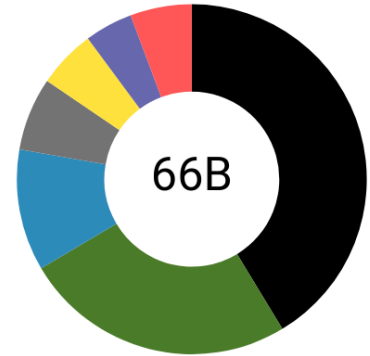
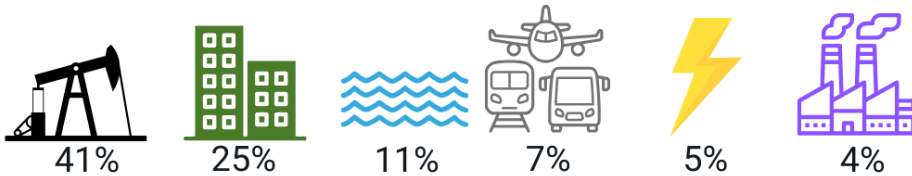




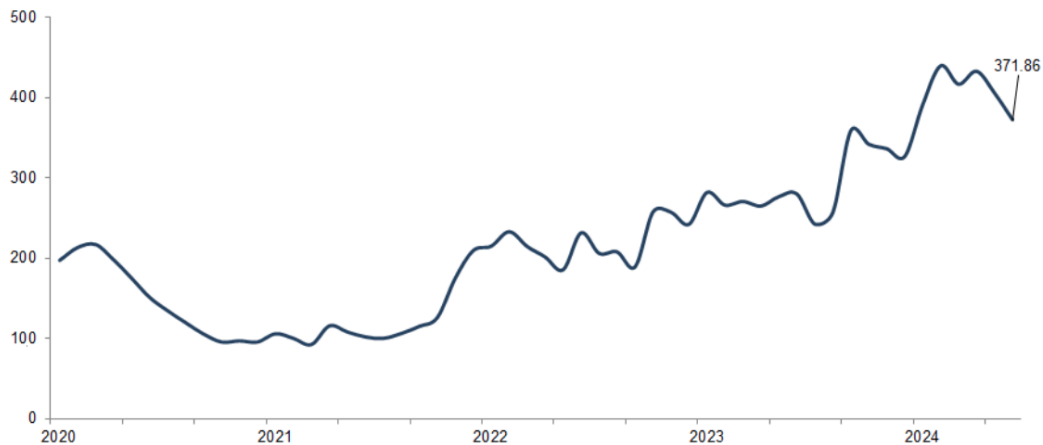
USSBC Contract Awards Index Second Quarter 2024

Contracts Awarded by Sector



A majority of the awarded contracts were in oil & gas, real estate, and water sectors, which accounted for approximately 78% of the total value of contracts awarded. The transportation, power, and industrial sectors accounted for 17% of the total value while 5% were awarded in other sectors.

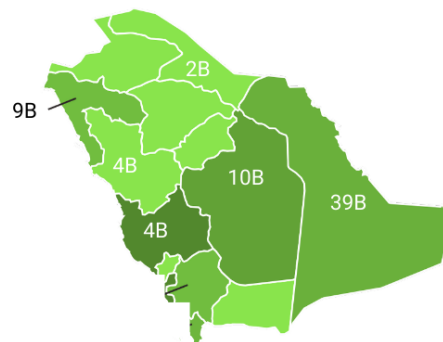
Contract Awards Index Over Time



The USSBC Contract Awards Index (CAI) hit 371.86 points at the end of the second quarter of 2024, remaining above the 300-point mark for ten consecutive months.

Contract Awards By Province

The majority of contracts were awarded in the Eastern Province (59%) and led by Saudi Aramco's Fadhili Gas Plant expansion project; Riyadh (15%) led by Roshn's residential real estate development; Tabuk (13%) led by Neom's development across numerous sectors and Red Sea Global's hospitality developments; Makkah (6%) led by the real estate and industrial sectors. Other notable regions included Northern Borders (3%) led by the power sector. The remaining contract awards were distributed across the other regions.



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



Highlights

1. The total value of awarded contracts remained strong during the second quarter, reaching SAR66 billion (\$17.6 billion), marking an 11 percent increase compared to last year. The total value reached SAR185 billion (\$49.3 billion) through the first half of 2024.
2. The USSBC Contract Awards Index remained elevated at 371.86 points as the sector's performance continues to be buoyed by higher value awarded contracts.
3. The oil & gas sector remained as the highest value of awarded contracts with approximately SAR27.3 billion (\$7.3 billion).
4. The real estate sector kept its position in second, as the value of awarded contracts reached approximately SAR16.6 billion (\$4.4 billion).
5. The water sector placed the third highest value with approximately SAR7.4 billion (\$2 billion) worth of awards.

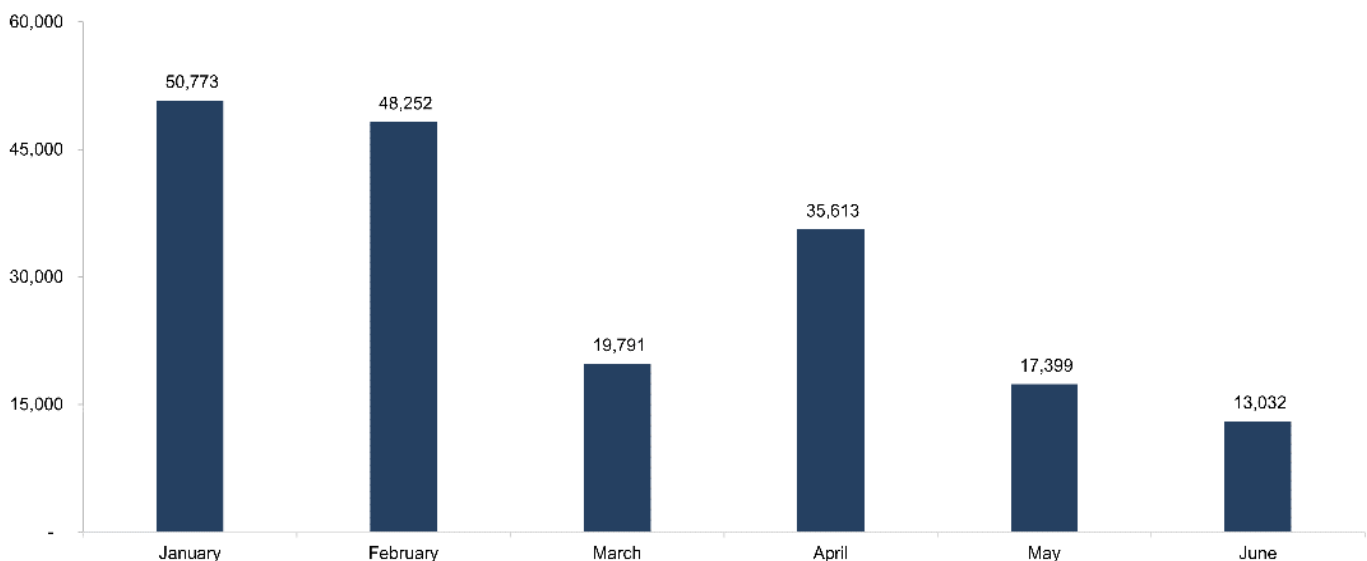
Key Takeaway:



The long-term impact of bolstered public-private partnerships (PPPs) and FDI is likely to reshape Saudi Arabia's business environment, fostering a more dynamic private sector that drives innovation across fields like technology, urban planning, and renewable energy.



Value of Awarded Contracts During Q2 2024 (SAR Millions)



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

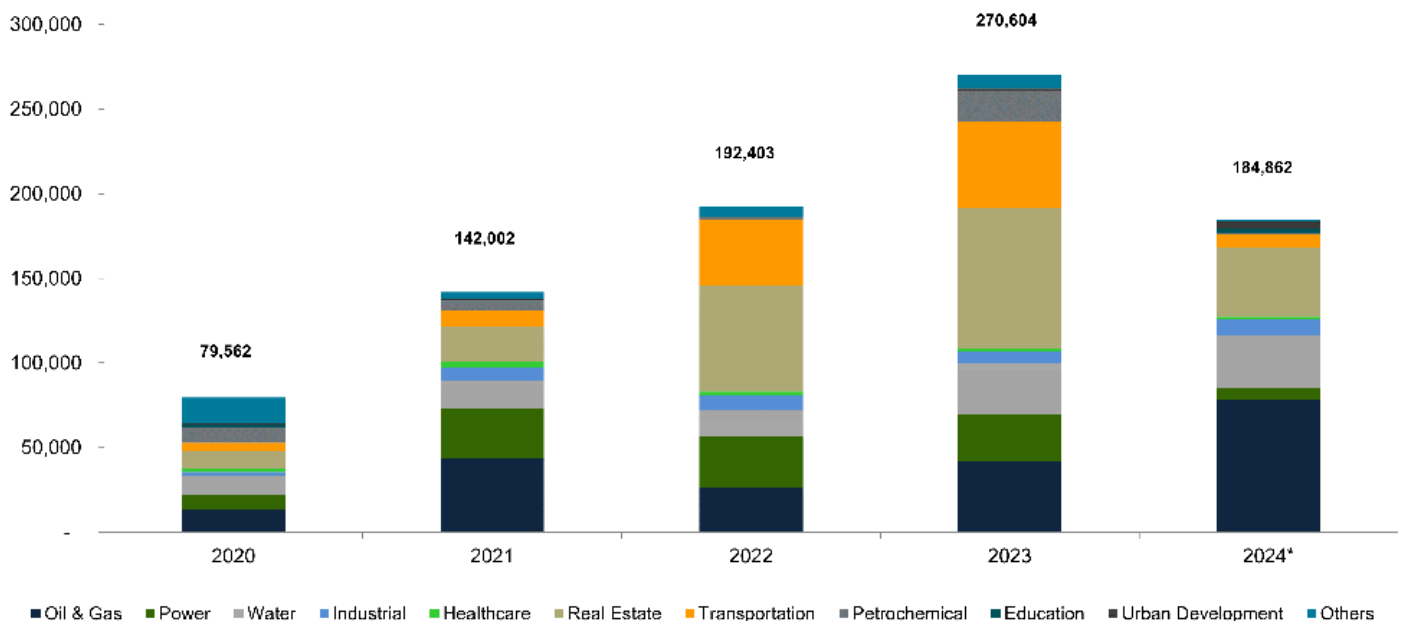


Overview of Awarded Contracts During Q2 2024

The value of awarded contracts continued its strong pace during Q2'24 as the value reached SAR66 billion (\$17.6 billion), growing by 11 percent YoY. Strong growth in key sectors enabled by the government's Vision Realization Programs (VRPs) attracted significant investments in the development of the Kingdom's physical infrastructure. The private sector, which has benefitted from newly enhanced regulatory frameworks, has elevated its contribution to the non-oil economy. The Kingdom's non-oil GDP grew by 4.7 percent YoY with the private sector leading that growth as it witnessed a 4.9 percent jump. Construction GDP also experienced a 5.7 percent expansion YoY. Furthermore, Gross Fixed Capital Formation (GFCF) grew by 3.2 percent and was led by the private sector, which increased by 5.3 percent YoY despite the government witnessing a decrease by 8.2 percent YoY during Q2'24. Through the first two quarters, the value of awarded contracts surged to SAR185 billion (\$49.3 billion), marking a 47 percent increase compared to H1'23.

The SAR66 billion (\$17.6 billion) in awarded contracts were led by the oil & gas, real estate, and water sectors, as they accounted for 78 percent of the total. The oil & gas sectors accounted for 41 percent of the projects alone. The real estate sector also witnessed numerous contracts across the hospitality, residential, mixed-use, and commercial areas. Other contributing sectors that garnered large projects awards included transportation, power, and industrial.

Value of Awarded Contracts by Year (SAR Millions)



*Through Q2'24

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

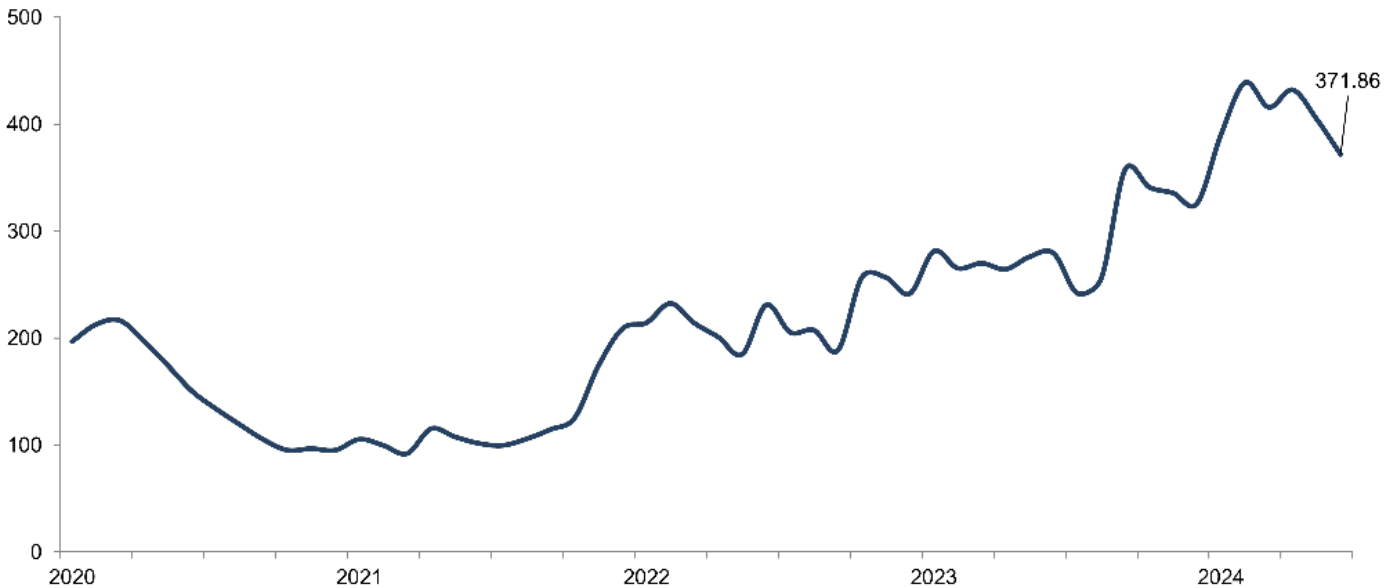


USSBC’s Contract Awards Index Performance Through Q2 2024*

The USSBC Contract Awards Index (CAI) remained elevated at 371.86 points at the end of the second quarter. This marks eight consecutive quarters above 200 points. The CAI has elevated above the 100-point threshold for 39 consecutive months, indicating an expected increase in construction activity over the coming years. The CAI grew by 92.35 points or 33 percent YoY despite decreasing by 44.03 points or 11 percent QoQ. The CAI grew to 432.10 points in April, 404.79 points in May, before settling at 371.86 points in June. The CAI has elevated above the 300-point mark for ten consecutive months on the back of growing projects.

The CAI’s upward trajectory thus far in 2024 confirms the rise in the execution of new projects. A strong indicator is the increase in cement sales, which grew by 8 percent YoY to 4.4 million tons through July. Through H1’24, demand for cement reached 22.6 million tons. This coincided with an increase in the price of cement, with selling prices to end users ranging between SAR220 (\$58.7) to the government applied price ceiling of SAR240 (\$64) per ton. Despite the reprioritization of some developments necessitated by volatile global oil prices, the pace of projects under execution remain robust.

USSBC Contract Awards Index Performance



Source: BNC, 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.



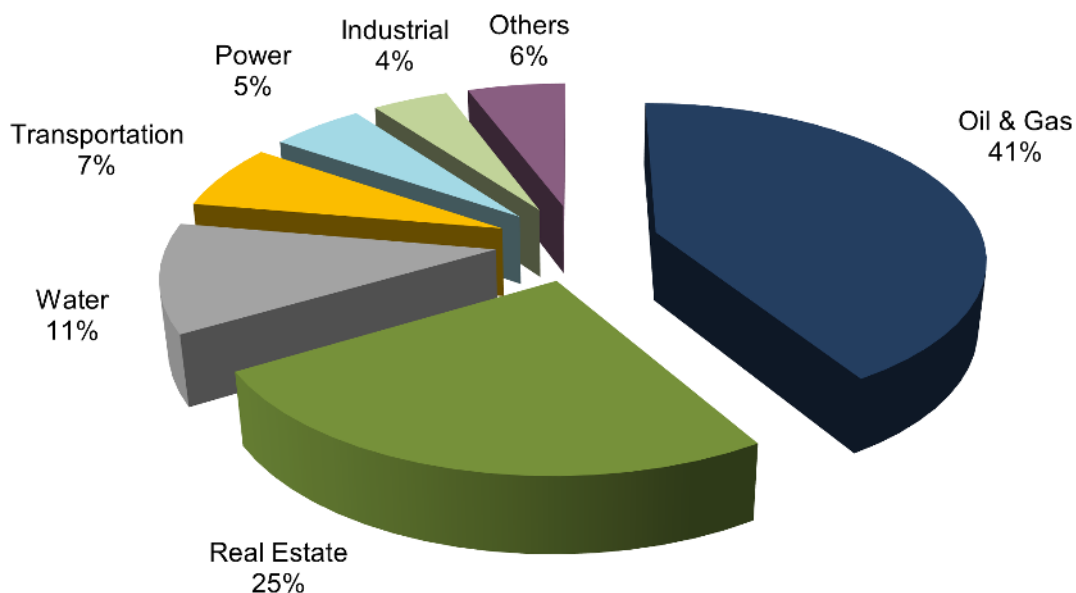
Overview of Awarded Contracts By Sector During Q2 2024

Oil & gas continued to lead all other sectors during Q2'24 as it accumulated its highest value of awarded contracts. The oil & gas sector reached SAR27.3 billion (\$7.3 billion) or 41 percent of the total and was led by large projects at Saudi Aramco's Fadhili Gas Plant. The Fadhili Gas Plant is a major project by Saudi Aramco to increase supplies of cleaner-burning natural gas, reduce emissions, and avail more crude oil for value-added refining and export. South Korean and local contractors were the main recipients of project awards.

The real estate sector once again was the second largest leading contributor to the growth of awarded contracts as it reached SAR16.6 billion (\$4.4 billion) or 25 percent of the total. The breakdown of the real estate sector revealed that residential real estate attracted SAR5.6 billion (\$1.5 billion) or 33 percent of all real estate projects. Hospitality registered SAR3.1 billion (\$823 million) or 19 percent in awarded contracts. Mixed-use garnered SAR3.8 billion (\$1 billion) or 23 percent. Commercial real estate captured SAR4.2 billion (\$1.1 billion) or 25 percent.

The water sector registered the third highest value of awarded contracts for the second straight quarter with SAR7.4 billion (\$2 billion) or 11 percent of the total. Significant investments by the National Water Company (NWC) to enhance its network of sewage treatment plants attracted the highest value of awarded contracts. The Royal Commission for Riyadh City (RCRC) also awarded several contracts pertaining to the development of sewage networks along with transmission pipelines for the Green Riyadh Project.

Value of Awarded Contracts by Sector During Q2 2024





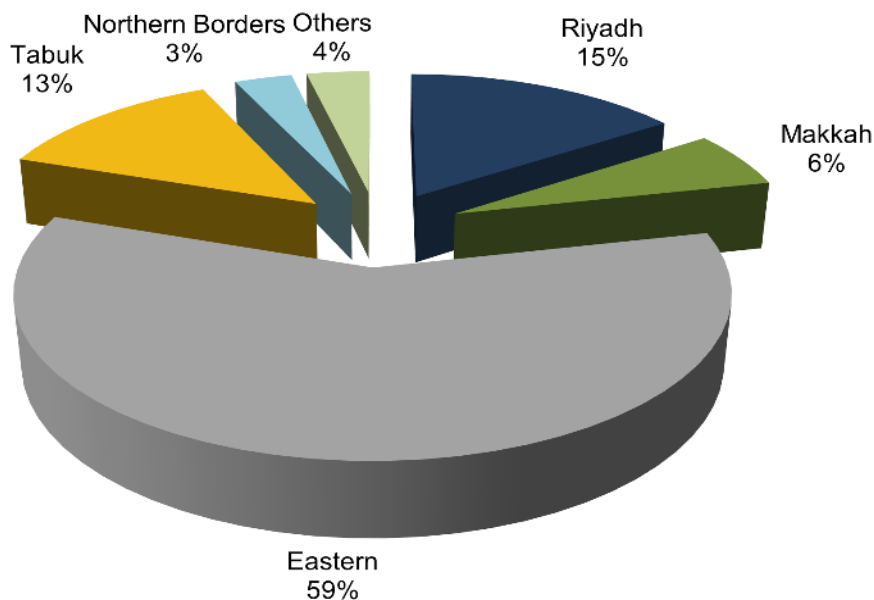
Overview of Awarded Contracts By Region During Q2 2024

The Eastern Province accounted for the highest share of awarded contracts during Q2'24 with SAR38.9 billion (\$11.4 billion) or 59 percent of the total. The oil & gas sector accounted for the highest share as four contracts were awarded worth SAR27.3 billion (\$7.3 billion) or 70 percent of the Eastern Province's total. The water sector attracted four contracts worth SAR6.2 billion (\$1.7 billion) or 16 percent of the total. The real estate sector witnessed nine contracts worth SAR4.2 billion (\$1.1 billion) or 11 percent of the total. The remaining six contracts worth SAR1.1 billion (\$302 million) or 3 percent were awarded to the industrial and power sectors.

The Riyadh region tallied the second highest value of awarded contracts with SAR10.2 billion (\$2.7 billion) or 15 percent of the total. Of the 35 contracts awarded in Riyadh, the real estate sector had the largest share of awarded contracts with 25 projects worth SAR5.7 billion (\$1.5 billion) or 56 percent of the total. A single contract worth SAR2.3 billion (\$600 million) was awarded in the education sector pertaining to the construction of King Salman University in Diriyah Gate. The healthcare sector witnessed one contract worth SAR690 million (\$184 million). The remaining sectors included water, transportation, and power.

The Tabuk region captured the third highest value of awarded contracts with SAR8.5 billion (\$2.3 billion) or 13 percent of the total. There were eight contracts awarded in Tabuk, which was dominated by Neom across numerous sectors. Neom awarded four contracts worth SAR5.7 billion (\$1.5 billion), while Red Sea Global awarded three contracts worth SAR2.5 billion (\$664 million). The healthcare sector accounted for the remaining value of awarded contracts with SAR336 million (\$90 million).

Value of Awarded Contracts by Region During Q2 2024





Breakdown of Awarded Contracts Across Top Performing Sectors

Oil & Gas

The oil & gas sector maintained its impressive performance during Q2'24 as it reached SAR27.3 billion (\$7.3 billion) on four contracts. Saudi Aramco's development of the Fadhili Gas Plant accounted for all four contracts. The project aims to boost the plant's processing capacity from 2.5 to potentially 4 billion standard cubic feet per day (BSCFD). The plant is also expected to augment sulfur production by an additional 2,300 metric tons per day. Despite declining by 47 percent QoQ after a record first quarter, the oil & gas sector surged by 505 percent YoY. Through H1'24, the oil & gas sector has attracted approximately SAR78.5 billion (\$21 billion) worth of awarded contracts. Compared to H1'23, the value of awarded contracts jumped by 206 percent YoY. The sector's share of the total value of awarded contracts through H1'24 reached 42 percent.

Two significant projects were awarded by Saudi Aramco to South Korea's Samsung E&A Co. Each contract was valued at SAR11.3 billion (\$3 billion) in April. According to BNC, the first contract involves the construction of package one of the Fadhili Gas Plant expansion. Specifically, this package will include the construction of three gas processing trains, each capable of handling 500 million cubic feet per day of natural gas. The project is expected to be completed by the fourth quarter of 2027.

The second contract awarded to Samsung E&A pertained to the development of package four at the Fadhili Gas Plant. The fourth package included the associated utility requirements of the project's expansion plans. The project is also expected to be completed by the fourth quarter of 2027.

The third largest contract awarded by Saudi Aramco went to South Korea's GS Engineering & Construction Corporation in April for SAR4.5 billion (\$1.2 billion). The awarded contract pertains to package two of the Fadhili Gas Plant, which will include construction of the sulfur recovery units. The project is expected to be completed by the third quarter of 2027.

Saudi Aramco awarded package six of the Fadhili Gas Plant to the local Nesma & Partners in April. The amount of the contract was SAR300 million (\$80 million). Package six will comprise modification of the plant's pipeline along with associated works. The project is expected to be completed by the second quarter of 2027.

Real Estate

The real estate sector witnessed approximately 69 contract awards during Q2'24 as it reached SAR16.6 (\$4.4 billion). Despite declining by 48 percent QoQ, the value of awarded contracts in the real estate sector grew by 8 percent YoY. Residential real estate captured the highest value of awarded contracts



with SAR5.6 billion (\$1.5 billion) on 27 projects. On a YoY basis, residential real estate declined by 56 percent, while growing by 74 percent QoQ. Commercial was the second highest real estate category as it reached SAR4.2 billion (\$1.1 billion). On a YoY basis, commercial real estate jumped by 275 percent but declined by 72 percent QoQ. Mixed-use real estate garnered SAR3.8 billion (\$1 billion). Mixed-use surged 3,874 percent YoY and grew 174 percent QoQ. Lastly, hospitality reached SAR3.1 billion (\$823 million) for the quarter. Hospitality increased 115 percent YoY but fell 36 percent QoQ. Through H1'24 the real estate sector grew by 32 percent YoY and accounts for 22 percent of total awarded contracts.

The largest contract in the real estate sector was awarded in May by Roshn to the local Building Construction Company (BCC) in the amount of SAR2.9 billion (\$771 million). BCC will be responsible for the construction of 1,962 residential units at the ALDANAH project in Dammam. The development is expected to contain more than 2,500 residential dwellings on 1.7 million square meters with plans for mosques, healthcare centers, schools, retail centers, and parks & open spaces. The project is expected to be completed by the fourth quarter of 2028.

The second largest contract was awarded in June by Red Sea Global to the local Masah Specialized Construction in the amount of SAR1.8 billion (\$489 million). The project encompasses the development of Jayasom Wellness Resort in Triple Bay, AMAALA, which will have 153 rooms and 24 branded residences. The resort will include 7,000 square meters dedicated to providing holistic health, fitness, physiotherapy, nutrition, aesthetic beauty, and a spa.

The third largest contract was awarded by Neom in May to the local Hassan Allam Construction Saudi in the amount of SAR1.5 billion (\$400 million). In coordination with King Abdullah University of Science and Technology (KAUST), the project involves the construction of the world's largest coral garden at Haddah beach on the Red Sea. It will consist of a primary coral nursery and a development coral nursery spanning 100 hectares. The site is anticipated to grow 400,000 corals annually using 400 tanks.

In May, a sizeable contract was awarded by Saudi Economic & Development Co. (SEDCO) in the amount of SAR960 million (\$256 million) to the local Built Industrial Company. The project calls for development of The Point located on King Fahd Road in Abha, Asir. The Point will be developed on 750,000 square meters, with 150,000 square meters allocated for buildings, 50,000 square meters for retail leasing, and 50,000 square meters for green spaces. The project is expected to be completed by the fourth quarter of 2029.

Another sizeable contract was awarded in June for the development of Infiniti by Ajdan in Khobar. The project was awarded by Ajdan to the local Ibrahim Asmael General Contracting in the amount of SAR900 million (\$240 million). The mixed-use project will be built on a total land area of 45,510 square meters in



Khobar. It will consist of 486 residential units and 24 commercial units distributed across three high-rise towers of 35, 40, and 45 stories, respectively. The project is expected to be completed by the fourth quarter of 2027.

Water

The water sector reached SAR7.4 billion (\$2 billion) in awarded contracts from nine deals. The water sector surpassed 2023's total value of awarded contracts due to a number of sizeable projects including dam developments, desalination plants, water network expansion, and wastewater channels. Despite declining by 69 percent QoQ, the water sector jumped 26 percent YoY. Through H1'24, the water sector has attracted SAR31.4 billion (\$8.4 billion) in awarded contracts, a 99 percent increase YoY. The water sector's share of total contracts as of H1'24 reached 17 percent.

Two of the largest contracts in the water sector were awarded by the National Water Company to Alkhorayef Water & Power Technologies for a total of SAR5.3 billion (\$1.4 billion), accounting for 71 percent of all water contracts. The larger contract, which was awarded in May pertained to the reconstruction, rehabilitation, operation, and maintenance of sewage plants in the Eastern Cluster including Dammam, Khobar, and Ahsa. The scope of work will include the long-term rehabilitation, operation, and maintenance of nine sewage treatment plants with a total treatment capacity of 1.1 million cubic meters per day for 15 years. The project is expected to be completed by the fourth quarter of 2028.

The second contract, which was awarded in April will consist of long-term operation & maintenance for phase seven of sewage treatment plants in Al Ahsa. Work will include reconstruction, design, rehabilitation, testing, commissioning, full operation, and handover of three existing sewage treatment plants in addition to a new plant in Al Ahsa. The total treatment capacity of the plants will be 457,500 cubic meters per day, with an upgrade planned to reach 472,000 cubic meters per day. The project is expected to be completed by the second quarter of 2027.

NWC awarded another contract for the development of sewage treatment plants, awarding a SAR600 million (\$160 million) deal in June to the Spanish Aguas De Valenci. The project involves the reconstruction, rehabilitation, operation, and maintenance of two sewage treatment facilities in Taif capable of treating 147,000 cubic meters per day. The project is expected to be completed by the second quarter of 2028.

Contract Awards Outlook

Saudi Arabia's recent momentum in awarded contracts demonstrates a strategic pivot towards a diversified, infrastructure-driven economy, aligning closely with its Vision 2030 objectives. With awarded



contracts valued at SAR66 billion (\$17.6 billion) in Q2'24 alone, which was an 11 percent increase YoY, key sectors like oil and gas, real estate, water, transportation, power, and industrial have become focal points of investment, each contributing to the Kingdom's long-term economic stability and resilience. These sectors not only embody Saudi Arabia's commitment to reducing its reliance on oil revenues but also spotlight the country's emphasis on environmental sustainability, urban development, and expanding its private sector's influence. Notably, the private sector's robust 4.9 percent YoY growth in non-oil GDP and significant contributions to construction projects underscore a broader shift toward an economy fueled by both local and international private investments.

In the immediate term, Saudi Arabia's substantial investments in infrastructure provide a foundation for robust job creation, particularly in the construction and industrial sectors. These projects, which have sustained cement sales at high levels, are anticipated to continue driving demand across various construction materials and labor sectors. This increase will help Saudi Arabia absorb more of its young workforce, creating jobs and developing skills in construction, engineering, project management, and related fields. The significant growth in awarded contracts for mixed-use, commercial, and hospitality real estate points to an expanded infrastructure aimed at supporting a booming tourism sector. As these assets materialize, they will cater to both local and international visitors, supporting the Kingdom's ambitions to attract 100 million annual tourists by 2030, which in turn could drive further economic opportunities for businesses involved in tourism, entertainment, and services.

The medium term offers an opportunity to strengthen public-private partnerships (PPPs), particularly in large-scale infrastructure projects such as the Fadhili Gas Plant and Neom, where private investors and international firms are increasingly key players. With continued regulatory improvements and incentives for Foreign Direct Investment (FDI), the Kingdom can attract a diverse array of global firms, fostering innovation and knowledge transfer to the local market. The real estate sector, which has secured numerous contracts in residential and commercial spaces, is likely to see sustained interest from both domestic and international investors, with opportunities for expanding affordable housing, retail, and mixed-use developments that will meet the needs of a growing, urbanizing population. Furthermore, the government's investments in advanced water infrastructure, including desalination and sewage treatment, will support both urban growth and industrial expansion in water-scarce regions, positioning Saudi Arabia as a leader in water resource management and providing potential export expertise and technology.

Saudi Arabia's infrastructure drive is setting the stage for long-term economic transformation, positioning the Kingdom as a competitive regional hub in sectors beyond oil. As 2030 approaches, large projects like Neom, Red Sea Project, Qiddiya, Diriyah Gate, along with Saudi Aramco's development of Saudi Arabia's natural resources will not only contribute significant revenues but also embody the Kingdom's broader shift towards environmentally sustainable energy production and consumption. These projects will also



enhance Saudi Arabia's status as a global energy leader by increasing its natural gas production and reducing emissions, aligning with its net-zero targets and establishing a model for sustainable energy practices in the Middle East. In real estate, completed mixed-use and hospitality projects are expected to catalyze a sustained influx of international tourists, businesses, and expatriates, transforming the Kingdom's urban centers into vibrant economic zones that support year-round economic activity and provide a high quality of life.

Furthermore, the long-term impact of bolstered public-private partnerships (PPPs) and FDI is likely to reshape Saudi Arabia's business environment, fostering a more dynamic private sector that drives innovation across fields like technology, urban planning, and renewable energy. With a strong legislative framework that now accommodates greater private sector participation and foreign investment, Saudi Arabia could become a model for effective collaboration between the government and private entities in delivering large-scale infrastructure projects. Such partnerships will be vital to meeting the needs of a growing population, sustaining economic growth, and expanding local expertise in managing complex, high-value projects. Additionally, by strengthening its role as a partner in regional and international business networks, Saudi Arabia aims to become an investment hub for the Gulf region, facilitating trade and investment flows across neighboring countries and securing its place in the global economy.

Overall, Saudi Arabia's investment surge in infrastructure and diversification efforts is not just a response to present economic needs but a calculated step toward a sustainable, globally integrated future. By fostering private sector growth, attracting international investment, and developing a resilient infrastructure backbone, Saudi Arabia is positioning itself as a diversified economic powerhouse with a thriving private sector that can sustain its economy and drive innovation well into the 21st century.



Notable Contracts During Q2 2024

Sector	Region	Client	Contractor	Details	Value (SAR million)
Oil & Gas	Eastern	Saudi Aramco	Samsung E&A Co.	Package 1 of Fadhili Gas Plant expansion	11,250
	Eastern	Saudi Aramco	Samsung E&A Co.	Package 4 of Fadhili Gas Plant expansion	11,250
	Eastern	Saudi Aramco	GS Engineering & Construction Corporation	Package 2 of Fadhili Gas Plant expansion	4,500
Real Estate	Eastern	Roshn	Building Construction Company	Construction of 1,962 dwellings in ALDANAH	2,891
	Tabuk	Neom	Hassan Allam Construction Saudi	Coral Garden at Hadah beach on Red Sea	1,500
	Asir	SEDCO	Built Industrial Company	Development of mixed-use real estate 'The Point'	960
	Riyadh	Roshn	Shapoorji Pallonji Mideast	Construction of 429 dwellings with Sedra	900
	Eastern	Ibrahim Asmael General Contracting	Ajdan	Development of mixed-use real estate 'Infiniti'	900
	Tabuk	Neom	Masah Specialized Construction	Construction of Jayasom Wellness Resort in Triple Bay, AMAALA	1,833
	Riyadh	Saudi Arabian Football Federation	Al Bawani Co. Ltd. & BESIX	Renovation of King Fahd International Stadium	956
Water	Eastern	Alkhorayef Water & Power Technologies	NWC	Rehabilitation of sewage treatment plants in Eastern	3,563
	Eastern	Alkhorayef Water & Power Technologies	NWC	Rehabilitation of sewage treatment plants in Eastern	1,700
	Makkah	Aguas De Valenci	NWC	Rehabilitation of sewage treatment plant in Taif	600
Transportation	Tabuk	Neom	China Harbour Engineering Co. Ltd.	Construction of a container terminal at Oxagon	3,750
Education	Riyadh	El Seif Engineering & Contracting Co.	DGDA	Construction of King Salman University	2,250
Power	Northern	Marubeni Corporation	Power Construction Corporation of China	Construction of 500 MW wind power plant in Waad Al Shamal	2,130
Industrial	Makkah	J.m. Voith Se & Co. Kg	MEPCO	Construction of a production line	1,125

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



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 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 Business Council.

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