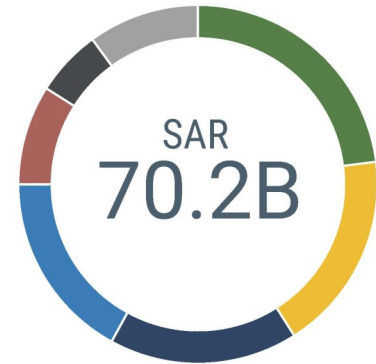




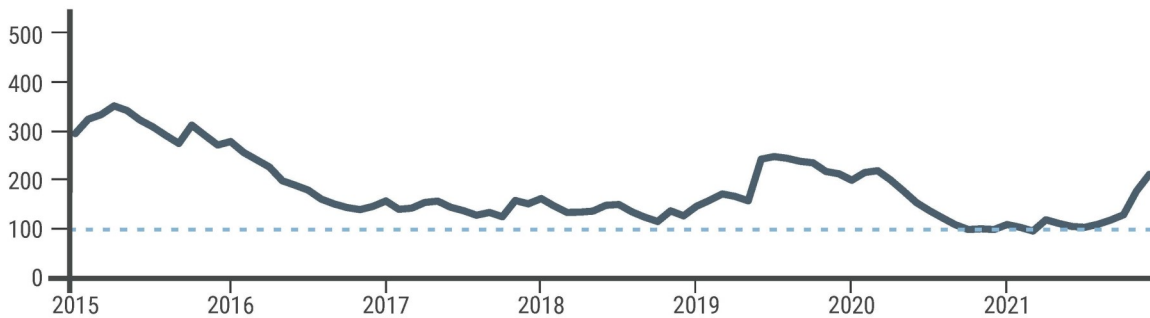
# USSBC Contract Awards Index Fourth Quarter 2021

## Contracts Awarded by Sector



Half the value of awarded contracts in Q4 were from the oil & gas sector which posted its strongest quarter of the year. Power, real estate, industrial, and water sectors followed with 17 percent, 11 percent, 6 percent, and 4 percent, respectively. Other sectors, including healthcare and hospitality, accounted for the remaining 6 percent the total value of contracts.

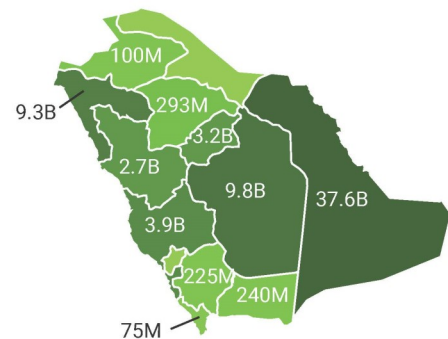
## Contract Awards Index Over Time



The USSBC Contract Awards Index catapulted to 209.05 points, growing by 94.21 points during the quarter. The CAI reached the 200 point mark for the first time since onset of the COVID-19 pandemic.

## Contract Awards By Province

Eastern Province dominated the value of contracts awarded in Q4 2021, accounting for 53 percent of the total. These included several billion-dollar gas processing projects by Saudi Aramco awarded to international companies. Riyadh Province followed with SAR9.8B, accounting for 14 percent of the quarterly total. The top Q4 contract in Riyadh Province was awarded to a Saudi-French joint venture constructing a series of leisure projects at Qiddiya. Tabuk Province was a close third at SAR9.3B, accounting for 13 percent of the total, and saw the long-anticipated utilities infrastructure contract for the Red Sea Project awarded to SEPCOIII. Makkah, Madinah, and Qassim Provinces also surpassed SAR1B mark in Q4 2021.



\*All monetary values are in Saudi Arabian Riyals. \$1 = SAR3.75



## Highlights

1. The value of awarded contracts surged to SAR70.2 billion (\$18.7 billion) during the fourth quarter, marking five consecutive quarters of growth and a 340 percent jump YoY. The total value reached SAR142 billion (\$38 billion) in 2021, a 78 percent expansion compared to 2020.
2. The USSBC Contract Awards Index catapulted to 209.05 points, growing by 94.21 points during the quarter. The CAI reached the 200 point mark for the first time since the onset of the pandemic.
3. The oil & gas sector rebounded to reach the highest value of awarded contracts worth approximately SAR34.9 billion (\$9.3 billion) after a dormant first three quarters.
4. The power sector maintained the second spot as the value of awarded contracts reached approximately SAR12.1 billion (\$3.2 billion).
5. The real estate sector fell to the third position with approximately SAR7.6 billion (\$2 billion) worth of awards despite surpassing last quarter's total.

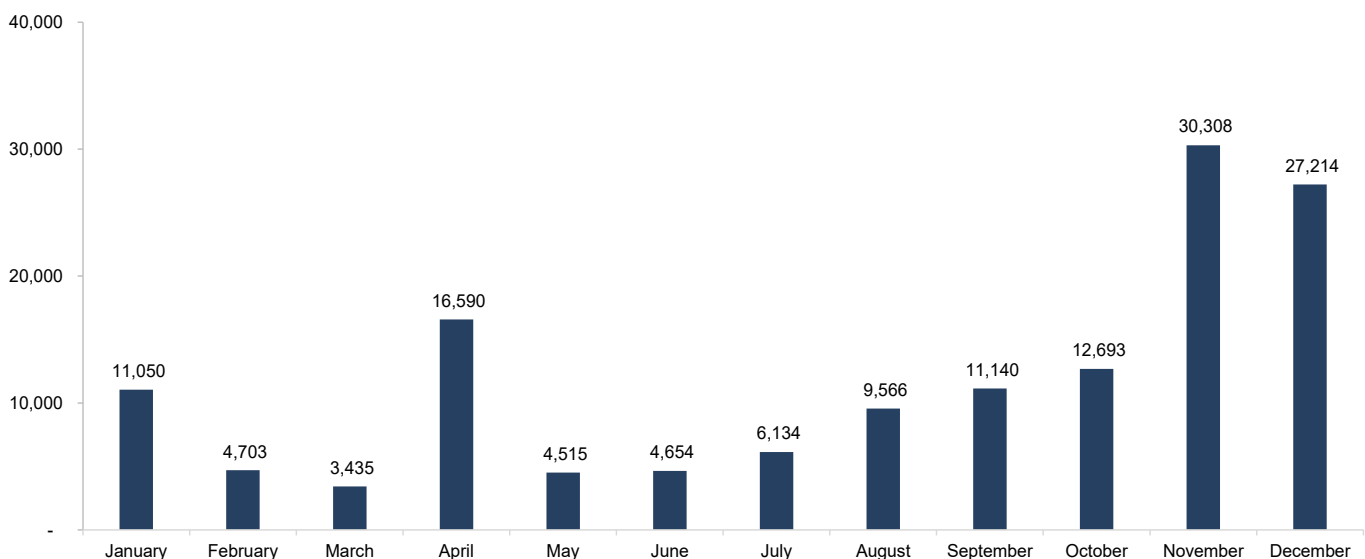
## Key Takeaway:



By investing through the PIF and supporting the private sector as an integral contributor, the pace of construction projects is expected to further accelerate in 2022 on the back of changing oil price dynamics and reduced completion times that were lengthened as a result of the pandemic.



## Value of Awarded Contracts During 2021 (SAR Millions)



Source: MEED Projects, Saudi Gulf Projects, public outlets, government data, USSBC

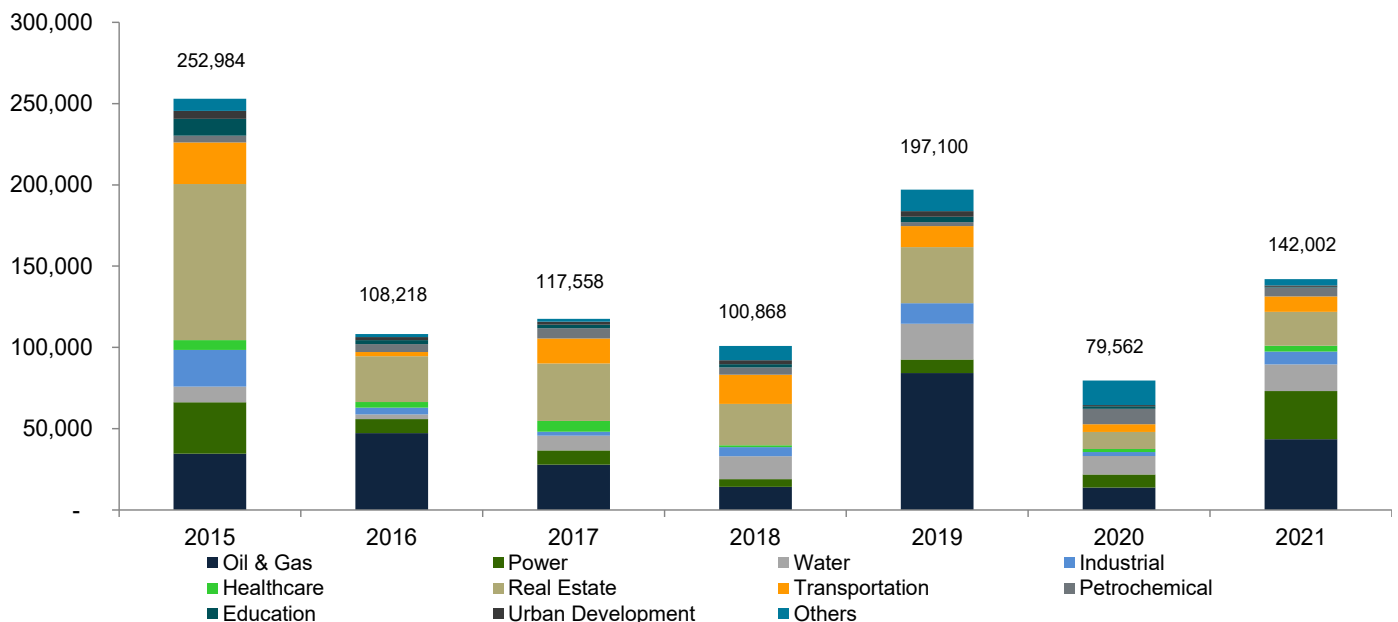


## Overview of Awarded Contracts During Q4 2021

The construction sector continued its rebound in 2021 on the back of a resurging post pandemic economy that has witnessed significantly improved macroeconomic fundamentals. Prudent policies that were implemented by the government to combat the negative effects of the pandemic coupled with the resumption in awarding and executing sizeable construction projects resulted in investments that mirrored pre-pandemic periods. Growth in non-oil GDP, which increased by 6.6 percent in real terms, attributed to the construction sector’s performance. Despite ongoing challenges stemming from supply chain disruptions and labor shortages in the construction sector, the value of awarded contracts extended its streak to five consecutive quarters of growth. The value of awarded contracts during Q4’21 spiked to SAR70.2 billion (\$18.7 billion), accounting for approximately 49 percent of this year’s awards. This marks an impressive 340 percent jump YoY and marks the highest value of awarded contracts in a quarter in nearly six years when the value reached SAR88.1 billion (\$23.6 billion) in the first quarter of 2015. The remarkable growth during Q4’21 brings the total value of awarded contracts to SAR142 billion (\$38 billion), reflecting a 78 percent increase over 2020. Although the value of contract awards did not eclipse 2019’s SAR197.1 billion (\$52.3 billion), it is the second highest tally by year since 2015.

The value of awarded contracts during Q4’21 were led by oil & gas, power, and real estate, which accounted for 78 percent of total awards. The oil & gas sector alone accounted for 50 percent of contract awards as Saudi Aramco ramped up investments into its onshore and offshore oil plants and its unconventional resources program.

**Value of Awarded Contracts by Year (SAR Millions)**



Source: MEED Projects, Saudi Gulf Projects, public outlets, government data, USSBC



## USSBC's Contract Awards Index Performance Through Q4 2021\*

The USSBC Contract Awards Index (CAI) rose to 209 points to end the fourth quarter. This marks the first time the CAI surpassed the 200-point mark since the Q1'20, which was prior to pandemic induced global shutdowns. Moreover, the CAI rebounded strongly in 2021 as it achieved 100 points or higher in eleven out of the twelve months. From a performance basis, the CAI grew by 94.21 points or 75 percent QoQ and by an impressive 113.64 points or 119 percent YoY. On a monthly basis during Q4'21 the CAI reached 125.75 points in October, grew to 174.64 points in November, before jumping to 209 points in December.

The CAI resurgence indicates that construction activity will continue to rebound in 2022 and into the medium-term, barring potential emergences of COVID-19 variants or unforeseen downturns. The slowdown in the CAI that began in 2020 signaled that some developments in the study and design phases would not progress to the execution phase as evidenced by the decline in cement sales during H2'21. Cement sales fell by an average 10 percent on a monthly basis between June 2021 and February 2022. However, numerous expansion projects that were awarded in 2021 and planned for 2022 will keep construction activity buoyant.

### USSBC Contract Awards Index Performance



Source: MEED Projects, Saudi Gulf Projects, public outlets, government data, USSBC

\* The USSBC CAI is calculated using a 12 month exponential moving average. This calculation smoothens the data while reducing the effects of outliers within the observation period. The index aims to give our readers a sense of direction on construction activities that will transfer to the execution phase over the next 6 to 18 months. Thus, the CAI should be used as a forward looking tool to gauge the health of construction activities across all sectors. In general, a CAI reading of 100 points and above indicates an expansion while a sub-100 point reading indicates a possible contraction.

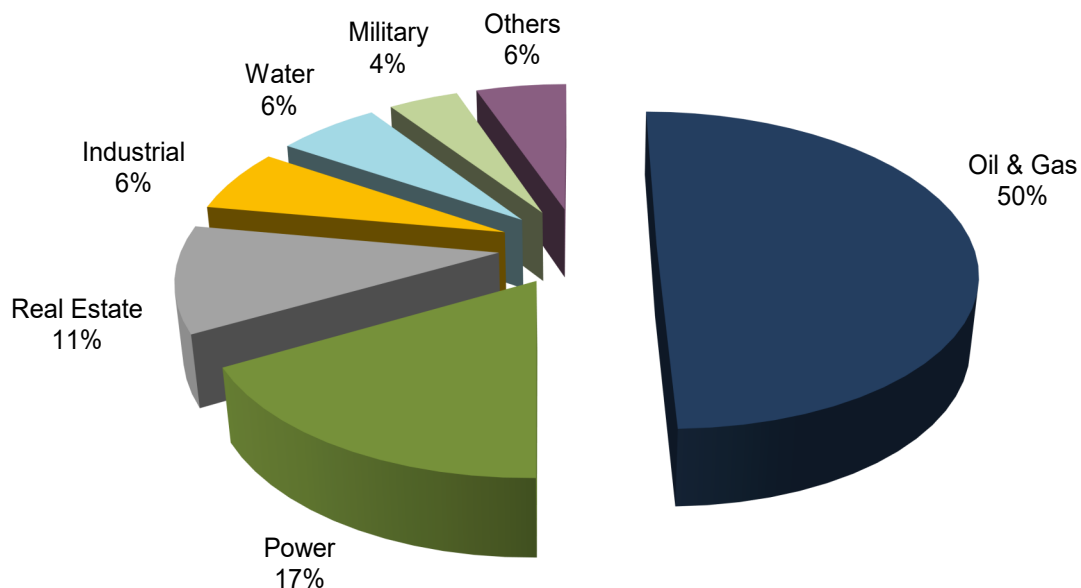


## Overview of Awarded Contracts By Sector During Q4 2021

The fourth quarter witnessed a resurging oil & gas sector that previously accumulated only SAR11.6 billion (\$3.1 billion) between Q2'20 and Q3'21 worth of awarded contracts before steeply rising to SAR34.9 billion (\$9.3 billion) during Q4'21. This marks the oil & gas' highest value of awarded contracts in a quarter since SAR36 billion (\$9.6 billion) worth of contracts were awarded during Q3'09 by Saudi Aramco Total Refining and Petrochemical Co. (SATORP). The oil & gas sector accounted for 50 percent of all awarded contracts by value in Q4'21. It tallied SAR43.5 billion (\$11.6 billion) for the year, placing it as the highest grossing sector and accounting for 31 percent of the total share. Saudi Aramco awarded all 19 contracts during the quarter. Mega-projects included the development of unconventional resources at the Jafurah gas plant, expanding the Zuluf oil fields, and construction activity at the Abqaiq NGL plant.

The power sector sustained its momentum in 2021 to reach SAR12.1 billion (\$3.2 billion) or 17 percent of awarded contracts by value during Q4'21. This marks the highest quarterly tally for the power sector since Q2'14, which had SAR16.6 billion (\$4.4 billion) worth of awards. For the year, the power sector garnered SAR29.6 billion (\$7.9 billion) or 21 percent of the total share. The Saudi Electricity Company (SEC) accounted for 24 contract awards, while the Renewable Energy Project Development Office (REPDO) accounted for four contracts. The real estate sector rounded out the top three sectors with SAR7.6 billion (\$2 billion) or 11 percent for the quarter. It accumulated SAR20.9 billion (\$5.6 billion) or a 15 percent share of the year's total. A total of ten contracts were awarded in the sector with the largest contract being awarded as a commercial real estate project pertaining to the Qiddiya Investment Company's (QIC) rides and attractions development plan across six different zones.

### **Value of Awarded Contracts by Sector During Q4 2021**



Source: MEED Projects, Saudi Gulf Projects, public outlets, government data, USSBC



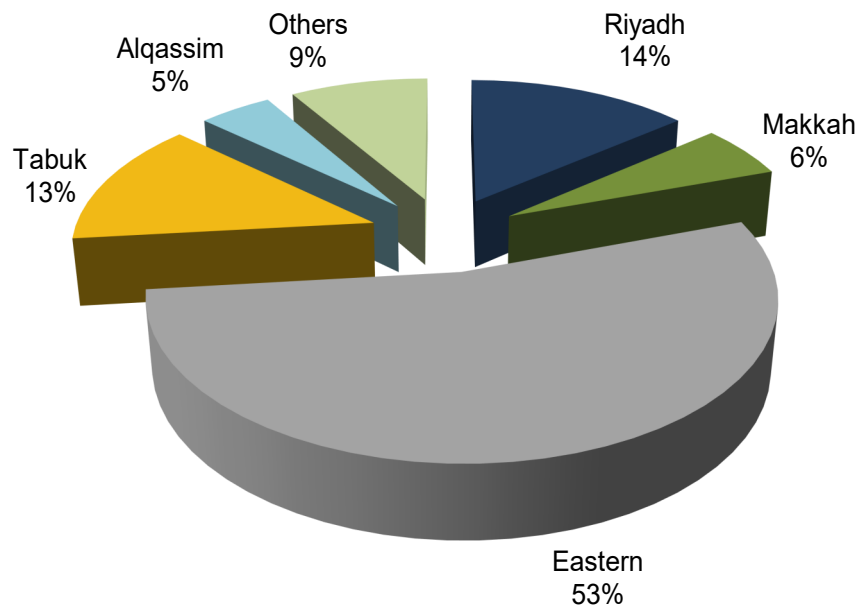
## Overview of Awarded Contracts By Region During Q4 2021

The Eastern Province led all other regions as it had SAR37.6 billion (\$10 billion) or 53 percent of awarded contract by value during Q4'21. The 25 contracts awarded in the Eastern Province were led by the oil & gas sector, as it accounted for 99 percent of the share by value. All of Saudi Aramco's contract awards occurred in the Eastern Province. Other sectors with awarded contracts in the Eastern Province included power, real estate, and transportation. The rapid rise in awarded contracts within the oil & gas sector during Q4'21 aided the Eastern Province in securing the highest value of awarded contracts by region in 2021 with SAR63.2 billion (\$16.9 billion) or 45 percent of the total.

The Riyadh region tallied the second highest value of awarded contracts with SAR10 billion (\$2.6 billion) or 14 percent of the total during Q4'21. The Riyadh region had 21 awarded contracts with the real estate and power sectors accounting for SAR8.6 billion (\$2.3 billion) or 87 percent of the total. The QIC contract award accounted for a majority of the real estate contracts in the Riyadh region. The majority of power contracts were related to SEC's substation expansion across various cities and to REPDO's Round III solar PV projects. The Riyadh region captured the second largest value of awarded contracts for 2021, netting SAR29.2 billion (\$7.8 billion) or 21 percent of the total.

The Tabuk region claimed the third highest value of awarded contracts during Q4'21 with SAR9.3 billion (\$2.5 billion) or 13 percent of the total. Eleven contracts were awarded and the water and industrial sectors accounted for SAR7 billion (\$1.9 billion) or 75 percent of the total. A majority of the contracts pertained to developments at NEOM and The Red Sea Development project. The Tabuk region rose to the third highest value of awards during 2021, accounting for SAR14.4 billion (\$3.8 billion) or 10 percent.

### Value of Awarded Contracts by Region During Q4 2021





## **Breakdown of Awarded Contracts Across Top Performing Sectors**

### **Oil & Gas**

The SAR34.9 billion (\$9.3 billion) in awarded contracts in the oil & gas sector in Q4'21 followed a relatively quiet period during the first three quarters of 2021 as the value of awards totaled SAR8.6 billion (\$2.3 billion). The growth in awarded contracts within the oil & gas sector is further illustrated by the substantial increase on a QoQ basis whereby awards grew by SAR33.2 billion (\$8.9 billion), and by SAR34.2 billion (\$9.1 billion) YoY. The resumption of oil & gas mega-projects by Saudi Aramco after project delays and cancellations over the last 18 months reflects the broader global oil market that witnessed depressed capital investments and is now catching up to increasing demand while navigating dwindling supply inventories.

Saudi Aramco's Commercialization of Unconventional Resources program commanded the highest value of contracts during Q4'21 with seven deals worth approximately SAR17.7 billion (\$4.7 billion) at the Jafurah basin. The Jafurah basin holds an estimated 200 trillion standard cubic feet of shale gas covering 17,000 square kilometers, which is the largest in the Middle East. Planned production of natural gas is expected to climb from 200 million standard cubic feet per day (scfd) in 2025 to two billion scfd by 2030. The project will make Saudi Arabia one of the world's largest natural gas producers.

The largest of the Jafurah contracts was awarded to South Korea's Hyundai Engineering Company in the amount of SAR5.1 billion (\$1.4 billion) in November. According to Saudi Gulf Projects, Hyundai will construct sulfur recovery units and offsite utility infrastructure. Additional work will include the construction of inlet and export facilities, installation of interconnecting pipe racks, sulfur loading and handling unit, installation of a flare system, and associated facilities, according to MEED Projects. The project is expected to be completed by the second quarter of 2024.

The second largest contract was awarded to South Korea's Samsung Engineering in the amount of SAR4.5 billion (\$1.2 billion). According to Saudi Gulf Projects, Samsung Engineering is responsible for building a gas treatment facility that will remove sulfur and other substances out of the 1.1 billion scfd (550 scfd on two trains) produced. Additional scope includes a slug catcher, acid gas removal unit, NGL recovery, and mercury removal and dehydration. The project is expected to be completed by the fourth quarter of 2025.

The third largest contract was awarded to India's Larsen & Toubro in the amount of SAR3 billion (\$800 million). According to MEED Projects, Larsen & Toubro will construct three gas compression plants with production capacity of 600 mmscfd of raw gas and 150 mbd of condensate gas. The project is expected to be completed by the fourth quarter of 2025.



The fourth largest project was awarded to Italy's Saipem in the amount of SAR2.3 billion (\$750 million). According to Saudi Gulf Projects, the project involves the construction of a hydrocarbon collection system and the transport of gas and condensate to the Jafurah plant. Saipem will also build a system to transport water associated with the separation of treated gas. A total of 835 km of pipelines will be commissioned for the project. According to MEED Projects, the project is expected to be completed by the first quarter of 2024.

The fifth largest contract was also awarded to Larsen & Toubro, as it won a SAR1.5 billion (\$400 million) project. According to MEED Projects, the project involves constructing a gas export pipeline that will extend to 349km with pipes ranging between 24 to 56 inches in diameter. The project is expected to be completed by the first quarter of 2024.

Saudi Aramco's Zuluf marine field attracted approximately SAR14.2 billion (\$3.8 billion) worth of projects on seven contracts. The two largest contracts were awarded to the UAE's National Petroleum Construction Company (NPCC) in December in the amount of SAR8.3 billion (\$2.2 billion). According to Saudi Gulf Projects, NPCC will be responsible for the fourth and fifth packages. The fourth package includes 12 oil-handling wellhead topsides, two oil tie-in platforms, and one electrical distribution platform. The fifth package will also include 12 oil-handling wellhead topsides, two oil tie-in platforms, and infield pipelines and cables. The project is expected to be completed by the fourth quarter of 2024.

The third and fourth largest contracts were awarded to a joint venture consisting of Larsen & Toubro and the U.K.'s Subsea 7 in the amount of SAR4.8 billion (\$1.3 billion). The two contracts pertain to packages three and five at Zuluf field. According to MEED Projects, the projects will include the construction of 18 water injection production modules, three water tie-in platforms and jackets, and the installation of associated pipelines and cables. Both contracts are expected to be completed by the second quarter of 2025.

The U.S.'s McDermott won the first package at Zuluf field in the amount of SAR2.4 billion (\$640 million). This marks McDermott's fourth contract award by Saudi Aramco in the quarter. According to Saudi Gulf Projects, McDermott will be responsible for package one at Zuluf field, which entails the construction of trunk and water injection lines. The project is expected to be completed by the second quarter of 2025.

Another notable contract was awarded to Japan's JGC Corporation as part of the Abqaiq NGL plant. The SAR1.9 billion (\$500 million) contract calls for the construction of a Dew Point Control Unit under the Brownfield Long-Term Agreement, which covers various EPC works for upgrading and modifying existing oil & gas facilities. The project is expected to be completed by the fourth quarter of 2024.



## Power

The power sector maintained its position as one of the top performers in terms of contract awards by value throughout 2021. Both SEC and REPDO awarded numerous projects that netted SAR12.1 billion (\$3.2 billion) during Q4'21. Despite being overshadowed by the oil & gas sector, the power sector's performance during the quarter resulted in achieving 41 percent of its 2021 awards. The power sector grew by SAR7.4 billion (\$2 billion) or 156 percent QoQ and by SAR8.5 billion (\$2.3 billion) or 238 percent YoY.

SEC's 24 contract awards during Q4'21 amounted to SAR6.3 billion (\$1.7 billion) or 52 percent of the power sector's total. SEC's projects were mainly related to expanding the availability of electricity throughout the Kingdom. Constructing new substations and overhead transmission lines, installing new cables, and the expansion of existing substations dominated project profiles. The most notable contracts pertained to three awards for the SEC and Egyptian Electricity Transmission Company's power interconnectivity project. According to Saudi Gulf Projects, the three contracts that were awarded in October went to the local Saudi Services for Electro Mechanic Works and the National Contracting Company, while South Korea's Hyundai Construction & Engineering Company won the third contract. According to MEED Projects, the value of these three contracts reached SAR1.7 billion (\$460 million). All three contracts involved the construction of overhead lines from Madinah to Aqaba Gulf. The project is expected to be completed by the second quarter of 2025.

REPDO's four contracts accounted for SAR4.5 billion (\$1.2 billion) or 37 percent of the power sector's total. The largest contract awarded by REPDO was part of Round 3 Category B. It involved the construction of a 700MW solar PV plant in Ar Rass in the amount of SAR2.4 billion (\$640 million). According to MEED Projects, ACWA Power, China's Huanghe Hydropower Development Company, and the local Water & Electricity Holding Company were appointed as project developers. The project is expected to be completed by the second quarter of 2024.

Another notable contract in the power sector revolved around the SAR19 billion (\$5 billion) NEOM Helios Green Fuels project. NEOM Green Hydrogen Company, which comprises NEOM, ACWA Power, and the U.S.' Air Products awarded the contract to Power China in the amount of SAR600 million (\$160 million). Power China will construct three 380kV substations and overhead transmission lines along with associated facilities. The project is expected to be completed by the fourth quarter of 2024.

## Real Estate

Similar to oil & gas and power, the real estate sector witnessed its highest value of awarded contracts during Q4'21. The SAR7.6 billion (\$2 billion) in awarded contracts increased by SAR1.3 billion (\$357 million) or 21 percent QoQ and by SAR1.7 billion (\$453 million) YoY. Within the real estate sector, the



commercial market contributed SAR4.4 billion (\$1.2 billion) or 58 percent of the total. The residential market accounted for SAR1.6 billion (\$428 million) or 21 percent of the total, while the hospitality and mixed-use markets accounted for SAR989 million (\$264 million) or 13 percent and SAR600 million (\$160 million) or 8 percent, respectively. For the year, the real estate sector's SAR20.9 billion (\$5.6 billion) marked an increase of SAR10.5 billion (\$2.8 billion) or 101 percent over 2020. Additionally, the residential market led all subsectors for the year with SAR9.2 billion (\$2.4 billion) or 44 percent, followed by the commercial market with SAR8.6 billion (\$2.3 billion) or 41 percent, the hospitality market with SAR2 billion (\$524 million) or 9 percent, and the mixed-use market with SAR1.1 billion (\$300 million) or 5 percent.

The largest contract in the real estate sector during Q4'21 belonged in the commercial market as the Qiddiya Investment Company awarded the undertaking of a Six Flags theme park in the Qiddiya Entertainment City. The contract was awarded to a joint venture between the local Al Mabani General Contractors and the French Bouygues Batiment International in the amount of SAR3.8 billion (\$1 billion). The theme park will cover an area of 320,000 square meters featuring 28 rides and attractions. Ten of the attractions will be thrill rides with 18 rides designed for families and young children. According to MEED Projects, the project is expected to be completed by the third quarter of 2026.

A notable contract was awarded as part of a mixed-used development at NEOM. According to MEED Projects, the local Nesma & Partners was awarded a SAR600 million (\$160 million) contract to construct a mountain base camp on a plot area of 125,000 square meters. The scope of the project includes the construction of 406 residential units, an administrative and office building, retail structures, mosque, gym, and associated facilities. The project is expected to be completed by the first quarter of 2024.

## Contract Awards Outlook

The momentum of contract awards during 2021, which has now witnessed five consecutive quarters of growth from SAR7.4 billion (\$2 billion) in Q3'20 to SAR70.2 billion (\$18.7 billion) in Q4'21, marks an impressive 850 percent increase. The focus on enhancing the Kingdom's physical infrastructure after significant slowdowns in investments during 2020 is evidenced by the growth in the oil & gas, power, and water sectors in 2021. The government's role in raising the vaccination rate close to 70 percent and providing financial support to the private sector in the form of subsidies and company fee abatements were key elements of the turnaround. Improvements in the global oil market during 2021 was another supporting factor in the financing of state projects, which led to the increase in project awards.

A key determinant of the government's role in implementing state sponsored projects is through capital expenditures (capex). The Kingdom had budgeted SAR101 billion (\$28 billion) in capex for 2021 and by the end of the third quarter had achieved 63 percent of that amount. Similar to what was witnessed in



contract awards during the fourth quarter, capex accelerated to end the year at an estimated SAR112 billion (\$30 billion) and represented an 11 percent increase over the annual budget. The 2022 state budget allocated an 18 percent reduction in capex compared to 2021 to SAR92 billion (\$25 billion). Despite budgeted reductions across a number of sectors in 2022, the Kingdom has earmarked numerous projects with the aim of improving education, healthcare, municipal services, and transportation. For example, the 2022's budget allocation for the education sector of SAR185 billion (\$49 billion), which is the highest expenditure by sector calls for ongoing construction of 60 educational facilities in Makkah Province and establishing a university center at King Saud University.

While the government will continue expanding infrastructure developments, the reduction in capex is mainly attributed to growing involvement of the private sector and the PIF in financing new projects. Furthermore, the Kingdom has adopted expenditure ceilings that limit procyclical spending, which historically have been driven by volatile oil prices. The private sector and the PIF are expected to grow their share of shouldering the Kingdom's non-oil growth plans with the government acting as an enabler in the form of privatization programs and public-private participation (PPP) schemes. The introduction of the National Investment Strategy (NIS) is a key component in supporting the private sector as a catalyst. The "Shareek" Program, which is a pillar under the NIS will support PPP projects and will inject a substantial SAR5 trillion (\$1.3 trillion) in greenfield investments by 2030. The PIF will play a prominent role in the construction sector over the medium-term as it will invest an average of SAR150 billion (\$40 billion) annually in new domestic projects while aiming to achieve a 60 percent localization rate. The PIF will also support a multitude of sectors including transportation, renewables, communications, real estate, and tourism.

The pace of investments that will take place over the next several years are not without their challenges. Chief among these challenges are the rising cost of building materials stemming from supply chain constraints and the increase of labor shortages in the construction sector. These two factors exert additional costs to construction budgets as well as lengthening the duration of ongoing and new projects. According to the General Authority for Statistics (GASat), the average cost of all building materials between 2019 and 2021 increased by 24 percent. During this period each of the five main building material categories witnessed spikes in costs led by construction cables, iron, timber, concrete and cement, which grew by 39 percent, 37 percent, 22 percent, 17 percent, and 6 percent, respectively. The latest labor data from GASat through Q3'21 indicated the construction sector witnessed a net decline of 192 thousand workers between Q3'20 and Q3'21. Non-Saudi workers accounted for a 97 percent share of the labor reductions. The combination of Saudization regulations, in small part, and pandemic related travel restrictions from a majority of the laborers home countries, in large part, were the main drivers. As global vaccination rates increase and COVID-19 case counts decrease, pressures on building costs and labor shortages will ease.



An important development that will likely influence the level of investments in the construction sector is the ongoing situation between Russia and Ukraine, which has dramatically increased global oil prices at a time when supplies remain tight. The per barrel price of Brent crude reached \$130 during the first week of March and despite heightened uncertainty in oil markets, average oil prices in 2022 are expected to significantly surpass previous estimates by as much as 20 percent. According to the U.S. Energy Information Administration (EIA), Brent is expected to average \$116 pb during the second quarter of 2022 and \$102 pb during the second half of 2022. The EIA originally estimated Brent would average \$83 pb during 2022 after it averaged \$71 pb in 2021. Meanwhile, the Kingdom's estimated budget break-even per barrel price for 2022 is \$72, according to the International Monetary Fund. With the Kingdom already projecting a budget surplus of SAR90 billion (\$24 billion) in 2022, the increase in Brent from \$72 pb to an estimated \$105 translates into an unscheduled oil revenue increase of \$33 pb.

As stated in the 2022 budget, the government will allocate a portion of budget surpluses to boost support for development funds and the PIF. With current diversification strategies already set in motion, the Kingdom is well positioned to proactively manage excess oil revenues while limiting procyclical spending compared to previous oil price booms. By investing through the PIF and supporting the private sector as an integral contributor, the pace of construction projects is expected to further accelerate in 2022 on the back of changing oil price dynamics and reduced completion times that were lengthened as a result of the pandemic.

Looking ahead, a number of mega-projects across numerous industries will keep the construction sector busy in 2022. Developments like the SAR75 billion (\$20 billion) Jeddah Central Project, the Ministry of Housing's Dahiyat Al-Fursan, PIF's Roshn housing development program along with projects at NEOM, Qiddiya, The Red Sea Development Company, and Diriyah Gate will contribute significant share of awarded contracts. Furthermore water desalination projects and Saudi Aramco's ongoing investments in the oil & gas sector will continue to support the development of the Kingdom's physical infrastructure.



## Notable Contracts During Q4 2021

Sector	Region	Client	Contractor	Details	Value (SAR million)
Oil & Gas	Eastern	Saudi Aramco	Hyundai Engineering	Sulfur utilities and interconnecting facility as a part of the Jafurah Gas Plant	5,100
			Samsung Engineering	Gas processing plant as a part of the Jafurah Gas Plant	4,500
			National Petroleum Construction Company	Construction of oil gathering centers in the Zuluf Field	3,000
			JGC Corporation	Development of the Dew Point Control System at the Abqaiq NGL plant	1,875
Real Estate	Riyadh	Qiddiya Investment Company	Bouygues Batiment International / Almabani General Contractors (Joint Venture)	Saudi-French JV construction of leisure destination at Qiddiya	3,750
Water	Tabuk	TRSDC	SEPCOIII Electric Power Construction Corp	Utilities infrastructure at the Red Sea Project	3,375
Industrial	Tabuk	ACWA Power/NEOM/Air Products	ThyssenKrupp	Ammonia plant at Helios Green Fuels Project in NEOM	3,000
Military	Kingdom	Ministry of Defense		US Army Corps of Engineers building infrastructure and support facilities for the Saudi missile defense system	2,963
Power	Alqassim	REPDO		Construction of 700MW solar PV power plant in Ar Rass	2,400
	Riyadh			Construction of 300 MW power PV plant in Saad	1,200
Industrial	Makkah	MODON	Saudi Binladin Group	Industrial city project for manufacturing basic and building materials in Makkah	1,500
Transportation	Alqassim	GACA	Al Arrab Contracting Co.	Construction of a new airport in Qassim Province	840

Source: MEED Projects, Saudi Gulf Projects, public outlets, government data, USSBC



## **2022 Year in Review**

### **Contract Awards Summary and Top Performing Sectors**



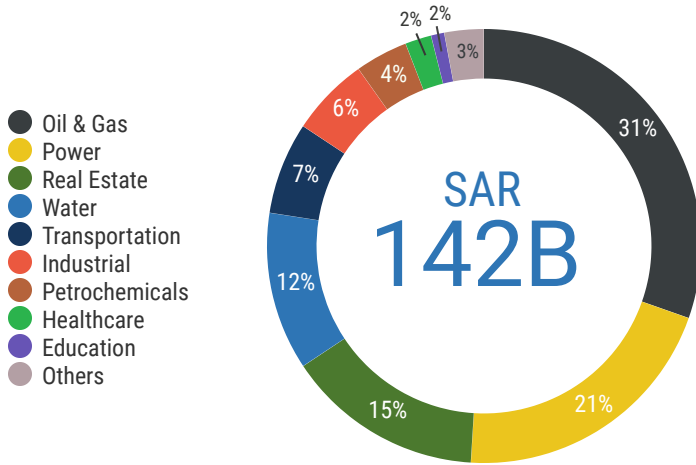
# USSBC Contract Awards Index: 2021 Overview

## Construction Contract Awards in Saudi Arabia

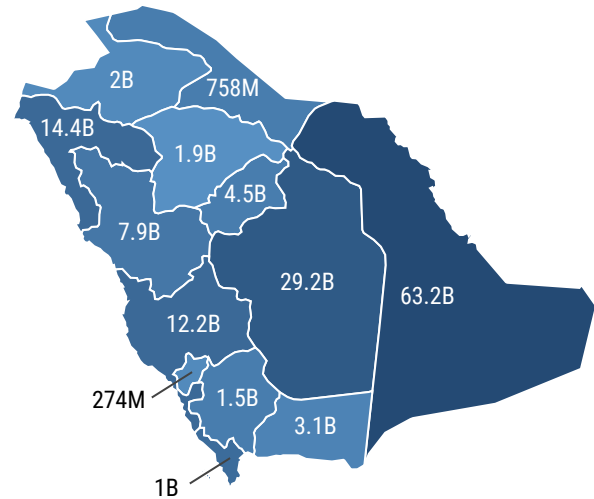


U.S.-Saudi Business Council  
مجلس الأعمال السعودي الأمريكي

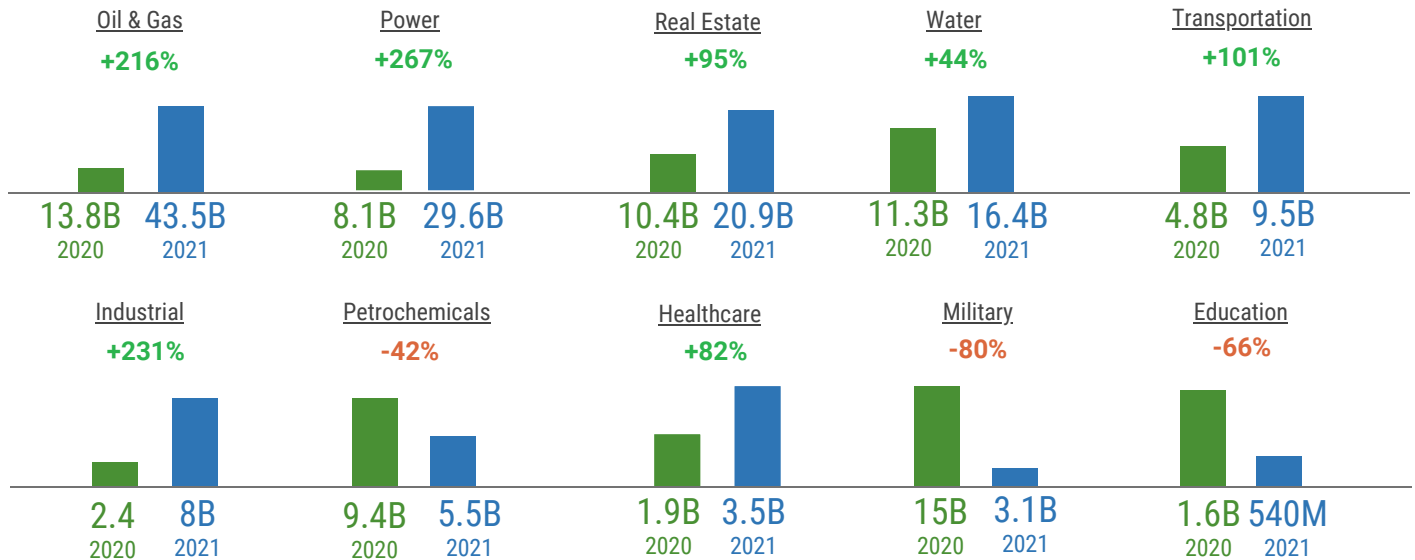
### Value of Awarded Contracts (SAR)



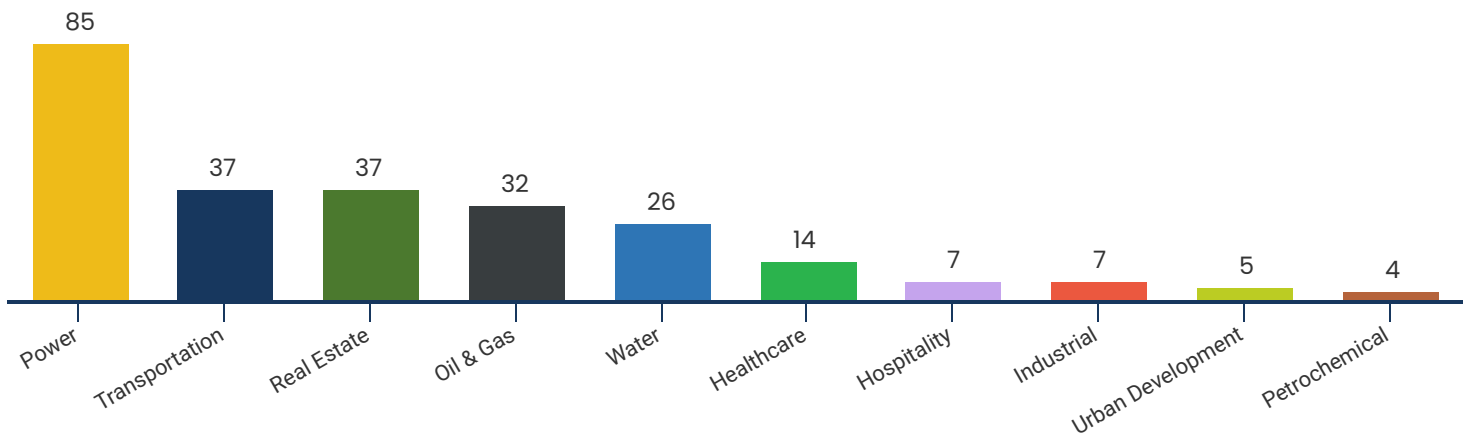
### Value of Awarded Contracts by Region (SAR)



### Value of Awarded Contracts by Sector (SAR)



### Number of Awarded Contracts by Sector

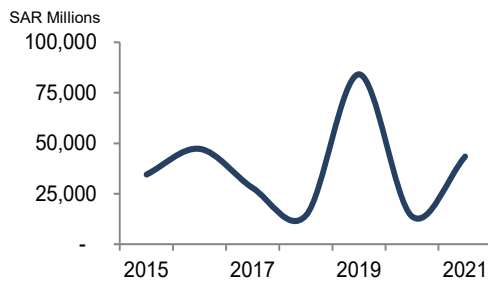




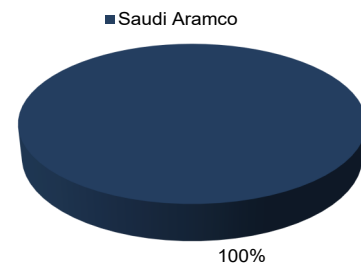
## Oil & Gas

The value of awarded contracts in the oil & gas sector accounted for 31 percent of the total and increased to SAR43.5 billion (\$11.6 billion) in 2021 after a slowdown of SAR13.8 billion (\$3.7 billion) in 2020. Saudi Aramco was the sole awarder of contracts and the Eastern Province captured all of its projects in 2021. The oil & gas sector's SAR34.9 (\$9.3 billion) during Q4 of accounted for 80 percent of 2021's share.

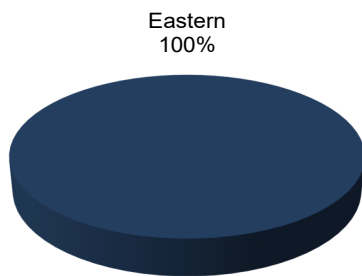
Value of Awarded Contracts in Oil & Gas



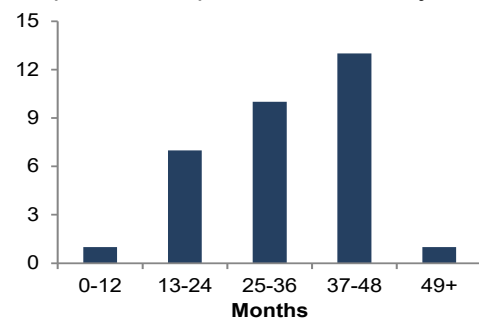
Share of Value of Awarded Contracts by Owner



Value of Awarded Contracts by Region



Expected Completion Time of Projects\*



\*Contracts with stated completion period

Saudi Aramco rebounded in 2021 as many of the delayed projects from 2020 were awarded. The largest contracts occurred at the Jafurah gas plant followed by the Zuluf and Berri fields, and its NGL projects. International contractors were the main recipients as South Korea's Samsung Engineering and Hyundai Engineering, India's Larsen & Toubro, and Italy's Saipem accounted for the largest share of awards.

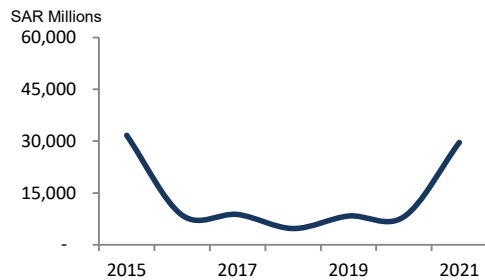
### Top Five Contracts by Value During 2021:

Contractor	Client	Details	Value (SAR Millions)
Hyundai Engineering	Saudi Aramco	Construction of sulfur utilities and interconnecting facility at Jafurah Gas Plant	5,100
Samsung Engineering	Saudi Aramco	Package II of gas processing plant as a part of the Commercialization of Unconventional Resources Jafurah Gas Plant	4,500
National Petroleum Construction Company	Saudi Aramco	Package I construction of oil gathering centers in the Zuluf Field	3,000
National Petroleum Construction Company	Saudi Aramco	Package II construction of oil gathering centers in the Zuluf Field	3,000
McDermott	Saudi Aramco	Construction and installation of trunk lines in the Zuluf Field	2,400

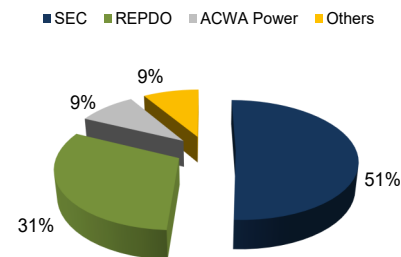
## Power

The value of awarded contracts in the power sector accounted for 21 percent of the total and increased to SAR29.6 billion (\$7.9 billion) in 2021 after a subdued SAR8.1 billion (\$2.2 billion) in 2020. SEC and REPDO accounted for 82 percent of awarded contracts. Riyadh captured the largest share of contracts with the remaining regions representing similar shares.

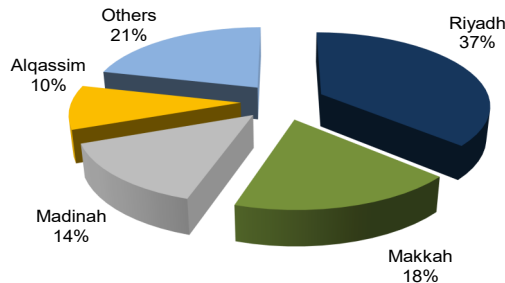
Value of Awarded Contracts in Power



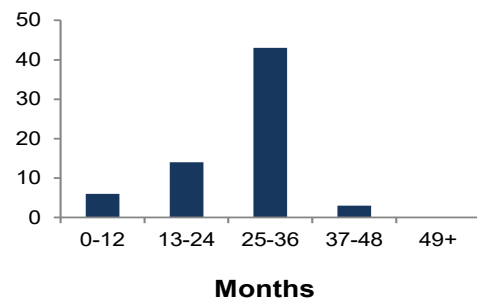
Share of Value of Awarded Contracts by Owner



Value of Awarded Contracts by Region



Expected Completion Time of Projects\*



\*Contracts with stated completion period

The power sector rose to its highest level since 2015 as the SEC resumed its expansion of electricity deliveries to rural and urban locations. REPDO resumed awarding contracts as Round 2 and 3 faced delays last year. ACWA power was the developer on many of REPDO's projects while a number of local and international contractors were tasked with construction works. SEC and the Egyptian Electricity Transmission Company teamed up to build a connecting power line in across portions of both countries.

### Top Five Contracts by Value During 2021:

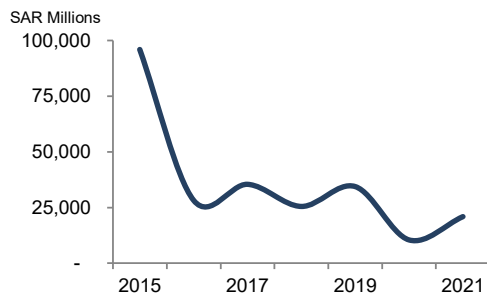
Contractor	Client	Details	Value (SAR Millions)
Larsen & Toubro	ACWA Power	Construction of a 1500 MW solar photovoltaic plant in Sudair	2,719
	REPDO	Construction of a 700MW solar PV power plant in Alrass	2,400
Larsen & Toubro	REPDO	Construction of 300 MW South Jeddah Noor PV project	1,200
	REPDO	Construction of a 300 MW power PV plant in Riyadh	1,200
Prysmian	SEC	Construction of ±500kV HVDC submarine and land cable system between Saudi Arabia and Egypt	961



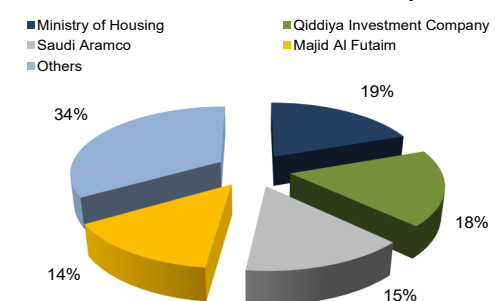
## Real Estate

The value of awarded contracts in the real estate sector accounted for 15 percent of the total and increased to SAR20.9 billion (\$5.6 billion) in 2021 after a SAR10.4 billion (\$2.8 billion) downturn in 2020. The residential market led all subsectors on the back of record mortgage lending growth in 2021, which fueled demand for affordable housing. Riyadh and Eastern Province accounted for 73 percent of the total.

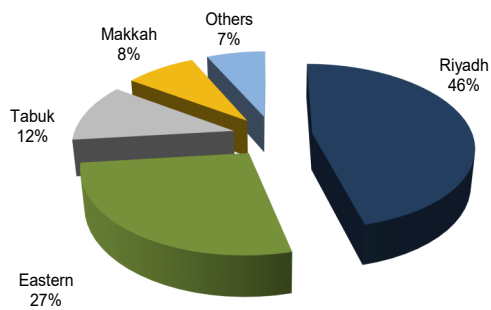
Value of Awarded Contracts in Real Estate



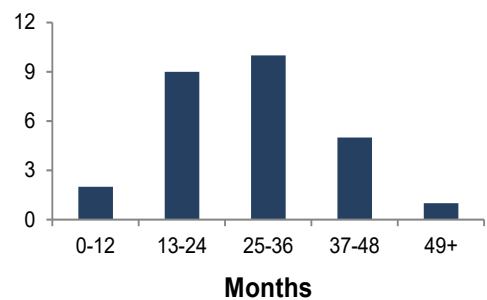
Share of Value of Awarded Contracts by Owner



Value of Awarded Contracts by Region



Expected Completion Time of Projects\*



\*Contracts with stated completion period

The real estate sector doubled last year's total as the commercial market rose to its highest level since 2015. A number of shopping malls, office towers, and Qiddiya's theme park contributed to its growth. The Ministry of Housing continued to award numerous projects to satisfy demand for affordable housing. Having reached a 64 percent homeownership rate in 2020, the goal of 70 percent by 2030 appears to be on track.

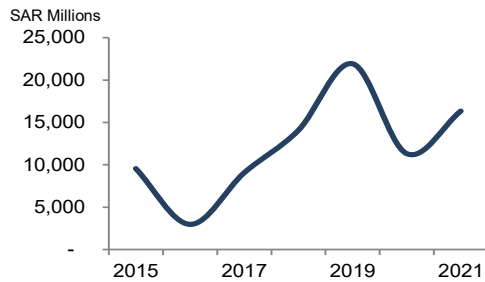
### Top Five Contracts by Value During 2021:

Contractor	Client	Details	Value (SAR Millions)
Bouygues Batiment International / Almbani General Contractors	Qiddiya Investment Company	Construct rides and attraction facilities spread across six zones	3,750
Modern Building Leaders	Majid Al Futaim	Development of Souq7, a retail shopping complex in Jeddah	3,000
Jiangxi Water and Hydropower Construction Co Ltd	Saudi Aramco	Construction of residential compounds at East and West Pump Stations	1,875
Nahdat Al Emaar Construction	Ministry of Housing	Construct residential building project including 2,950 townhouses and seven mosques in Dammam	1,500
Beijing Emirates International Construction Co.	Ministry of Housing	Construction of a residential complex in North Obhur, Jeddah	900

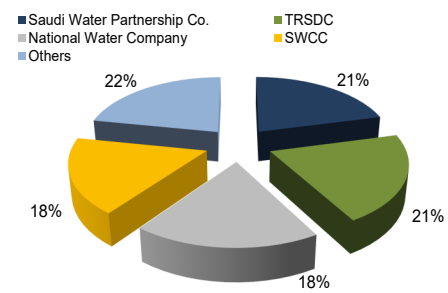
## Water

The value of awarded contracts in the water sector accounted for 12 percent of the total and increased to SAR16.3 billion (\$4.4 billion) in 2021 after witnessing SAR11.3 billion (\$3 billion) in 2020. The Saudi Water Partnership Company and the TRSDC accounted for equal shares of 21 percent each. The Eastern region dominated with 50 percent of the total value of contracts in 2020.

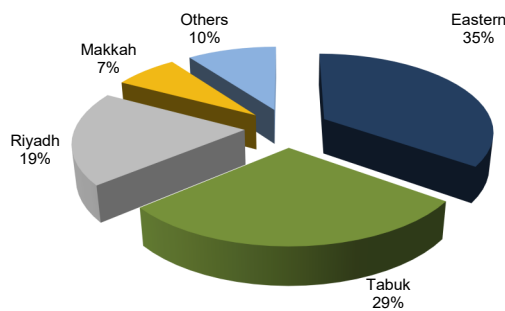
Value of Awarded Contracts in Water



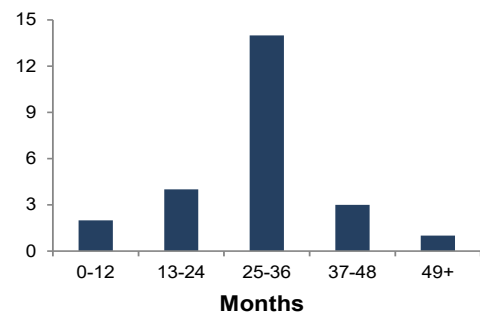
Share of Value of Awarded Contracts by Owner



Value of Awarded Contracts by Region



Expected Completion Time of Projects\*



\*Contracts with stated completion period

The water sector continued to see investments in desalination plants as reverse osmosis was the preferred technology method along with a solar powered plant. The largest contracts were awarded to international contractors with Spanish and Chinese firms winning the largest bids. Local contractors partnered with European international firms. Significant investments in the water sector in 2022 are expected to see a wave of contract awards through the medium-term.

### Top Five Contracts by Value During 2021:

Contractor	Client	Details	Value (SAR Millions)
SEPCO III	TRSDC	Develop utilities infrastructure for TRSDC	3,375
ACCIONA & SEPCOIII	Saudi Water Partnership Co.	Construction of a desalination plant for Riyadh and Alqassim with potable water and include solar power	2,100
Metito/Saudi Services for Electro Mechanic Works	SWCC	Replacement of desalination technologies for the Jubail desalination plant phase 2	2,100
Al-Rashid Trading & Contracting	DGDA/NWC	Infrastructure works for east and west areas of Wadi Safar Development in Riyadh	1,999
China Petroleum Pipeline Engineering	Saudi Aramco	Construction of rerouted pipelines at Khursaniyah Ras Tanura in Jubail	900

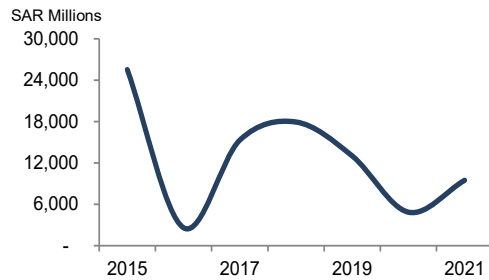
Source: MEED Projects, Saudi Gulf Projects, public outlets, government data, USSBC



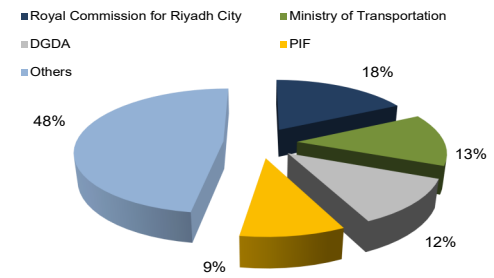
## Transportation

The value of awarded contracts in the transportation sector accounted for 7 percent of the total and surged to SAR9.5 billion (\$2.5 billion) in 2021 after a weaker SAR4.8 billion (\$1.3 billion) in 2020. The Royal Commission for Riyadh City attracted the largest share of contracts as Riyadh accounted for 38 percent of the total.

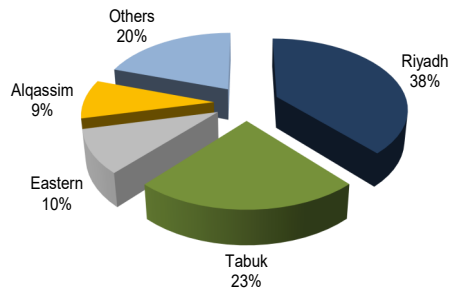
Value of Awarded Contracts in Transportation



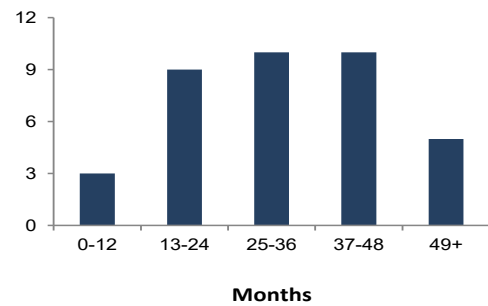
Share of Value of Awarded Contracts by Owner



Value of Awarded Contracts by Region



Expected Completion Time of Projects\*



\*Contracts with stated completion period

The majority of transportation contracts involved the expansion of road networks across numerous cities. Two airport contracts were awarded by each of GACA in Alqassim and RCJY in Jubail. Mawani awarded a port work contract at the Jeddah Islamic Port while the Saudi Railways Organization and Saudi Railway Company had upgrade work contracts awarded. The government earmarked a large share of expenditures into expanding the Kingdoms road network for 2022.

### Top Five Contracts by Value During 2021:

Contractor	Client	Details	Value (SAR Millions)
El Seif Engineering Contracting / Consolidated Contractors Company	RCRC	Road infrastructure works of King Salman Park in Riyadh	1,399
Saudi Constructioners	DGDA	Road infrastructure works for areas A in Diriyah Gate Development project	1,001
Al Arrab Contracting Co.	GACA	Constructing the expansion of Prince Nayef bin Abdulaziz Regional Airport	840
Alkifah Contracting	RCJY	Construction of terminal building at Jubail airport	450
Nesma & Partners	NEOM	Expansion of Duba port as a part of the NEOM City Development Program	300



### **Disclaimer:**

*The sources used to obtain data in this report are derived from government/ministerial agencies, news outlets, interviews, subscription based databases, and other related sources. The awarded contract values are subject to change each month as a result of changes to the status of a contract. There may be situations in which previously reported contracts are delayed, cancelled, or otherwise altered in any way. The information contained in this document was gathered from sources believed to be accurate at the time, and the U.S.-Saudi Arabian Business Council accepts no liability from errors or omissions in any part due to human or mechanical error. The above information should not be taken as investment advice or as trading recommendation on behalf of the U.S.-Saudi Arabian Business Council.*

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