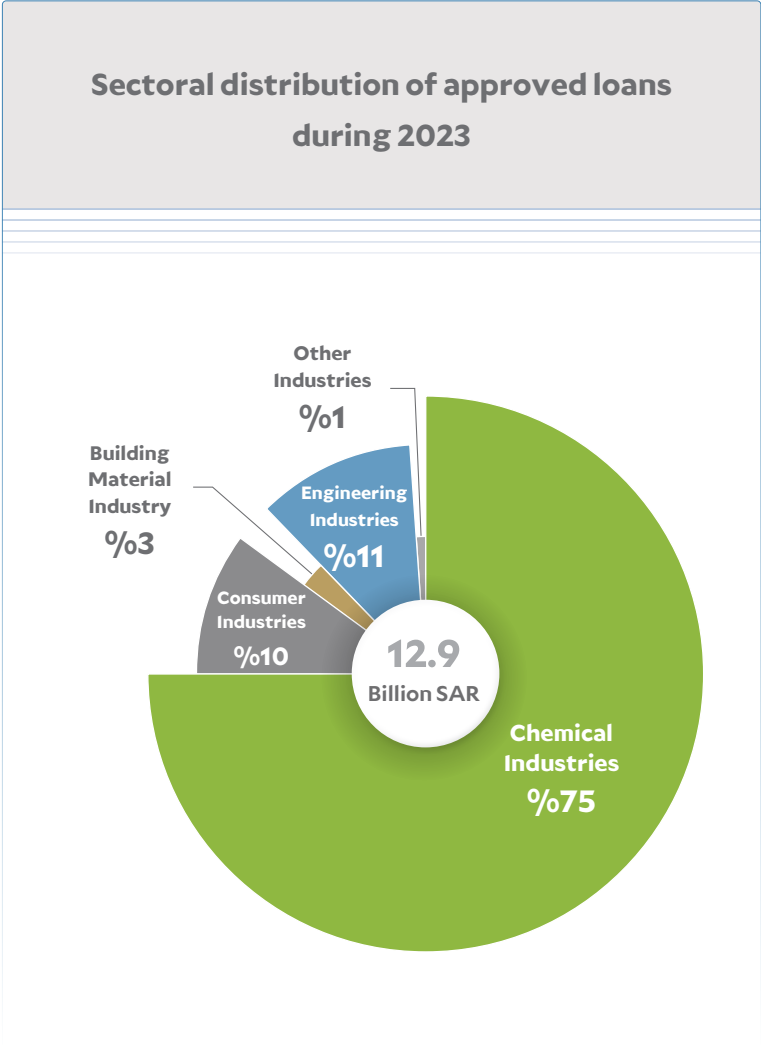
2023 Highlights

During 2023, SIDF made considerable strides in its performance, evidenced by a range of compelling figures that demonstrate its achievements. The following highlights provide a brief over-view of our accomplishments:

First: Lending Activity



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Second: Digital Transformation

Digital Government Authority (DGA) Measurement
The Eleventh Measurement of Digital Transformation



84.87%

Level of maturity: integration



100%

Maturity Level in Digital Electronic Services



6th

place among finance sector and funds

Third: Incentivized Programs

Incentivized Programs



18

Loans



520.8

Million SAR

Advisory Services



12

Advisory services

Fourth: Development of human capital

SIDF Academy



68

Training programs



12

Seminars



2,064

Trainees



+ 350

Beneficiaries

SIDF Employees



961

Employees



97%

Saudization rate

Talent attraction



96

New employees

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Trends & Indicators of National Economy

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The Economic Position of the Kingdom during 2023

Despite the ongoing global efforts to recover from COVID-19 effects especially on the economy, the global economy continues to face challenges that stunted the global economic growth. Several countries' economies have been affected by geopolitical events that led to subsequent fluctuations in inflation rates and disruptions in supply chains. In addition to the rising public debt, tensions have been brewing in the energy and raw materials markets. As a defense against such circumstances, central banks tightened monetary policies to contain inflation. As a result, economic activity in advanced and developing countries has witnessed a significant slowdown, which has exacerbated global economic uncertainty. The International Monetary Fund (IMF) estimates that global economic growth will slow by 3% in 2023 compared to last year.

In the meantime, the Saudi economy has continued to grow and maximize its eco-

nomic and social returns by continuing to implement structural and economic programs and reforms. Such measures have the aim of diversifying the economy, providing an attractive investment environment, developing private sector investments, increasing the contribution of the non-oil industry to economic growth, supporting the stability of the local economy, and achieving economic sustainability. The Kingdom's efforts in implementing financial policies also contributed to maintaining the continuity of financial sustainability, in addition to accelerating the wheel of economic growth to achieve the goals and aspirations of Saudi Vision 2030 and moving forward in implementing various development projects. According to estimates by the General Authority for Statistics, the real GDP witnessed a slight decrease of 0.8% compared to the previous year, reaching SAR 3.5 trillion (according to the Chain-Linked Methodology). The culprit is the decline in oil activities by 9% as consistent with the

Kingdom's commitment to voluntarily reduce oil production within the OPEC PLUS Agreement. The average OPEC Basket prices in 2023 witnessed a 17% decline compared to the previous year. While the non-oil sector witnessed an increase of 4.4 % compared to 2022 - with an increased GDP contribution from 47% in 2022 to nearly 50% in 2023, which is the highest rate of non-oil sector contribution to the GDP in the history of Saudi Arabia. The increase in the non-oil sector is attributed to the growth in the volume of investments and many major economic activities such as wholesale and retail trade and hospitality by 7%, financial services, insurance, real estate and business services by 4%, and construction and building by 4%.

SAR 3.5 trillion
Saudi GDP

%4.4
Non-oil industry growth

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Data of the General Authority for Statistics (GASTAT) showed that the annual average of the consumer price index reached 109.45 in 2023, at an annual change rate of 2.3% compared to 2022. This can be attributed to an increase in the prices of housing, water, electricity, gas and other types of fuel by approximately 8%. The price of liquid fuel increased by 15%, along with a 4% increase in the prices of restaurant and hotel activities. It is noteworthy that inflation rate in the Kingdom is one of the lowest globally, due to the strength of the local economy and the Kingdom's early adoption of economic measures and actions as a precaution against the rising global inflation rates.

Preliminary estimates from the Saudi Central Bank (SAMA) indicate that the current account balance of payments recorded a surplus of SAR 128 billion by the end of 2023, compared to a surplus of SAR 568 billion for the same period in 2022. The trade balance showed a surplus of SAR 424 billion by the end of 2023, with a decline of approximately 49%. However, if oil exports are excluded, the trade

balance showed an increase in deficit by 27% by the end of 2023, amounting to SAR 503.6 billion against SAR 396.3 billion in 2022. Exported goods saw a decline to approximately SAR 1,200 billion, due to a 24% decrease in oil exports reach SAR 928 billion, and a decrease in non-oil exports by 14% compared to 2022 reaching approximately SAR 272.3 billion. In addition, imported goods increased in 2023 by 9% compared to 2022 to reach approximately SAR 776 billion.

For financial and monetary developments, the government continues to execute several structural initiatives and reforms in light of the expansion in spending on strategic sectors, pursuing to achieve a sustainable economic growth, along with establishing policies that contribute to enhancing the financial sustainability. The state budget indicated that the Kingdom continued pursuit of structural economic and financial reforms, supporting the diversification of the economy, accelerating the implementation of projects and maximizing future economic gains. In addition, revenues decreased by about 5% to reach SAR 1,212 billion com-

pared to 2022, mostly due to the decline in oil prices compared to the previous year, affecting total revenues despite the increase in other revenues compared to 2022. Expenses increased by 10% over the past year, to approximately SAR 1,293 billion. The state budget recorded a deficit of approximately SAR 81 billion, while public debt amounted to nearly 26.2% of GDP. This can be attributed to the Kingdom's desire to accelerate the execution of projects and programs with social and economic returns, taking into account the principles of financial sustainability and maintaining safe levels from government reserve.

By the end of 2023, the Saudi broad money supply (M3) has increased by 7.6% compared to 2022, reaching SAR 2,685 billion. However, when we consider the different components of money supply (M3), a slight decrease of 0.3% was noticed in narrow money supply (M1) compared to 2022. On the other hand, money supply (M2) experienced an annual increase of 9.4% compared to the previous year.

SAR 128 billion

Surplus of the balance of payments at the end of 2023

SAR 1,200 billion

Value of exported goods

SAR 776 billion

Value of imported goods



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In respect of the banking sector, the end of 2023 witnessed an increase in the capital and reserves of commercial banks by 6% to approximately SAR 464 billion. Additionally, the liabilities of those banks from both the public and private sectors increased by 9% to approximately SAR 3,205 billion. Moreover, there was an 8% annual growth in bank deposits. In 2023, commercial banks played a significant role in supporting various economic activities by providing a total credit of approximately SAR 2,583 billion to the private sector. This amount represents an increase of 10% compared to the previous year. Given the details of credit distribution over sub-activities, it is evident that the volume of bank financing increased for most economic activities. The professional, scientific and technical activities experienced the highest growth of 51%, followed by the education sector with 33%, the power, gas and water sector with 28%, the Financial and insurance activities sector with 16%, and

the manufacturing industries with 0.5%. On the other hand, financing for the agriculture, forestry and fishing sector decreased by 5%.

In 2023, the Saudi Industrial Development Fund (SIDF) introduced a series of initiatives aimed at encouraging industrial projects. The strategic focus of SIDF also expanded to align with the national objectives of the Kingdom. This involved increasing support for various promising sectors such as the industry, energy, mining, and logistics. In addition, SIDF continued its lending activity by approving 134 loans at a value of SAR 12.9 billion compared to SAR 14.2 billion in 2022. The approved loans were dedicated to financing new expansion projects in vital sectors across nine regions of the Kingdom. The industrial sector received the largest share of loans (132 loans at SAR 12.8 billion), while small and medium projects received 83 loans (62% of the approved loans) at SAR 1.7 billion.

Meanwhile, at the end of 2023, the Saudi Stock Exchange increased by 14% to a level of 11,967 points compared to 10,479 points at the end of 2022. This marked the highest annual closing since 2005. The total value of shares traded during 2023 was approximately SAR 1,333 billion, compared to SAR 1,708 billion in 2022, a decrease of 22%. The market value of shares issued was approximately SAR 11,259 billion, experiencing an increase of approximately 14% compared to the previous year.

SAR **464** billion
Capital and reserves of
commercial banks

14%
Saudi Stock Market Growth

SAR **11,259** billion
Market value of issued shares



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In 2023, the Saudi Exchange “Tadawul” witnessed an increase in financing and growth opportunities for companies as well as in investment channels. Additionally, the Saudi Exchange welcomed eight new companies representing various sectors such as financial services, commercial and professional services, pharmaceuticals, food production, transportation, energy, and media and entertainment. As a result, the total number of listed companies reached 231 by the end of 2023. The collective market value of the listed companies stood at approximately SAR 63 billion, accounting for nearly 0.6% of the overall market value. Meanwhile, the parallel market index (Nomu) experienced a 26% year-on-year growth, closing at 24,529 points compared to 19,417 points in 2022.

In order to promote the financial market’s role in the Saudi economy, several measures were implemented in 2023. These include the completion of two mergers of several listed companies in the Saudi Exchange, and the announcement of the recent financial derivative products, such as single share options. Six new reforms were introduced, such as revoking normal trades in the main market and changing the price closing calculation mechanism for debt instruments and exchange-traded funds by calculating the average price. Additionally, Cancel on Disconnect orders, Request for Quotes (RFQ) Service for negotiated deals, and client Execution Copy were among the amended services. According to the 2023 annual report by the International Institute for Management Development (IMD) on global competitive indicators in financial markets, Saudi Arabia’s ranking rose -compared

to the previous year- seven positions into the third place among the G20 countries. The level up reflects the efforts by the capital market and its continuous improvements to develop the capital market sector in the Kingdom.

In 2023, Saudi Arabia’s capital Riyadh won the bid to host World Expo 2030. Additionally, four special economic zones were announced bearing laws and regulations to attract key global investments. The Kingdom also announced the Master plan for Logistics Centers, focusing on developing the logistics infrastructure. In 2023, Saudi Arabia announced the country’s first-ever car manufacturing facility (Lucid Motors), and Saudi’s first electric vehicle brand (Ceer Motors).

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The Saudi economy has received accolades from various global economic institutions. The International Monetary Fund (IMF) has praised the Kingdom's robust local economy and disciplined and prosperous financial situation. The IMF also praised the decline in unemployment rates to the lowest levels in the history of the Kingdom and lauded the strength of the monetary and financial sector in the Kingdom. Consequently, the IMF expects positive short and medium-term prospects for the Saudi economy and public financial accounts at a level close to balance. The IMF praised Saudi for effectively managing inflation and for its structural reforms in light of Saudi Vision 2030. The Kingdom succeeded to implement its plan for economic diversification, which included reduced reliance on the oil sector. The non-oil sector has experienced growth, consistent with strong consumer spending and fast-paced project execution, leading to more demand. The IMF attributed the major reforms and improvements in the regulatory environment and business climate to Saudi Vision 2030 and its Vision Realization Programs, including the Saudi Green Initiative that will assist the Kingdom to achieve net zero emissions in a green economy.

Despite the challenging global conditions, Saudi Arabia maintains a strong global credit rating. In September 2023, S&P assigned the Kingdom a rating of A-/A-1 with a positive stable outlook, given ongoing efforts into reforms made in the recent years with achieving structural improvements that contributed to

supporting sustainable development for the non-oil sector. This is coupled with efforts of the Kingdom related to the method of managing the public finance and maintaining the balance level of the public debt. The growth of the non-oil economy has also contributed to the positive financial and external indicators of Saudi Arabia. In April 2023, Fitch gave the Kingdom an A+ rating with a positive outlook, specifically highlighting the potential for further growth in Saudi Arabia's general budget. Government debt-to-GDP ratio and sovereign net foreign assets are at a significant level. Additionally, the state maintains large financial reserves in the form of deposits and other public sector assets. In March 2023, Moody's assigned the Kingdom an A1 rating with a stable- to positive outlook. This can be attributed to the government's fiscal policies, and reforms and investments in various non-hydrocarbon sectors that will reduce the Kingdom's dependence on hydrocarbon energy with time. Additionally, the pivotal role of government economic diversification initiatives and projects supported by private sector investment is yet another factor on the economic growth and positive outlook.



In conclusion, the global economic and geopolitical challenges caused fluctuations in the world's economic activity, slowing economic growth and creating inflationary pressures. Despite such challenges, Saudi Arabia continued its swift and determined efforts in implementing economic reforms to diversify income sources and support the local economy stability. The reforms included increasing the contribution of non-oil sectors and enhanced the flexibility and adaptability of the local economy to potential changes. The Kingdom is expected to continue pursuing structural and economic transformations to further strengthen its economy across all sectors.

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SIDF Lending Activity

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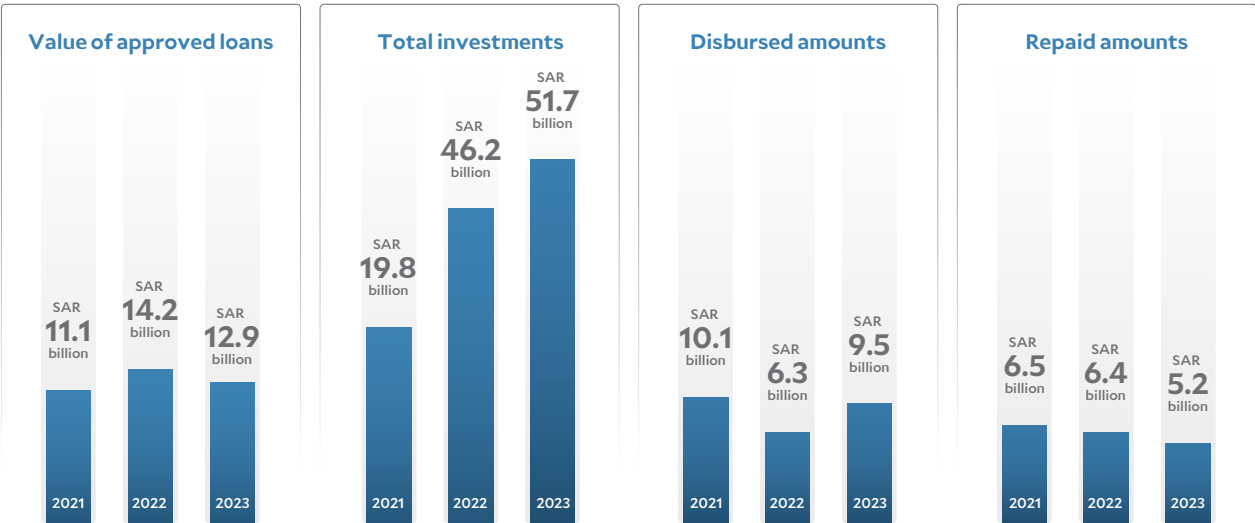
SIDF Lending Activity

SIDF has actively contributed to development of the local industrial sector by granting a wide range of loans to support projects in different sectors throughout the Kingdom. The data provided indicates that a significant proportion of loans approved by SIDF have been allocated to industrial projects located in promising regions and cities.

Approved loans during 2021-2023

Number of approved loans:

2023	134 Loans
2022	111 Loans
2021	117 Loans



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Distribution of approved loans during 2023

Promising Regions and Cities



35 Loans

Number of approved loans



2.1 Billion SAR

Value of approved loans

Small and Medium Enterprise (SME) Loans



83 Loans

Number of approved loans



1.7 Billion SAR

Value of approved loans

The sectors of National Industrial Development and Logistics Program (NIDLP)



12,899 Million SAR

Industrial projects



2.9 Million SAR

Energy Projects



18.2 Million SAR

Logistics projects

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Cumulative Lending Activity until end of 2023

SIDF accomplishments from its inception in 1974 until conclusion of the fiscal year 2023 indicate the favorable outcomes of projects that have received loans from SIDF. Additionally, SIDF has provided valuable advisory support in various areas such as technical, administrative, financial, and marketing to support these projects.



+ 4000 Loans

Number of loans granted by SIDF since establishment to the end of fiscal year 2023



+ 180 Billion SAR

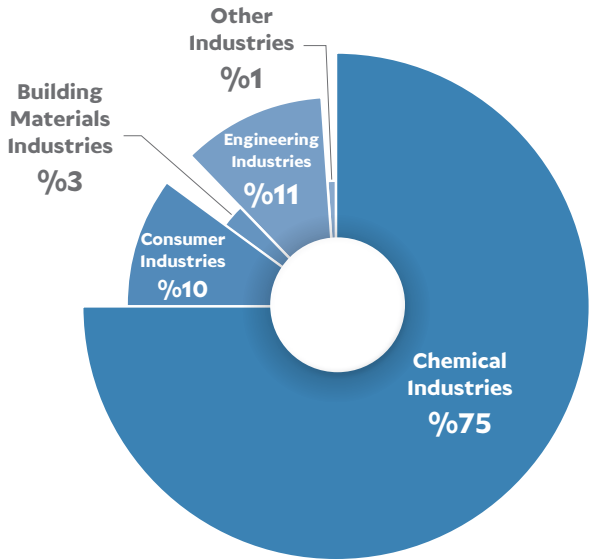
Net value of approved loans to the end of fiscal year 2023

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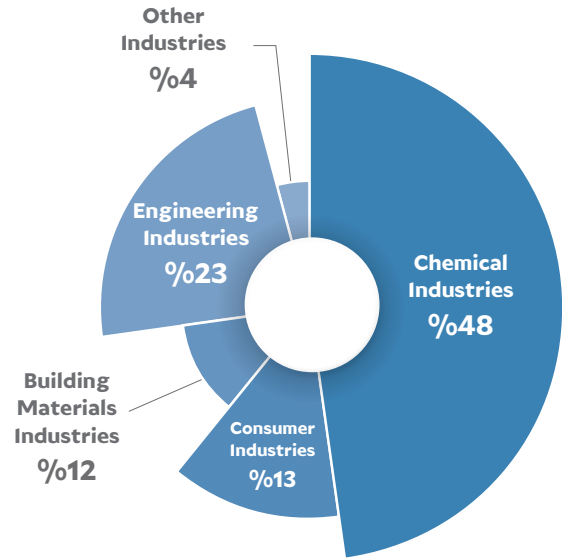
First: Sectoral Distribution of Approved Loans

By reviewing SIDF's lending activity, which covers key industrial sectors in the Kingdom of Saudi Arabia, and in accordance with the value of the approved loans, the following diagram summarizes the cumulative allocation distribution up to the end of 2023 for each of these sectors, as follows:

Sectoral distribution of the approved loans value in 2023



Sectoral cumulative distribution of the value of loans approved until the end of 2023



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Chemical Industries Sector

Approved loans during 2023



49 Loans



9,748 Million SAR

%37
of total loans

%75
of value of total loans



Ranks 1st
in loans number



Ranks 1st
in loans value

Top approved new loans



6,000 Million SAR
for ethylene production



665 Million SAR
for linear alkyl benzene (LAB) production

Approved cumulative loans until 2023



1431 Loans



109,152 Million SAR

%29
of total loans

%48
of value of total loans



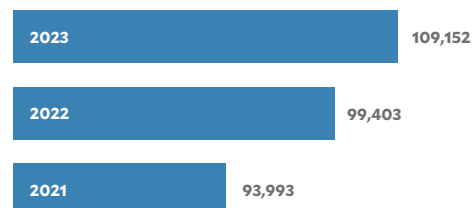
Ranks 1st
in loans number



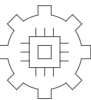
Ranks 1st
in loans value

Sector cumulative loans 2021-2023

In Million SAR



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Engineering Industries Sector

Approved loans during 2023



29

Loans



1,406

Million SAR

%21

of total loans

%11

of value of total loans



Ranks 3rd
in loans number



Ranks 2nd
in loans value

Top approved new loans



1,000

Million SAR

for aluminum oxide production



264

Million SAR

for passenger car and four-wheel drive
vehicle manufacturing

Approved cumulative loans until 2023



1,264

Loans



50,918

Million SAR

%25

of total loans

%23

of value of total loans



Ranks 3rd
in loans number



Ranks 2nd
in loans value

Sector cumulative loans 2021-2023

In Million SAR

2023

50,918

2022

49,512

2021

41,847

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Consumer Industries Sector

Approved loans during 2023



42 Loans



1,209 Million SAR

%31

of total loans

%10

of value of total loans



Ranks 2nd
in loans number



Ranks 3rd
in loans value

Top approved new loans



150

Million SAR

for cooking oil production



75.6

Million SAR

for dried food production (fruit and coffee)

Approved cumulative loans until 2023



1,425 Loans



29,048 Million SAR

%28

of total loans

%13

of value of total loans



Ranks 2nd
in loans number



Ranks 3rd
in loans value

Sector cumulative loans 2021-2023

In Million SAR

2023

29,048

2022

27,839

2021

27,446



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Building Materials Industries Sector

Approved loans during 2023



9 Loans



437 Million SAR

%7
of total loans

%3
of value of total loans



4 Ranks 4th
in loans number



4 Ranks 4th
in loans value

Top approved new loans



119 Million SAR
for the production of porcelain
tiles



41 Million SAR
for acquisition of cement production
project

Approved cumulative loans until 2023



716 Loans



27,697 Million SAR

%14
of total loans

%12
of value of total loans



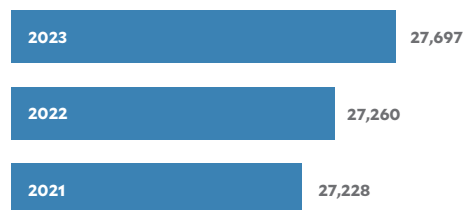
4 Ranks 4th
in loans number



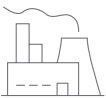
4 Ranks 4th
in loans value

Sector cumulative loans 2021-2023

In Million SAR



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Other Industries Sector

Approved loans during 2023



5 Loans



120 Million SAR

%4

of total loans

%1

of value of total loans



Ranks 5th
in loans number



Ranks 5th
in loans value

Top approved new loans



70 Million SAR

for establishment of prefabricated
factories.



52 Million SAR

for development of modern storage
system solutions.

Approved cumulative loans until 2023



202 Loans



8,913 Million SAR

%4

of total loans

%4

of value of total loans



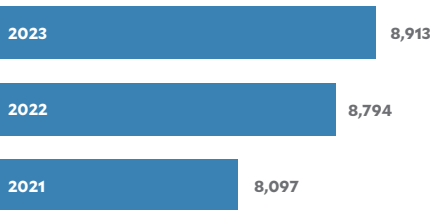
Ranks 5th
in loans number



Ranks 5th
in loans value

Sector cumulative loans 2021-2023

In Million SAR



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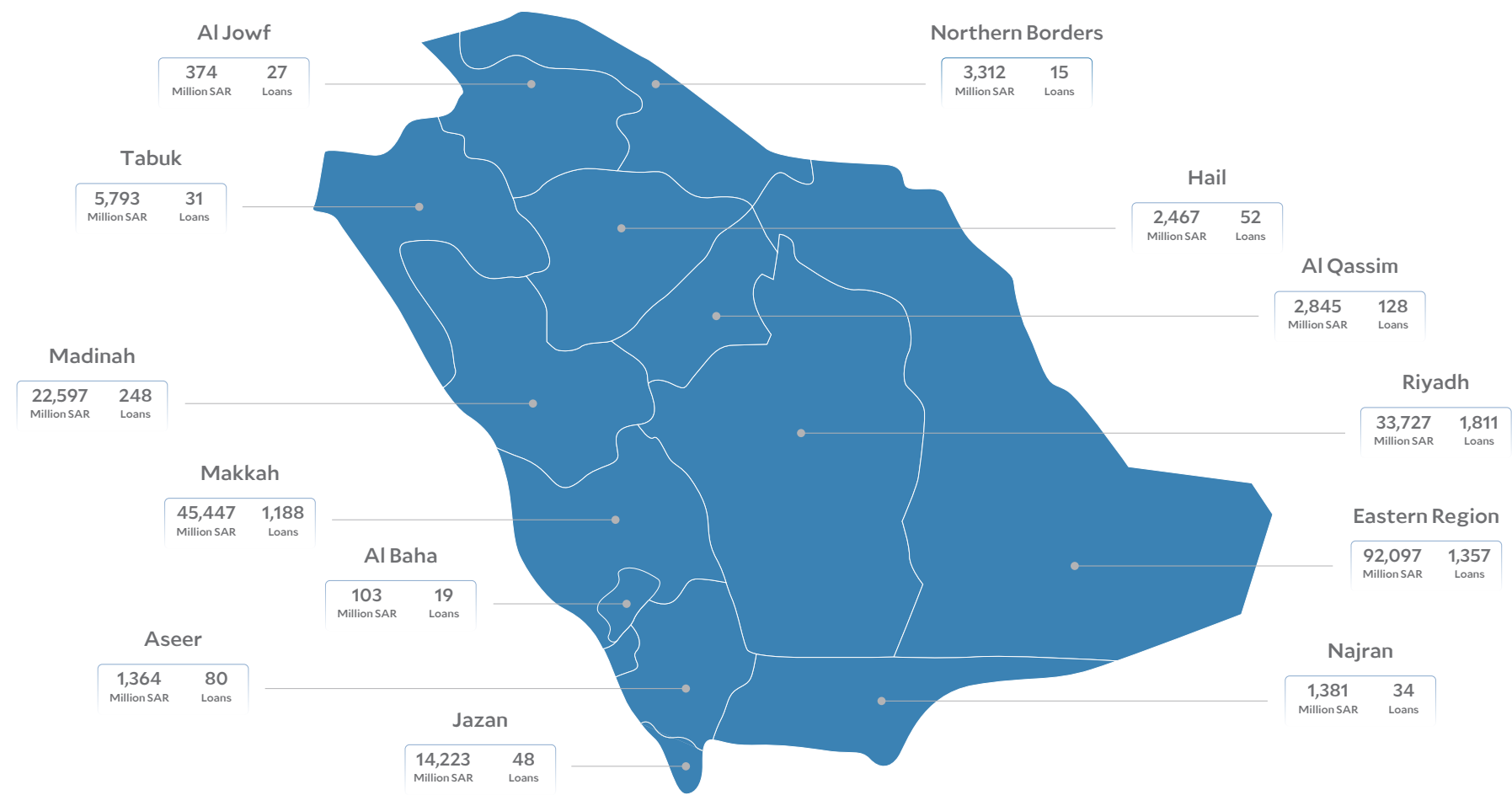


Some SIDF-financed Projects

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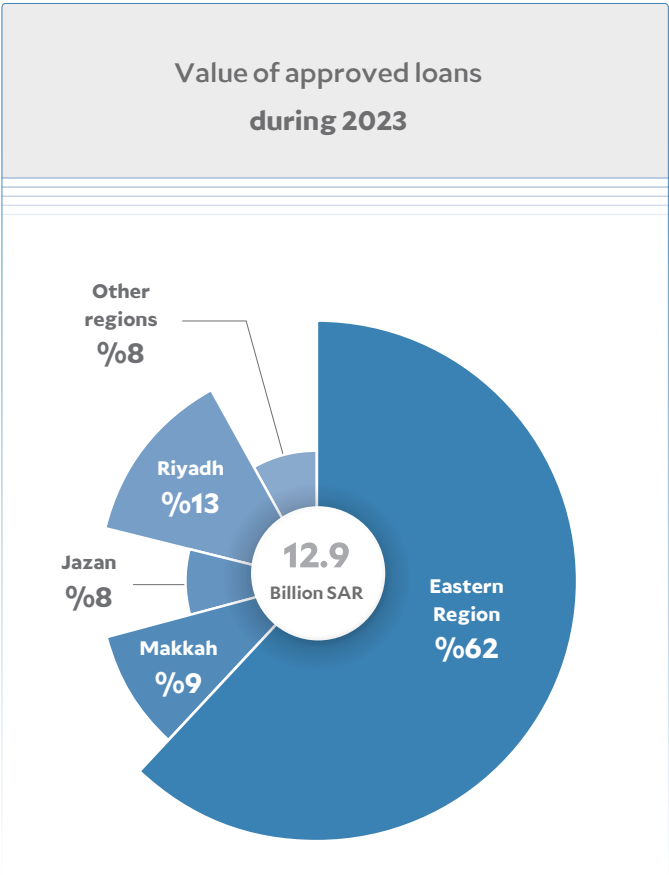
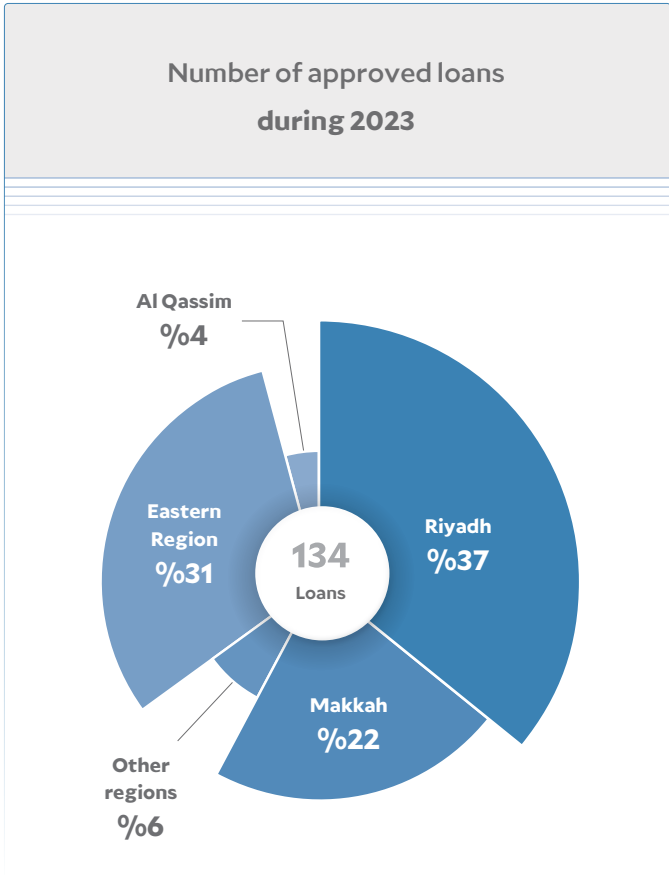
Second: Geographical Distribution of Approved Loans

Figure of geographical distribution of total SIDF approved loans, in terms of number and value of loans, across regions of the Kingdom until the end of 2023.



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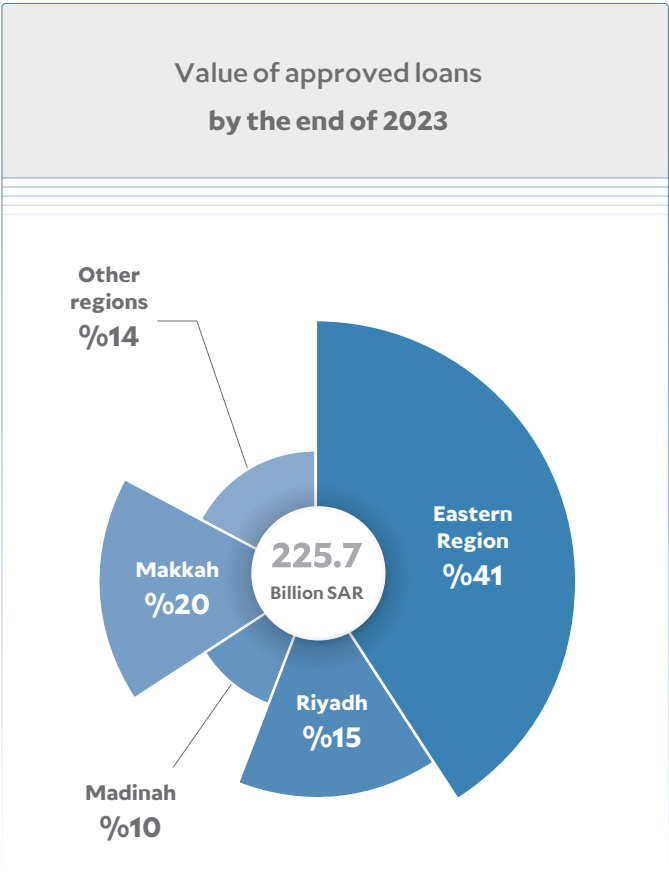
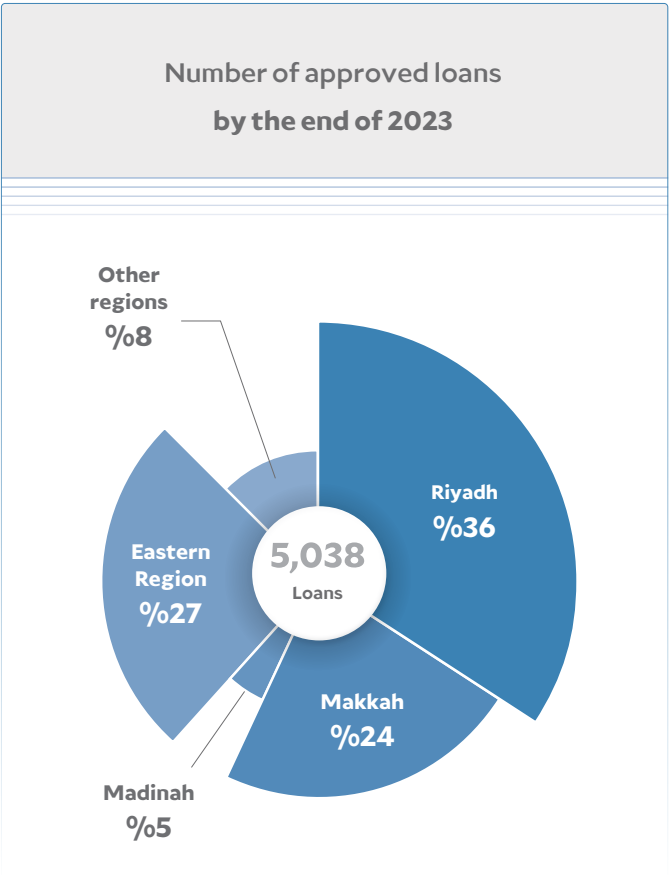
Geographical Distribution of Approved Loans during 2023



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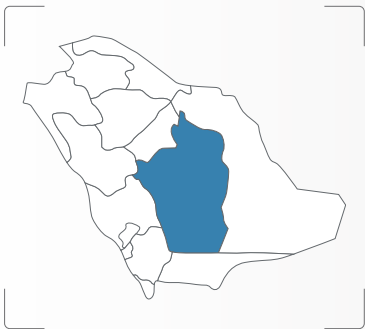
Cumulative geographic distribution of approved loans by the end of 2023



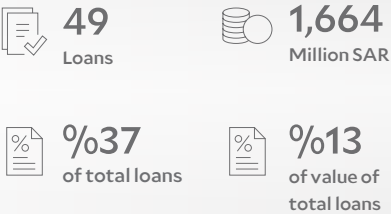
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Prominent Funded Regions

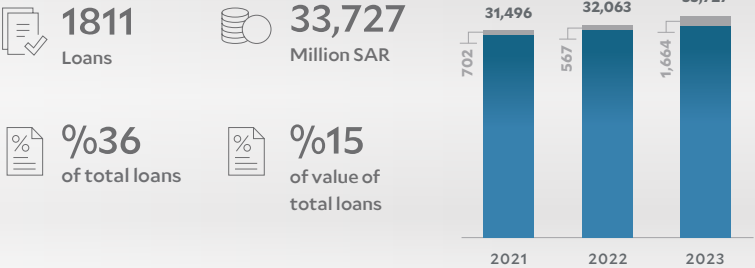
Riyadh Region



Approved loans during 2023



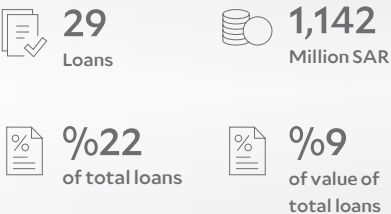
Cumulative loans until the end of 2023



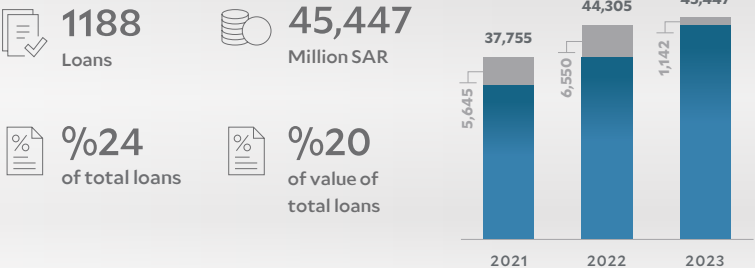
Makkah Region



Approved loans during 2023



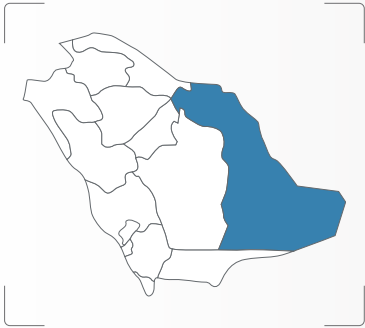
Cumulative loans until the end of 2023



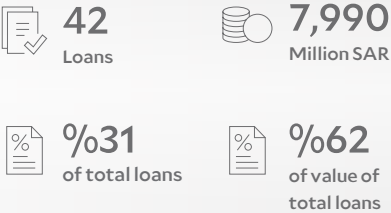
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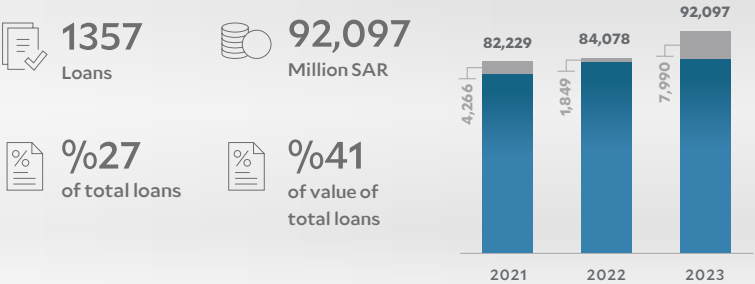
Eastern Region



Approved loans during 2023



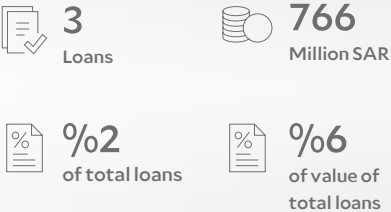
Cumulative loans until the end of 2023



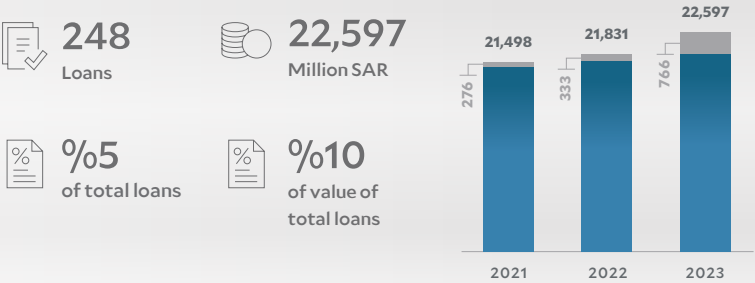
Madinah Region



Approved loans during 2023



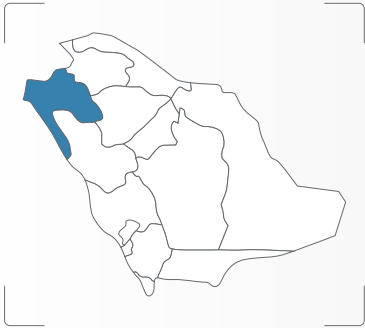
Cumulative loans until the end of 2023



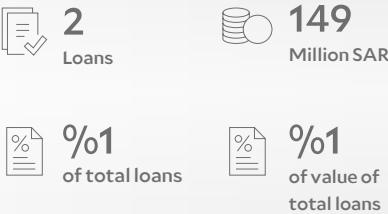
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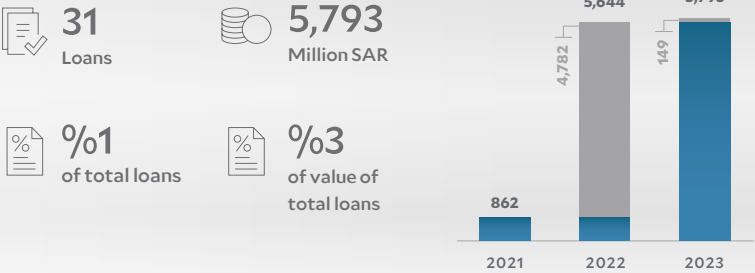
Tabuk Region



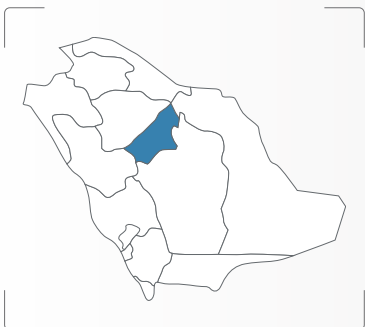
Approved loans during 2023



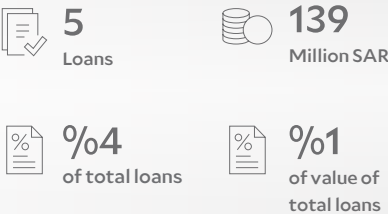
Cumulative loans until the end of 2023



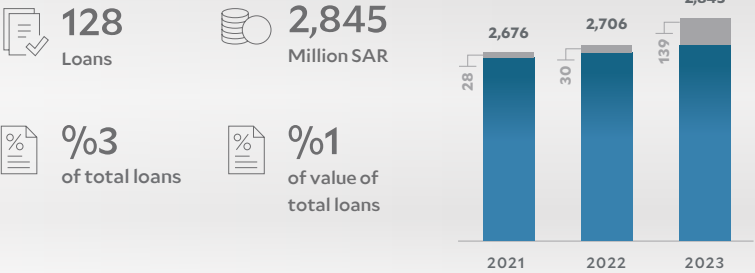
Al Qassim Region



Approved loans during 2023



Cumulative loans until the end of 2023



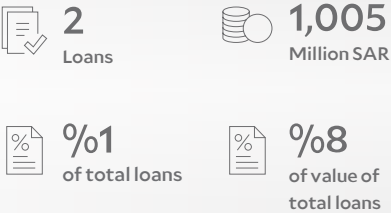
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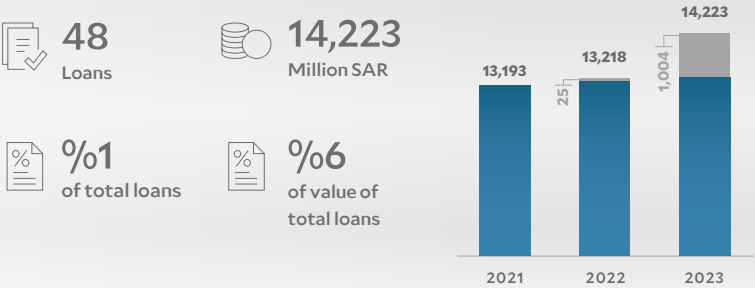
Jazan Region



Approved loans during 2023



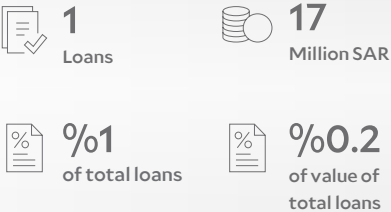
Cumulative loans until the end of 2023



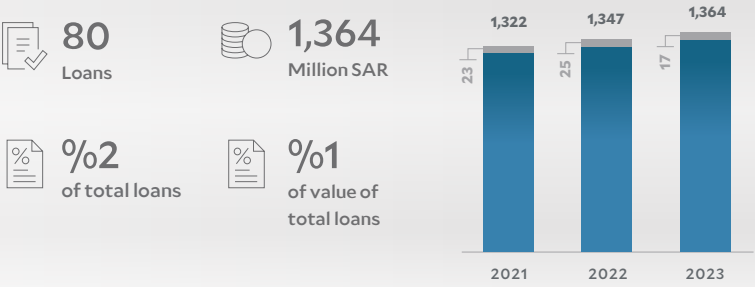
Aseer Region



Approved loans during 2023



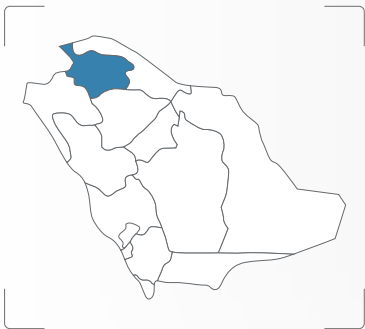
Cumulative loans until the end of 2023



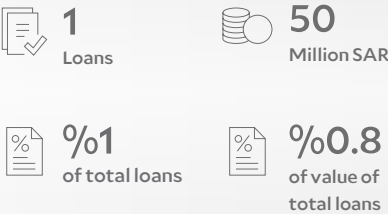
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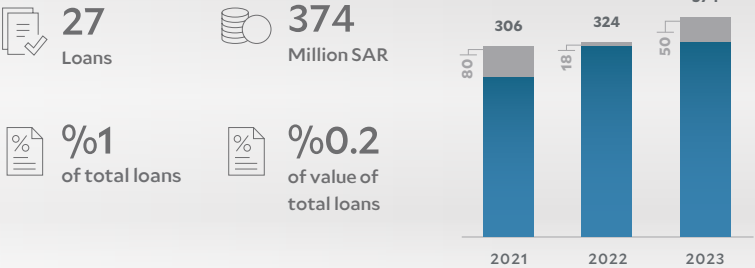
Al Jowf Region



Approved loans during 2023



Cumulative loans until the end of 2023



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SIDF Approved Loans for Promising Regions in the Kingdom

SIDF Board has approved a range of new regulations and features that establish the percentage of financing provided by SIDF for industrial projects in promising regions and cities throughout Saudi Arabia. These regions are situated outside the borders of the country's central regions and cities. This stride aligns with Resolution No. 296, issued by the Council of Ministers on 12/09/2011, which increases the loans granted by SIDF for projects in less developed regions and cities (promising regions) from 50 to 75% of the total project cost. Moreover, the new regulations extend the repayment period for said loans from 15 to 20 years, to expand the scope of the industrial sector, and include all the Kingdom's regions.






Some SIDF-financed Projects

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Third: Incentivized Programs

In line with SIDF's ongoing strategy to support the diverse industries in Saudi Arabia, the fund has introduced a complete set of specialized financing programs. The programs are designed to create appealing and promising investment environments, encourage investors in enterprises, and foster digital transformation, while promoting energy efficiency in existing projects.




Tawteen Program

to boost local content through partnerships with leading companies




Afaq Program

to support SMEs



Mutajadedda Program

to promote investment in renewable energy components manufacturing and finance independent power producers




Tanafusiya Program


to improve factory efficiency and support automation to raise productivity and competitiveness

Incentivized Programs Highlights

During 2023




18
loans




520.8
Million SAR


Since launch to the end of 2023



126
loans




3,642
Million SAR



Advisory Services


Providing support to improve performance and achieve growth and sustainability.

During 2023



12
Advisory Services

Since launch to the end of 2023



32
Advisory Services

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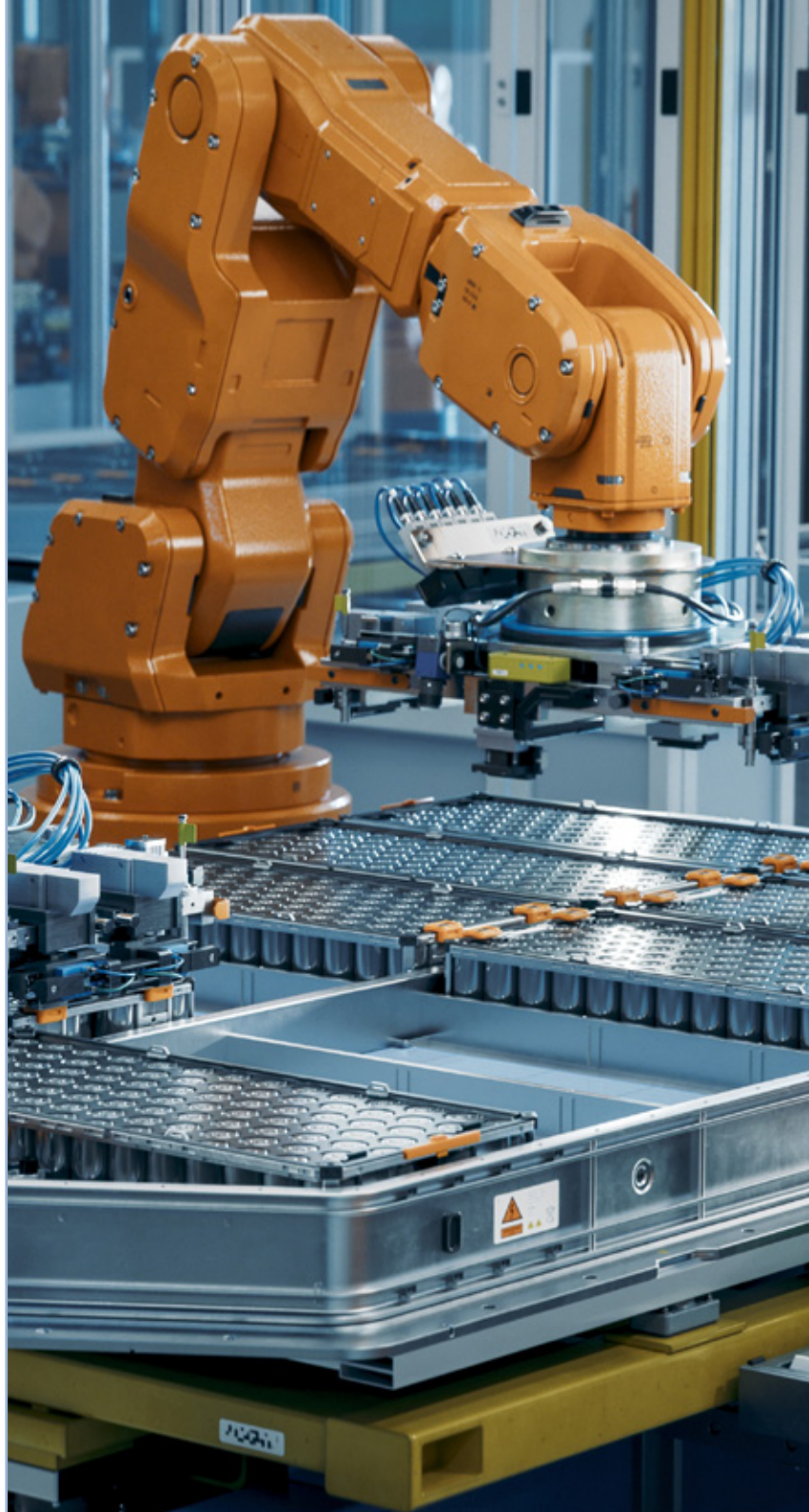
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50
YEARS
عاماً

SIDF
صندوق التنمية الصناعية السعودي

Fourth: Projects that Started Production in 2023

Sector	Value of Loans (in Million SAR)	Number of Projects	Estimated number of Employees
Chemical Industries	1,439	20	1,133
Engineering Industries	5,420	6	4,519
Consumer Industries	334	11	1,118
Building Materials Industries	40	2	106
Other Industries	65	4	113
Total	7,298	43	6,989



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SIDF Strategy


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SIDF Strategic Objectives




1. Maximizing Economic Impact

SIDF finances projects that contribute to the growth and prosperity of the Saudi economy by promoting economic diversification, generating employment opportunities for nationals, and facilitating nationalization efforts.




2. Stimulating Investments in National Priorities

Stimulating the private sector to invest in national priority industries through incentive products and services.




3. Stimulating Private Sector Financing

Encouraging private sector involvement in project funding.




4. Disseminating Knowledge and Active Ideas

Strengthening national capabilities, offering valuable information for the service of the ecosystem, and supporting decision-making through a range of methodologies, courses, and programs, and sharing high-quality research and intellectual guidance.



5. Aligning the Private and Public Sectors

Supporting the private sector by efficiently identifying challenges and devising suitable solutions to them. Collaborating with competent bodies to drive policy reforms when necessary.



6. Identifying and Anticipating Customer Needs

Proactively identifying ecosystem needs to introduce and improve financial and non-financial services and products that maximize their impact.

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7. Providing Seamless Customer Experience

Consistently and effectively delivering added value across all touch points, to maintain customer satisfaction and loyalty.



8. Improving Internal Processes

Constantly evaluating and improving processes within each function across SIDF's departments and divisions for delivery in utmost efficiency, quality and productivity internally and externally.



9. Ensuring Financial Sustainability

Maintaining income flow and production cost structure, to ensure the continuation of SIDF's operational and growth activities.



10. Optimizing Risk Management, Governance, and Compliance

Enabling SIDF to achieve its objectives, address uncertainties and maintain integrity at work.



11. Optimization through Digitalization and Automation

Digitizing and fully automating operations, providing the necessary systems and capabilities to maintain operational excellence.



12. Attracting and Retaining Talents

Hiring highly skilled human resources within a conducive environment that attracts and fosters the development of a robust human capital.



13. Adopting a Culture of Achievement and Customer Centricity

Establishing a set of values, expectations, standards, and customer-focused strategies that inspire achievement throughout every department and division.

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SIDF Strategy Priorities for 2023

During 2023, SIDF focused on three major priorities for its initiatives and activities:



First: Work Culture

SIDF ensures a strong work culture is maintained within its processes, by building a solid foundation and a resilient environment. This year, SIDF focuses on implementing more culture-oriented initiatives to define the cultural framework and leadership principles that best represent SIDF. SIDF always seeks to ensure that its employees work in a productive, dynamic, performance-based, and customer-centric environment.



Second: Efficiency & Operational Excellence

SIDF shall implement best practices to optimize the use of its resources. To have a clearer vision for the future and meet quality standards, SIDF will improve the planning process by institutionalizing all transformations through proper business documentation and knowledge preservation. SIDF will also ensure a strong governance framework that identifies roles and responsibilities among stakeholders.



Third: Customer Focus

Customer focus is one of SIDF's core values. Our customer relationship is the building block for improving the experience of internal and external customers. SIDF will foster a customer-centric culture, built on a deep understanding of their issues and needs, to ensure a seamless customer journey.



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2023 Milestones



The Second **Industrial Hackathon** hosted 204 participants of 5,500 applicants who developed 57 innovative solutions against six industrial challenges.



The **Industrial Sector Support Initiative (ISSI)** was launched in collaboration with the Ministry of Industry and Mineral Resources (MIMR).



SIDF customers received **twelve advisory services** with results at 20% expected growth in income, 15% expected reduction in cost, and 60-80% improvement in productivity.



SIDF **developed Human Capital** and disseminated knowledge by delivering 68 training programs to more than 2,064 trainees across +350 beneficiaries.



During **Knowledge Month** (third edition), over 11 workshops were conducted, involving the participation of more than 84 speakers from 39 public and private entities.



SIDF launched **WAIE Program** for the automation and monitoring of governance, risks and compliance (GRC).



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SIDF Key Performance Indicators for 2023

Target 2023	KPI	Weight	Baseline	KPI Status ¹	Actual Value	Target Value	Weighted Achievement
Maximizing Economic Impact	Average economic impact score of approved projects	15%	Promising	<div></div>	Promising	Promising	15%
	Value of approved loans	15%	SAR 14.2 billion	<div></div>	SAR 12.9 billion	SAR 12 billion	15%
Stimulating Investments in National Priorities	Percentage of approved loans for SMEs to the total approved loans	15%	78%	<div></div>	62%	80%	11.6%
	Value of disbursed loans	15%	SAR 6.3 billion	<div></div>	SAR 9.5 billion ⁽²⁾	SAR 9 billion	15%
Ensuring Financial Sustainability	Value of repaid loans	15%	SAR 6.8 billion	<div></div>	SAR 5.2 billion	SAR 6 billion	13%
Delivering Seamless Customer Experience	Customer satisfaction index	20%	74%	<div></div>	75%	75%	20%
Attracting and Retaining Talents	SIDF employee engagement index	5%	82%	<div></div>	76%	82%	4.7%
Total		100%					94.3%

(1) Status Color Code: Completed (at least 99%)
 Partially completed (85-99%)
 Uncompleted (less than 85%)

(2) Including working capital support program, in cooperation with commercial banks

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SIDF Key Performance Indicators for 2024

Strategic Objective	KPI	KPI weight (%)	KPI Actual Value 2023	2024 Target Value
Maximizing Economic Impact	Average economic impact score of approved projects	15%	Promising	Promising
	Value of approved loans	15%	SAR 12.9 billion	SAR 12 billion
Stimulating Investments in National Priorities	Percentage of approved loans for SMEs to the total approved loans	10%	62%	80%
	Value of disbursed loans ⁽¹⁾	15%	SAR 9.5 billion	SAR 9.5 billion
Ensuring Financial Sustainability	Value of repaid loans	15%	SAR 5.2 billion	SAR 5 billion
Delivering Excellent Customer Experience	Customer satisfaction index	20%	75%	77%
Attracting and Retaining Talents	SIDF employee engagement index	5%	76%	80%
Disseminating Knowledge and Active Ideas	SIDF efforts to improve the industrial sector competitiveness ^{new}	5%	-	100%

(1) Including working capital support program, in cooperation with commercial banks

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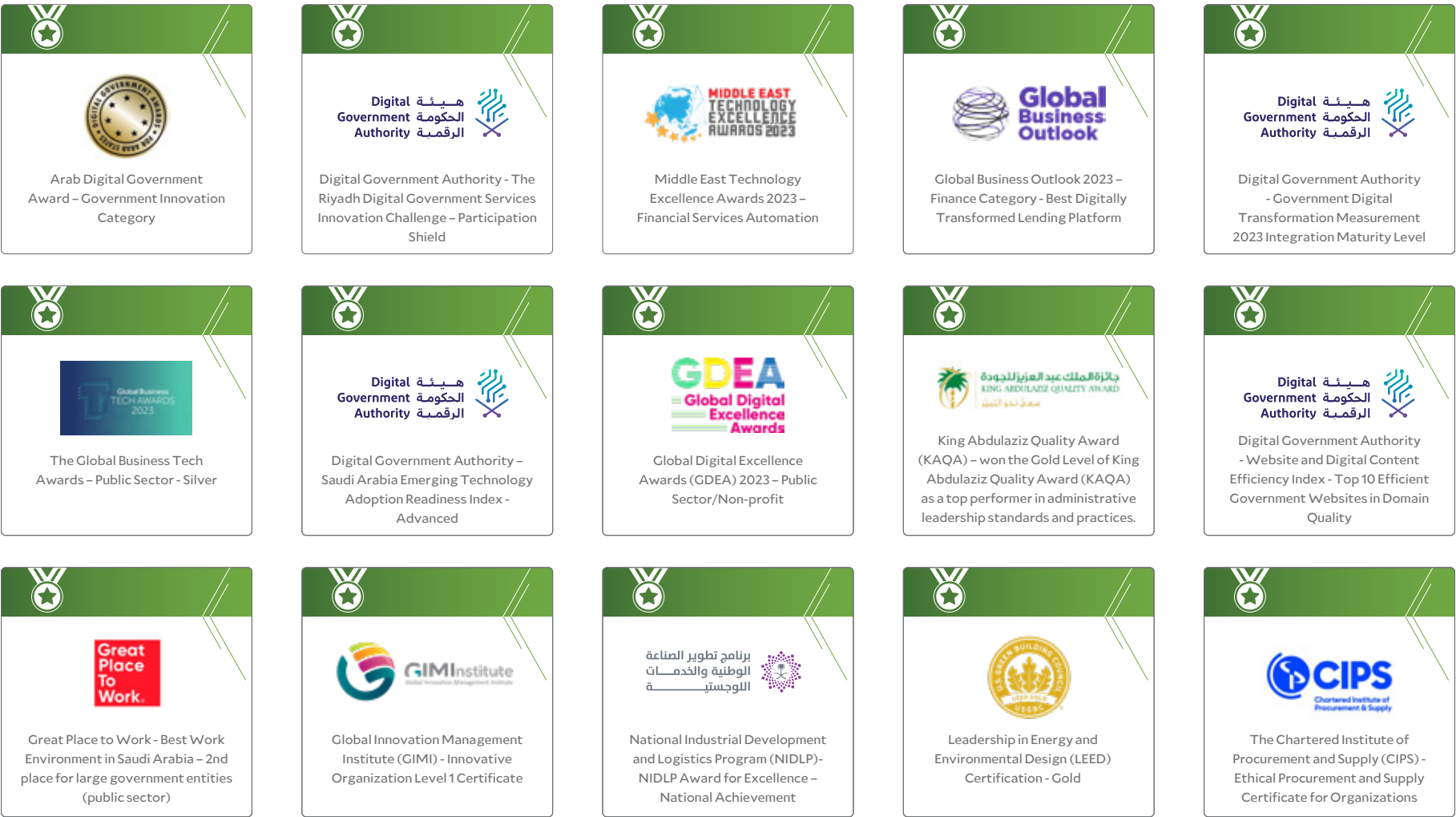
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Digital Transformation and Information Technology



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Digital Transformation and Information Technology

SIDF delivered remarkable achievements in digital transformation in 2023, most importantly was simplifying processes through automation. Using data analysis, SIDF revealed implementable insights and promoted customer engagement. For 2024 plans, SIDF will introduce new dynamics between business sectors and information technology as a means of promoting innovation. SIDF will also use advanced technology to improve resilience and competitiveness. In cooperation with business sectors, several major projects were implemented as part of Organize the House (OTH) Program.

During 2024, SIDF is laser focused on promoting the digital services added value, achieving a higher project implementation rate, improving customer experience, and establishing a resilient infrastructure to leverage innovative solutions to address business challenges.

Major completed projects:

1. Mawarid Plus Interface Development and Improvement

SIDF redesigned the user interface of Mawarid Plus (Advanced HR Cloud Solution) providing better access to services and reducing the steps required to issue cover letters.

2. WAIE Program

SIDF launched WAIE for the automation and monitoring of governance, risks and compliance (GRC) processes into a single digital platform. The unified system is intended to be utilized by all SIDF departments for the purposes of risk, compliance, internal audit, policy management, among other important procedures.

3. National Data Bank (NDB)

SIDF has successfully completed connection with the National Data Bank (NDB) - a unified data warehouse and a national data ecosystem, which empowers comprehensive and effective national data governance and management, and helps establish a data based digital economy.

4. Innovation Platform (iLAB)

SIDF established iLAB with the goal of boosting creativity and innovation.

5. Survey System

SIDF has developed a professional system for conducting internal and external surveys, which facilitates the design, launch, follow-up and analysis of survey results, while maintaining privacy and information security.

6. Promising Factories Initiative

The Promising Factories is a sub-initiative to support local industry. The initiative supports entrepreneurs and SMEs financially to launch their manufacturing projects, through two tracks, the first is the soft loans (without personal guarantees), and a second track to be announced soon.

7. “Road to 50” Logo across all Systems

SIDF took part in the Road to 50 Campaign by using the slogan “50 Years” across all systems.

8. Tamkeen Plus Soft Launch

SIDF launched the pilot phase of Tamkeen Plus, a key strategic project by SIDF. The system aims to improve user experience by redesigning the system, reducing the required steps, unifying data sources, and improving system performance.

9. Automatic Connection with Nafath Platform

SIDF has completed integration with the SDAIA National Information Center (NIC), and developed a new account registration feature and/or logging into Tamkeen through the unified Nafath platform.

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10. Phase 1 of the Guarantee Program

SIDF launched the Guarantee Program, which is a non-financing product that provides compensation from SIDF to banks and industrial companies in the event that the customer defaults on its obligations..

11. Automated Payment System with Banque Saudi Fransi

SIDF implemented a connection channel for SADAD with the Banque Saudi Fransi through payment via IBAN or SADAD itself..

12. Customer Financial Claims System

SIDF launched the Customer Financial Claims Automation System to improve customer experience.

13. Linkage with SIMAH

SIDF has completed automation with the Saudi Credit Bureau (SIMAH) to provide integrated digital services and improve the quality of the provided data.

14. Mobile Device Management (MDM) Application

SIDF introduced advanced procedures and tools for secure access to many of its technical services on mobile devices, which enhances privacy, information security and compliance with legislation.

15. SafeNet Multi-Factor Authentication

SIDF introduced multi-factor authentication solution as part of its ongoing efforts to promote the IT infrastructure security and to adhere to the National Cybersecurity Authority (NCA) requirements.

16. Disaster Recovery Center Experience

The Fund implemented the Disaster Recovery Center Experience, and successfully achieved the target recovery time and recovery point target.

17. Email Archiving

SIDF launched the Email Archiving Project as a reliable tool for effective email archival and data management. The project allows for effective email archiving, maintaining compliance, improving productivity, and reducing operational costs associated with email storage.

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Digital services provided by SIDF:

No.	Service	Target Duration	Actual Duration Average	Beneficiary Satisfaction Rate
1	Request for an industrial loan	120 days	118	64%
2	Non-borrowing Certificate	2 days	Average one day	96%
3	Loan Amendment	Depending on application type (14-60 days)	Average 24 days	60%
4	Request claim	5 days	Average 10 days	70%

Open Data Publishing and Use:

Datasets published on the Open Data Platform include funding data divided by sector and geographical distribution:

- » More than 28 datasets were published.
- » Datasets were accessed more than 26,000 times.
- » SIDF also provides access to its open data through APIs, which have enabled access to data at an average monthly usage of 80 accesses during 2023.

Sharing data with other government entities:

- » The volume of data shared with other governmental entities through GSB channel as a service provider has amounted to 10.4 GB, and 1.40 GB as a service user.



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SIDF Journey in Digital Transformation

The Digital Government Authority (DGA) has introduced a framework of guidelines and benchmarks to evaluate the level of compliance with standards and enhance the efficiency and effectiveness of government organizations. This initiative aims to support the objectives of Saudi Vision 2030. Below is an outline of the main criteria, as observed in the 11th digital transformation assessment for 2023 against 2022.



Results presented from Digital Government Authority

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Organize the House (OTH) Program

Organize the House (OTH) program is a comprehensive initiative that seeks to improve productivity and ensure the successful implementation of the IT Strategy through several paths, each containing a set of projects specifically developed based on studies and surveys, and weaknesses and challenges. The projects also take into account the study results as delivered by independent parties and stakeholder requests. The ultimate goal is to improve the general IT services, maintain security, sustainability and deliver according to the best practices utilizing technologies, in line with SIDF goals.

7

Total Paths

32

Total OTH projects

28

Projects completed during
2021, 2022, and 2023

4

Projects to be completed
in 2024

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ISO Certificates
Received and
Renewed

ISO 9001

Renewal of ISO 9001 for Quality Management System at the IT and Technical Services Departments

ISO 45001

Renewal of ISO 45001 for Occupational Health and Safety Management System at the Services and Facilities Department

ISO 20000

Renewal of ISO 20000 Certificate for IT Service Management for the IT and Technical Services Departments

ISO 14001

Renewal of ISO 14001 for Environmental Management System at the Facilities and Services Department

ISO 27001

Renewal of ISO 27001 Certificate for Information Security Management System at the IT and Technical Services Departments

ISO 17100

Re-certification of ISO 17100 certificate for Translation Services Management System at the Facilities and Services Department

ISO 9001

Renewal of ISO 9001 for Quality Management System at the Facilities and Services Department.

ISO 22310

Re-certification of ISO 22310 for Business Continuity Management System at the Corporate Risk Department



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Human Resource Development



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Human Resource Development

SIDF continues to better the work environment across various platforms by fostering competitive-ness to attract top national talents and expertise. SIDF remains committed to implementing the highest international standards of quality and efficiency, cul-minating into notable milestones in 2023, including:



First: Organizational Culture

In its continuous pursuit of improvement and prior- itizing employee satisfaction, SIDF attained an im- pressive customer satisfaction rate of 76%. For the third year in a row, SIDF was proudly recognized by the prestigious Great Place to Work certification. This certification involves conducting surveys to gather feedback and suggestions from employees, aiming to enhance the work environment and over- all employee experience at SIDF.

Second: Recruitment

By the end of 2023, the combined count of male and female employees at SIDF was 961, including 932 Sau- di nationals. The roles of employees covered several areas such as management, supervision, specialized professions, technical, and administrative. Conse- quently, Saudi employees accounted for approxi- mately 97% of the total workforce. In 2023, SIDF suc- cessfully hired 96 new employees, with a particular focus on departments directly involved in core activi- ties. This strategic approach aimed to contribute sig- nificantly to SIDF's primary objectives of supporting and advancing the industrial sector in the Kingdom.

961

employees

by the end of 2023

97%

are Saudi employees












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Third: Training and Qualification Programs

SIDF's Human Resources Department exerts consistent efforts in qualifying and training Saudi professionals through training programs that meet career progression plans in various SIDF job categories. The programs address all areas related to the nature of business functions. The programs held in 2023 included specialized basic courses, panel discussions, short courses, exhibitions, training courses, workshops, professional conferences, and practical on-the-job trainings. These programs are detailed as follows:



 34 candidates Including 7 in the top 10 universities in the world, and 5 in Saudi universities	 5 employees received accredited career certificate (2 CMA) (3 CFA)	 753 employees attended short training programs, including conferences and exhibitions
 7 employees Trained at Roland Berger Global consulting	 2 employees Trained at the Credit Agricole Bank	 9 employees Completed English Language Program
 2 employees received vocational training at Phoenix Club and Talento	 20 employees completed the rehabilitation of promising leaders courses with London Business School, within the (Leaders Development) program	 8 workshops to introduce scholarships (Master's degree) programs in collaboration with (Cranfield, Manchester, ESADE, IE, and Brandies Universities)

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Cooperative Training:

- » Ninety trainees received cooperative training during 2023 to gain experience for the labor market.
- » The cooperative training application mechanism was improved, as SIDF launched an electronic portal to receive all the cooperative and summer training applications, which align with the digital transformation and automation of services provided to all beneficiaries.

Training Agreements:

- » Several training agreements were concluded on the pricing of SIDF training fees. The current number of partner training institutes and universities is 27, notably Wharton University, MIT, Columbia Business School, CCL, and Fitch Learning.
- » The agreement with the e-learning portal Future X was enforced by SIDF since August 2023. The portal offers more than 8000 training programs by providers such as Coursera and EDX. Over 300 SIDF employees registered for 13 different training tracks across 150 targeted training programs for basic, technical and special-focus skills such as (industry, power, mining, digital transformation and leadership).
- » A preliminary agreement with the National Security Services Company (SAFE) was concluded to provide several training programs to improve the skills of SIDF security personnel.



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Fourth: SIDF Academy

SIDF Academy Vision

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



SIDF Academy Mission

To build human capabilities of SIDF employees, clients, and agencies within the industrial ecosystem through offering top-notch programs in collaboration with renowned training and educational institutions, and through incorporating innovative teaching methods that align with SIDF's core functions and national objectives.

SIDF Academy Strategic Objectives



Develop specialized programs that focus on SIDF core functions.



Strategic alignment with government and private organizations in the industrial ecosystem.



Develop human capabilities to serve SIDF industrial development needs, SIDF clients, and the industrial ecosystem



Establish a competency matrix aligned with the national objectives.

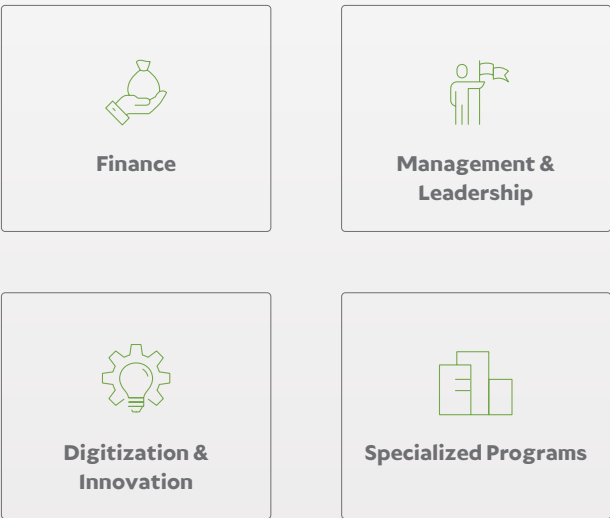


Conclude strategic partnerships with leading local and global educational institutions to enhance the learning journey.

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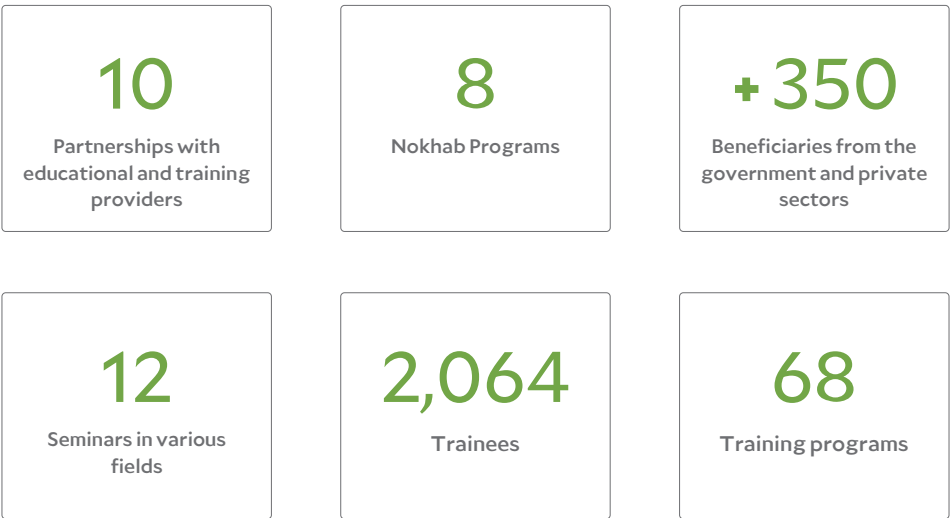
Key Initiatives and Programs in 2023:

Training Portfolios



1. Empowerment of Human Capabilities

SIDF Academy has played a crucial role in training and developing skilled individuals in alignment with Saudi Vision 2030. The Academy offers high-quality education and training programs that cater to the needs of employees within the industrial ecosystem across various fields. Its objective is to enhance the capabilities of human resources and provide specialized education of exceptional quality. SIDF Academy successfully trained 2,064 individuals from both the industrial ecosystem and SIDF including its customers, who benefited from the financial, business, digitization, innovation, and professional development programs. Additionally, the Academy's Nokhab Programs served 174 trainees while 30,122 participants attended seminars on topics such as finance, manufacturing, and economics



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2. SIDF Academy Received Institutional License from NEC to Provide E-training

SIDF Academy successfully obtained the institutional license the National E-learning Center to provide online training courses. SIDF Academy met all the necessary standards set out by NEC. This license is yet another proof that the Academy is ready to provide world-class online training programs that align with the national industrial development objectives. The license also allows SIDF Academy to establish national and international strategic partnerships with leading educational institutions to provide human capabilities with the necessary skills and abilities.

3. SIDF Launched Several E-learning programs

Several e-learning programs were announced in partnership with the National eLearning Platform (FutureX). The programs are provided by leading education platforms such as Coursera and EDX. FutureX aims to promote eLearning by delivering services and initiatives through national and global partnerships.

4. Graduation of the Third Batch of Nokhab Training Program (45 trainees)

A third batch of Nokhab Program – comprising 45 trainees - successfully completed the course across its three tracks:

- » Nokhab Credit Program
- » Nokhab Engineering Program
- » Nokhab Market Studies Program

The graduation ceremony was attended by H.E. the Minister of Industry and Mineral Resources and SIDF Chairman Mr. Bandar bin Ibrahim Alkhorayef, H.E. CEO of Saudi EXIM Bank Eng. Saad bin Abdulaziz Alkhalb, and H.H. CEO of SIDF, Prince Sultan bin Khalid Al Saud.

5. Strategic Agreements and Partnerships

SIDF Academy entered into partnerships with renowned international and local education and training providers, to promote the skills of industry employees in both the public and private sectors. The universities and institutes possess excellent capabilities in diverse training fields. The primary objective was to foster the growth of the human capital sector within the Kingdom by signing agreements in 2023 with the following major organizations:

	Credit Analysis Program Training Agreement with Fitch Learning Ltd.
	Market Studies Training Agreement and Strategy and Leadership Training Program Agreement with London Business School.
	Credit Analyst Training, Hackathon, Leadership and Business, Leading Creative Transformation in Critical Times agreements with Stanford University.
	Nokhab Engineers Program with the University of Berkeley.
	Training Agreement for a series of virtual programs to transfer the actual work experience across Work Programs with MISK.
	Memorandum of Understanding to provide joint training programs with King Abdullah University of Science and Technology (KAUST).
	Validity Agreement to provide CMA Certification Program.
	Cooperation to provide “How to Start Your Industrial Project?” Program
	Training (Secondment)
	SAB Bank Employees Training Agreement

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SIDF in 50 Years



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Net Approved
Loans

+ 180
Billion SAR

Supported by SIFD since its
establishment

+ 4,000
Projects

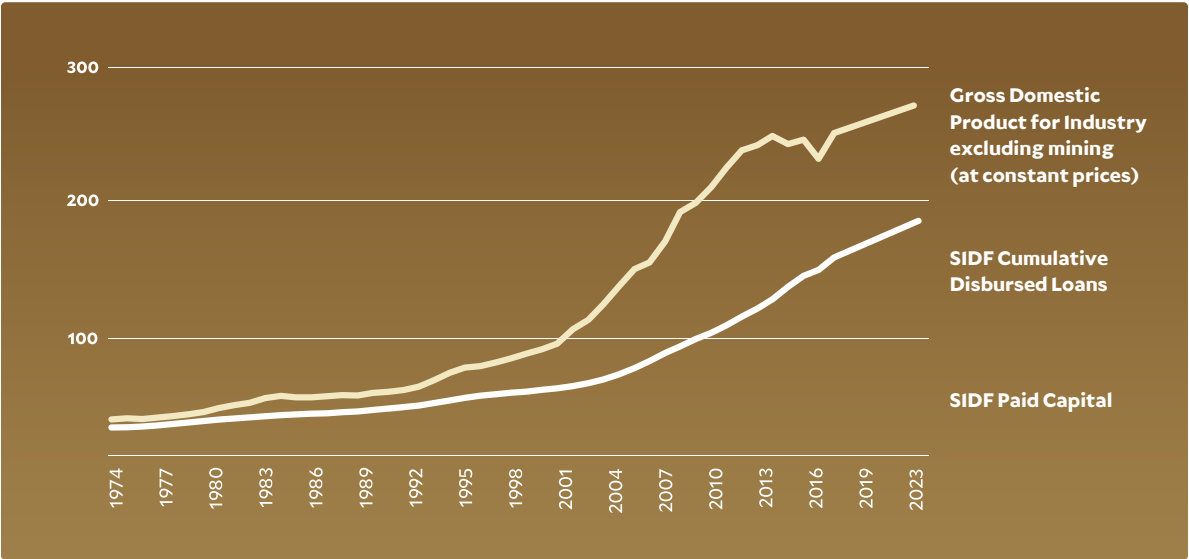
Total value of investments
in such projects

700
Billion SAR

During the same period,
Industrial Domestic Product
doubled (at fixed prices) to
reach SAR + 246 billion which is

25
Fold

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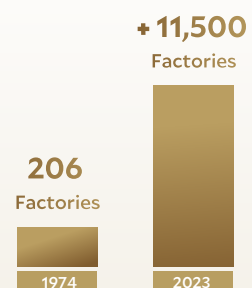


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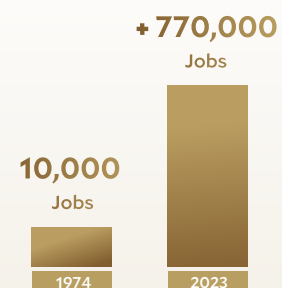
Growth of the Kingdom's Industrial Sector



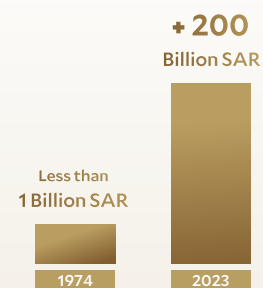
Number of factories



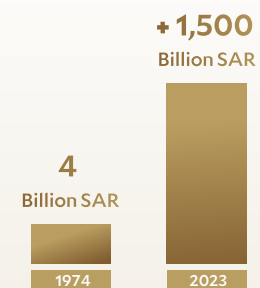
Number of Jobs



Industrial Exports



Investments Value



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+ 60 Billion SAR

The value of projects and programs assigned to SIDF by the government



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Industry Study: Iron & Steel Industry (Long Steel Products)

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Iron and Steel Industry (Long Steel Products)

1. Introduction

Long steel products are core components in various sectors, including building and construction. Such products typically include beams, channels, angles, reinforcement bars and wire rods, which are manufactured in extended lengths and are crucial for the integrity and stability of the structure. The manufacturing of long steel products involves processes such as rolling, which shapes steel into specific sections and dimensions. These products are known for their strength, durability and adaptability; hence their importance in constructing structures, bridges and other infrastructure projects. This report delves deep into the current trends, existing production capabilities and market dynamics regarding long steel products and highlights their impact on the national economy and infrastructure development.

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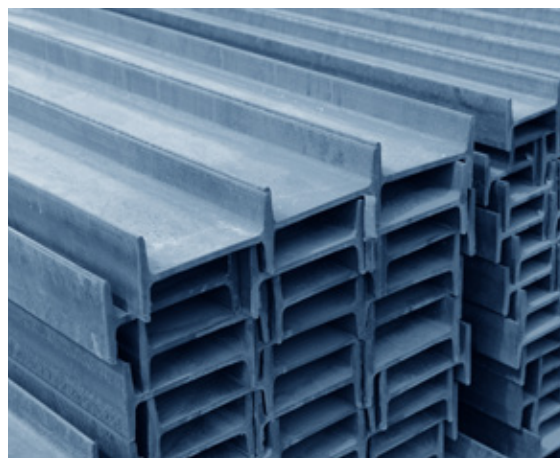
2. Product Types:

- **Steel Rebar**



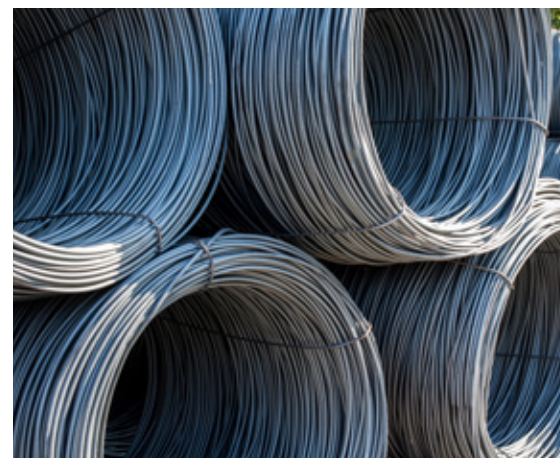
Reinforcement iron or Reinforcing bars are iron bars used to strengthen the tension of the concrete. They support the concrete structures to bear the tension, flexural, shear and bond loads. Rebar increases the hardenability of the concrete structures to overcome weak points and protect the structure from collapsing.

- **Steel Sections**



A steel category used mainly in construction materials. The steel sections have different forms, including elongated beams with specific cross-section (such as I beams and H beams), angles etc. In general, steel sections are classified as light, medium or heavy and they have different forms, sizes and mechanical characteristics (strength and storage practices for example). They are used in the establishment of warehouses and commercial buildings and other buildings.

- **Wire Rods**



These are rolled steel products that are produced from semi-finished forms (such as billets). They can have circular, rectangular, cross sections, or other forms. Cross-sections are produced by subsequent cold heading (drawing). Wire rods are rolled and transported as coils and used in cutting, bending, wires and more specifically in pre-fabricated products that were cut in other sites, in addition to other various usages.

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3. Key Global Indicators

The global market for long steel products has experienced an increase in the past five years due to the growing demand from construction and infrastructure sectors because of the industrial and population growth. Long iron and steel products, such as rebar, beams and wire rods are essential for construction and industrial purposes. The market has witnessed such growth because of the new infrastructure projects, modernization efforts and usage of long steel products by the automotive industry. However, fluctuations in raw material costs constitute a major challenge. The Asia-Pacific region controls this market by benefiting from the presence of leading iron and steel producers and low labor costs. The market is expected to witness compound annual growth rate (CAGR) of 4.5% from now to 2030.

4. Key Regional Indicators

On the regional level, the iron and steel market in the Middle East is expected to experience significant growth due to the increased demand of construction and infrastructure projects, especially in KSA. Although Covid-19 epidemic led to regression, fluctuations in the supply chain and the decreased demand on iron and steel, the market is recovering due to the high government expenditures and the growing industrial activities. The market growth is supporting the strenuous efforts to diversify the resources of economy apart from oil, expand the production capacities and establish the region as the leading global exporter of iron and steel. The regional growth is expected to be 4.5% during 2024-2030.



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5. Demand in Saudi Market

Steel Rebar

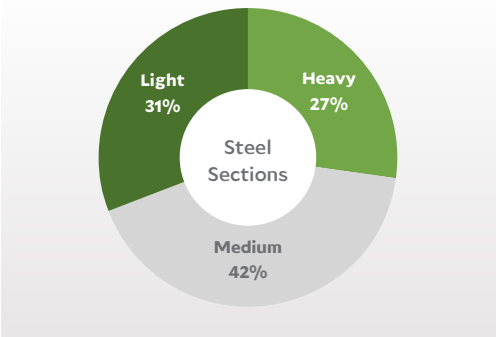
- » The local demand on steel rebar in KSA witnessed CAGR of 8% during 2018 to 2022. This demonstrates the significant growth in the market due to the increased demand on housing projects in the past five years.
- » More than 95% of KSA market demand were met by local production during the past five years.

Steel Wire Rods

- » The local demand on steel wire rods saw an annual growth of 6% during the period from 2018 to 2022, as a result of the increase in construction activities and major projects inside the Kingdom.
- » UAE and Egypt are the top exporters. Imports represented 12% of the total demand on steel wire rods in 2022.
- » Exports are mainly directed to Bahrain, Kuwait, Jordan and the MENA region. The total exports represented 12% of the total sales in 2022.

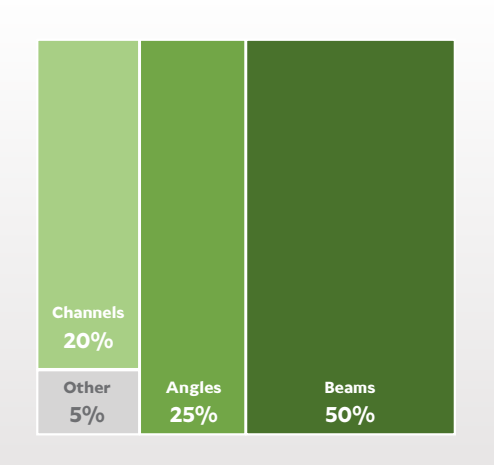
Steel Sections

- » Local demand witnessed a CAGR of 9% during the period from 2020 to 2023 due to the rise in industrial projects, power transmission and storage towers and infrastructure projects. This growth led to a CAGR of 12% in local sales and exports, a CAGR of 12% in local production and utilization rate was 69% in 2023. Despite this significant increase, the CAGR of the imports exceeded 6% due to the huge projects that required heavy steel sections that are not available locally. Steel sections are classified into three sizes: light (less than 80 mm), medium (from 80 mm to 200 mm) and heavy (greater than 200 mm). The following chart demonstrates their distribution in the market in 2023:



Local demand according to size - 2023

- » For product classification, beams were the most demanded product representing 50% of the demand in the steel sections market. The following chart demonstrates the product distribution in the local market in 2023:



Steel section market size per product - 2023

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6. Success Factors

Factors that must be considered in iron and steel projects are as follows:



Brand position and quality:

The brand position and product quality depend on reputation building and maintaining successful relationships with the customers by continuously providing rebar products of exceptional quality, offering discounts on huge quantities, providing printed manuals and catalogue and relationship marketing, such as participating in major international steel exhibitions and using social media in order to build the brand image.



Market Coverage:

The distribution network plays a vital role in businesses by ensuring the effective distribution of products, expanding the market access range and enhancing the customer satisfaction. Networks facilitate goods movement from producers to consumers and are responsible for warehousing, transporting and inventory management.



Backward Integration:

The studies have revealed that most of the rebar producers own private factories for billet melting (backward integration); however, this requires guaranteed demand. In addition, some of the producers own integrated factory for steel manufacturing and/or steel billets selling to their subsidiaries.



Cost Management:

Positive cash flow are essential for any company to continue its operations. Whenever the cash flow increases and the sales accounts duration shortens, the financial situation of the company becomes better. If the company faces challenges in cash flows, this might affect many business fields such as raw material supply and the ability to sell.

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7. Opportunities and Challenges

Opportunities

The steel sector has some opportunities still exist for the industry:

- » New infrastructure projects implemented by the Public Investment Fund (PIF), and significant developments in infrastructure, economic and industrial projects, and urban projects to modernize facilities and services in the country will boost business opportunities.
- » Launching multiple government initiatives including increasing the home ownership rates, local content programs and products manufactured inside the Kingdom which will raise the demand on the local products
- » Availability of opportunities to export to neighboring countries to benefit from the ongoing initiatives aiming at developing the infrastructure.

Challenges

The steel sector sees multiple challenges that may placesomeparties(producersandendusers)indifficultsituationsrelatedtocompetitivenessandprofitability. These main challenges can be summarized as follows:

- » Fluctuation of raw material prices: The steel prices are highly fluctuating, as they depend on many factors such as the international price, local and global demand level and the availability of scraps.
- » Lack of main raw materials (steel scraps): the Kingdom and the globe are facing a shortage in steel scrap.



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8. Conclusion

The long steel products industry is a vital sector for both local development and regional trade, by significantly focusing on steel rebar, wire rods and steel sections (called long products). This industry plays a major role in infrastructure and construction works that are necessary for economic growth in Saudi Arabia. Approximately 89% of the long steel products are allocated for steel rebar and wire rods needed for construction, while 11% are allocated for steel sections. The sector is experiencing a significant growth due to the increase in the construction and infrastructure activities, which can be manifested by achieving CAGR of 8% for steel rebar and 4% for wire rods during the period from 2018 to 2022. Globally, the long products market is expected to progressively grow to reach CAGR of 4.5%.

On the regional level, the iron and steel market in the Middle East is recovering and expanding due to the high government expenditures and economic diversification efforts. Despite the Covid-19 pandemic consequences, the iron and steel market in the Kingdom is expected to achieve a growth rate of 4% as a result of the technological advancement and the high local production capabilities. Leading companies in the region are working to promote their competitiveness through strategic innovations and expansions. Meanwhile, the sector faces

challenges such as fluctuation and lack of raw materials, especially steel scrap of prices, which can affect the production costs and profits. In addition, there are opportunities for growth in light of the new infrastructure projects implemented by the Public Investments Fund (PIF) and governmental initiatives aiming at increasing the local content and home ownership.

Export increase to neighboring countries that highly invest in infrastructure, represents a promising opportunity for growth. In order to achieve growth, the stakeholders must focus on the products quality, effectively cover the market, achieve backward integration, manage costs, overcome these challenges and benefit from growth opportunities.



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Lending Activity Statistics

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Table (1): Number and Value of Approved Loans, by Industrial Sector

Sector	During 2023 (1444 / 1445 H)		Cumulative Total	
	Number	Value (million SAR)	Number	Value (million SAR)
Chemical Industries	49	9,748	1431	109,152
Engineering Industries	29	1,406	1,264	50,918
Consumer Industries	42	1,209	1,425	29,048
Building Materials Industries	9	437	716	27,697
Other Industries	5	120	202	8,913
Total	134	12,920	5,038	225,728

Table (2): Value of Cumulative Approved Loans during (2021-2023), by Industrial Sector (million SAR)

Sector	2021	2022	2023
Chemical Industries	93,993	99,403	109,152
Engineering Industries	41,847	49,512	50,918
Consumer Industries	27,446	27,839	29,048
Building Materials Industries	27,228	27,260	27,697
Other Industries	8,097	8,794	8,913
Total	198,610	212,808	225,728

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Table (3): Number and Value of Approved Loans, by Region

Region	During 2023 (1444 / 1445 H)		Cumulative Total	
	Number	Value (million SAR)	Number	Value (million SAR)
Riyadh	49	1,664	1,811	33,727
Makkah	29	1,142	1,188	45,447
Medina	3	766	248	22,597
Eastern Region	42	7,990	1,357	92,097
Al Qassim	5	139	128	2,845
Aseer	1	17	80	1,364
Tabuk	2	149	31	5,793
Hail	-	-	52	2,467
Jazan	2	1,005	48	14,223
Najran	-	-	34	1,381
Al Baha	-	-	19	103
Al Jowf	1	50	27	374
Northern Borders	-	-	15	3,312
Total	134	12,920	5,038	225,728

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Table (4): Value of Cumulative Approved Loans, Disbursed and Repaid Amounts

Year	Approved Amounts million SAR	Disbursed Amounts million SAR	Repaid Amounts million SAR
1435/1436 H (2014)	117,987	81,276	50,346
1436/1437 H (2015)	129,425	88,444	54,333
1437/1438 H (2016)	137,367	94,821	59,333
1438/1439 H (2017)	147,938	102,240	63,631
1439/1440 H (2018)	157,378	111,629	68,688
1440/1441 H (2019)	169,878	120,840	73,777
1441/1442 H (2020)	187,495	125,490	77,051
1442/1443 H (2021)	198,607	135,652	83,524
1443/1444 H (2022)	212,808	141,974	89,971
1444/1445 H (2023)	225,728	151,474	95,171

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