

Saudi Business Optimism Index

3Q 2016 Saudi Business Optimism Index (BOI)

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Executive Summary

- Saudi Arabia's oil & gas sector has displayed a bearish outlook for Q3, 2016, as the composite BOI has slipped back into the negative terrain with a reading of -2.
- The non-hydrocarbon sector has maintained its economic forecast for Q3, 2016 at the previous quarter's level, with the composite BOI staying steady at 21.
- The manufacturing sector is the most optimistic for Q3, 2016.
- Non-hydrocarbon and hydrocarbon sector firms have cited the adverse impact of low oil prices and government rules/regulations as key obstacles.
- 31% of non-hydrocarbon firms expect to invest in business expansion; for the hydrocarbon sector, the corresponding proportion is 30%.
- 56% of all participants are aware of the government's 'Vision 2030' plan. Of these 83% expect the government's vision to generate employment opportunities.

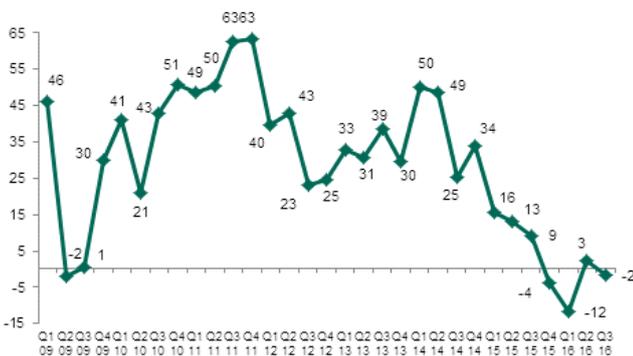
Saudi Arabia BOI Q3 2016

Hydrocarbon Sector

In the first quarter of 2016, WTI crude gained 3.51% and in Q2, it rallied by 26.06%. The OPEC reference basket rallied by more than 40% in Q2, 2016, as the supply glut eased that had originally prompted the worst price rout in years. Oil prices have recovered from the January lows but remain under pressure on the back of abundant supply and weak demand. The oil price rebound in the second quarter was supported by supply disruptions in Canada, Nigeria, Libya and Venezuela and a decline in shale oil production in the US. The UK referendum outcome to leave the European Union immediately triggered a 6% decline in the price of oil as the Dollar strengthened and concerns about future global economic growth grew more pessimistic.

The EIA has forecast global oil demand to grow by 1.44 million bpd this year on average, which is down by 10,000 bpd from its previous projection. At the same time, however, the EIA revised up its 2017 global oil demand growth forecast to 1.49 million bpd, an increase of 20,000 bpd. This growth will be driven mainly by China and India, while European demand could weaken after Britain's exit from the European Union. While demand rises, US crude output is expected to continue its decline. In the current year, the EIA expects US crude output to drop to 8.61 million bpd. Continued volatility in the financial markets after the Brexit and a strong US Dollar will continue to put downward pressure on oil prices in the short term.

Hydrocarbon Sector—Composite BOI



The survey for Q3, 2016 reveals a bearish outlook for Saudi Arabia's oil & gas sector, with the composite BOI slipping into negative territory in Q3, 2016 to -2 from 3 in Q2, 2016. 28% of the oil & gas firms expect their selling prices to decrease in Q3, 2016 due to lower crude prices and lack of new orders/projects, while 18% are anticipating an increase. This has resulted in a BOI of -10 for level of selling prices. The BOI for selling prices has remained at 0 or below 0 since Q2, 2015, reflecting the low

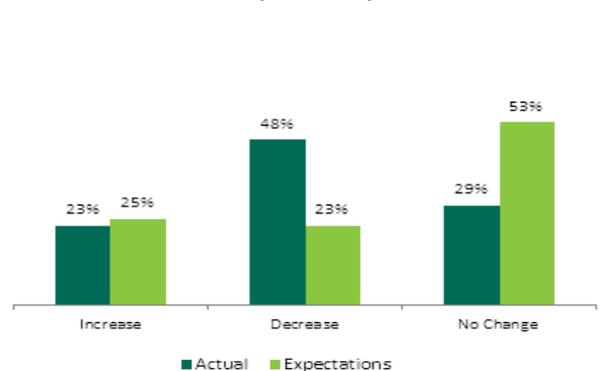
global price of crude. The BOI for net profits has also retreated into the negative region, with the index moving to -10 in Q3, 2016 from 5 in Q2, 2016. Respondents have said that their margins have reduced due to lower selling prices and poor economic conditions. Surprisingly, the hiring outlook is robust with 28% of the respondents hoping to increase their staff in order to support their businesses or to fulfil the requirements of Saudization. The BOI for sales stands at -5, with 35% of the firms anticipating a decline against 30% that expect an increase.

With respect to the business environment 38% of the firms do not expect to face any obstacles in their operations, while concerns about the adverse impact of low crude prices have dominated sentiments as 43% of the firms think that this factor might prove to be a hindrance. Another 10% of the participants will face the hurdle of government policies, rules & regulations. 30% of the oil & gas companies have indicated plans to invest in business expansion in comparison to 55% that will not undertake such expenditure.

Actual versus Expected Performance in Q2, 2016

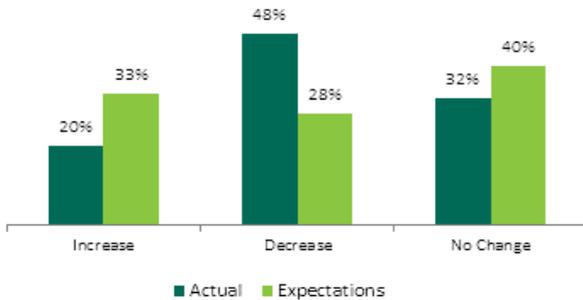
Firms in the oil & gas sector had positive, albeit low expectations about the economic conditions in Q2, 2016. The actual performance of the sector with respect to volumes and profits weakened. The survey shows that 48% of the respondents experienced a decrease in volumes during Q2, 2016, which was a much larger proportion than the 23% that expected an increase. Similarly, with respect to net profits, the performance was poor with 48% of the firms reporting a decline in their profits and 20% an increase.

Actual versus Expectations -Volume of Sales(Q2,2016)



48% of the firms experienced decrease in economic activity due to fewer projects/orders amid low crude prices.

Actual versus Expectations - Net Profit (Q2, 2016)

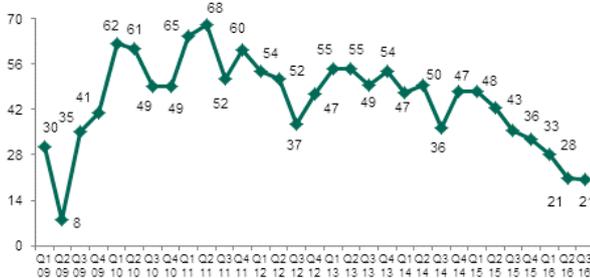


48% saw a decline in their profitability levels due to lower oil prices and competition.

Non-Hydrocarbon Sector

Saudi Arabia’s economic outlook has retreated over the past two years, as the Kingdom copes with the oil price collapse, geopolitical tensions and waning investor confidence. Saudi Arabia’s economy is projected to grow just 1.2% this year and 1.9% in 2017, according to the IMF. Both growth rates are well below last year’s pace of 3.4%. Lower oil revenues have resulted in current account and fiscal deficits which are projected by the IMF at around 9% and 14% of GDP, respectively, in 2016. As a result, there has been a significant acceleration in reforms in Saudi Arabia. Vision 2030 sets out the goal of a far-reaching transformation of the Saudi Arabian economy to diversify growth, reduce the dependence on oil, increase the role of the private sector, and create more jobs for nationals.

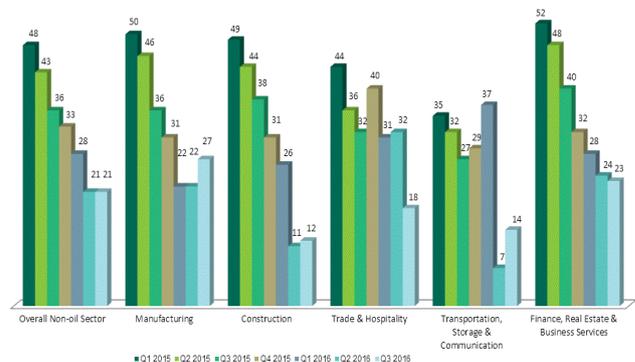
Non Hydrocarbon Sector—Composite BOI



Saudi Arabia’s non-hydrocarbon sector has maintained its economic forecast for Q3, 2016 at the previous quarter’s level, with the composite BOI staying steady at 21. The composite BOI is 15 points lower in value than the index a year ago in Q3, 2015. The y-o-y softening in

sentiments has arisen due to a weaker forecast for all the parameters comprising the index. The key reasons for this lower optimism are: continued low crude oil prices and its adverse impact on the overall economy, reduced demand because of fewer projects/orders and a downturn in the Saudi economy. A q-o-q comparison shows that the modest improvement in the demand parameters is offset by a weaker outlook for selling prices and hiring. The BOIs for volume of sales and new orders are up on a quarterly basis by 4 and 3 points respectively to 34 and 35 in Q3, 2016. On the other hand, the selling prices index is lower by 4 points to -2 and that for number of employees is down by 3 points to 13. The BOI for net profits is steady; it has moved from 24 in Q2, 2016 to 23 in Q3, 2016.

Sector-Wise Optimism Levels



A comparison across the key sector shows that manufacturing sector is most optimistic followed by the finance, real estate & business services sector. The construction sector has the weakest outlook due to lack of new projects.

Regarding the business environment in Saudi Arabia, firms are more upbeat about the third quarter than they were for Q2, 2016: 51% expect that no negative factors will hurt their businesses in Q3, 2016 versus a corresponding 39% in Q2, 2016. Business sentiment is most dented by low oil prices (13% have cited it as a key hindrance), issues related to government rules & regulations (13%) and competition (7%).

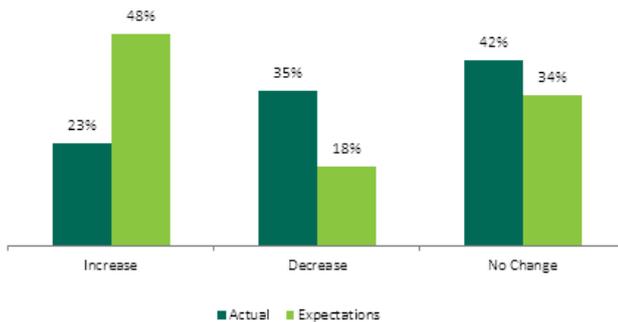
Further, 31% of the firms intend to invest in business expansion, while 52% have indicated that they will not.

Actual versus Expected Performance in Q2, 2016

The actual economic performance of Saudi Arabia’s businesses in Q2, 2016 was weaker than their expectations. According to the survey, economic activity, as indi-

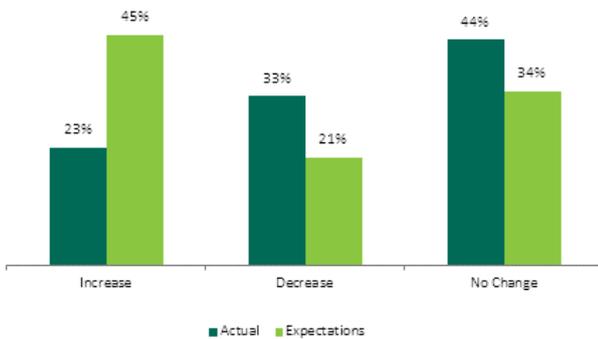
cated by the volume of sales parameter declined with a higher proportion of firms that experienced a decrease (35%) versus those that recorded an increase (23%). With respect to net profits, a similar decline was observed. While 23% of the firms showed an increase in their net profits, 33% recorded a decline.

Actual versus Expectation - Volume of Sales (Q2, 2016)



A larger number of firms reported a decline in volumes compared to those that registered an increase due to poor market conditions and low crude prices.

Actual versus Expectation - Net Profits (Q2, 2016)



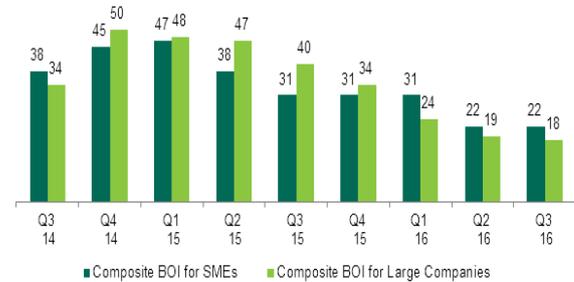
23% of the firms reported an increase in their profits, boosted by new projects and customers versus 45% that expected an increase.

SME v/s Large Company

The current survey shows that SMEs hold a modestly brighter forecast than the large companies, with composite BOIs of 22 and 18 respectively.

SMEs are more optimistic than large companies for both the demand parameters: the BOI for volumes for SMEs stands at 37 against 29 for large companies and the index for new orders for SMEs is at 37 compared to 31 for large companies.

Composite BOI - SME v/s Large Companies



For selling prices, the BOI for SMEs is at 0 versus -3 for large companies. The net profits forecast for both groups is comparable: a BOI of 24 for SMEs and 22 for large companies. SMEs have registered a BOI of 14 for number of employees versus 13 for large companies.

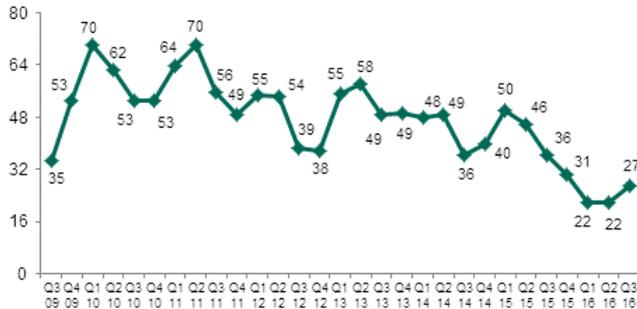
SMEs hold a modestly firmer outlook with respect to the business environment with 53% of them compared to 49% of the large companies expecting no obstacles to their operations in the coming quarter. For both groups, the two leading concerning factors are the impact of low crude prices and government policies, rules & regulations.

Sector Analysis

Manufacturing Sector

The manufacturing sector's optimism outlook has bounced up from the series low seen in the first and second quarter of 2016; the composite BOI has improved to 27 in Q3, 2016 from 22 in Q1, 2016 and Q2, 2016. The forecast is however much weaker than a year ago (36 in Q3, 2015). The demand, hiring and net profits BOIs have strengthened on a quarterly basis as businesses expect new projects from new clients as well as existing clients and an overall increase in demand. The BOI for volume of sales has firmed up from 36 in Q2, 2016 to 42 in Q3, 2016; while over the same period the index for new orders has increased from 39 to 47. The BOI for net profits has jumped 12 points from 25 to 37. The employment forecast is modestly stronger; the BOI has increased from 16 to 18. The BOI for selling prices is steady: -7 in Q2, 2016 versus -8 in Q3, 2016.

Manufacturing Sector - Composite BOI



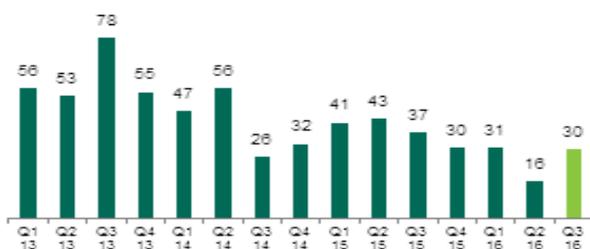
The business scenario has improved vastly for manufacturing firms; 59% of them do not expect to face any obstacles to their operations in Q3, 2016 compared to 27% of the firms in Q2, 2016. The key hindrances for the remaining firms are government rules & regulations (11%), competition (9%), impact of low oil prices (8%) and poor market conditions (7%).

31% of the manufacturing companies intend to invest in business expansion in Q3, 2016 against 54% that have indicated that they will not undertake such expenditures.

Petrochemical Manufacturing

The outlook for the petrochemical sector for Q3, 2016 has become bullish in comparison to the previous quarter, but it is below the level observed a year ago. The composite BOI for the petrochemical sub-sector has strengthened by 14 points q-o-q to reach 30 in Q3, 2016, with stronger forecasts for demand, selling prices and employment. Petrochemical manufacturers anticipate new orders and customers both from the domestic and export markets. The volume of sales index has increased from 33 to 54 on a quarterly basis, while the new orders BOI has improved by 20 points to 60. The BOI for selling prices has posted a significant increase from -26 to -3, although it still remains in the negative territory. The net profits index has remained steady at 30. The employment outlook is firmer, with the BOI increasing by 6 points to 10.

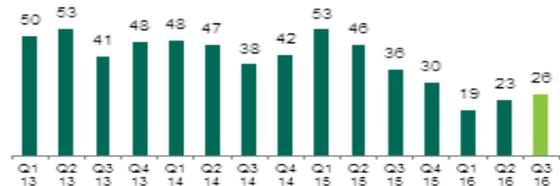
Petrochemical Manufacturing Sector - BOI Score



Non-Petrochemical Manufacturing

The non-petrochemical sub-segment has shown a modest uptick in sentiments, backed by higher expectations for net profits and new orders from both existing and new clients. As a result, the composite BOI has edged up by 3 points q-o-q to 26 in Q3, 2016. The index for volume of sales has moved sideways from 37 to 38 on a quarterly basis, while the BOI for new orders is up from 38 to 43. The forecast for selling prices has softened; the BOI has dipped from -2 in Q2, 2016 to -9 in Q3, 2016. Firms are more optimistic about their net profits, backed by expectations of new orders, new customers and product diversification; the BOI has increased by 14 points q-o-q to 38 in Q3, 2016. Hiring forecast remains stable, with the BOI remaining at 20.

Non Petrochemical Manufacturing Sector - BOI Score



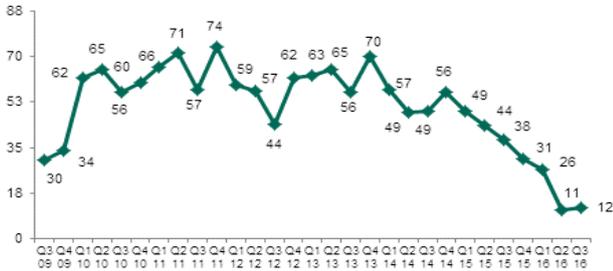
Construction Sector

The composite BOI for the construction sector has edged up by a single point from last quarter's series low of 11 to 12 in Q3, 2016. The current composite BOI is 26 points lower than the index score last year (38 in Q3, 2015). The outlook for the construction sector remains weak as crude oil prices continue to remain low, which has suppressed new projects. While the indices for demand and selling prices have registered q-o-q gains, the BOIs for net profits and number of employees have dropped. The BOI for volume of sales is up by 5 points to 27; the index for new orders has gained 3 points to stand at 20 and the selling prices BOI is up by 4 points from -4 to 0. Contrary to the upswing in demand and prices forecast, the profitability and hiring outlook has weakened; the BOI for net profits is down by 5 points to 10 and the BOI for hiring has dropped by 2 points to 3.

The forecast for the business environment is stable: 40% of the construction companies do not anticipate any hurdles in Q3, 2016 compared to a corresponding 41% in Q2, 2016. The top three negative factors for this sector are the impact of low oil prices, issues related to government rules & regulations and lack of new projects/project delays (14% of the participants in each case).

26% of the firms in the construction sector intend to undertake investment in business expansion in Q3, 2016, while 66% will not.

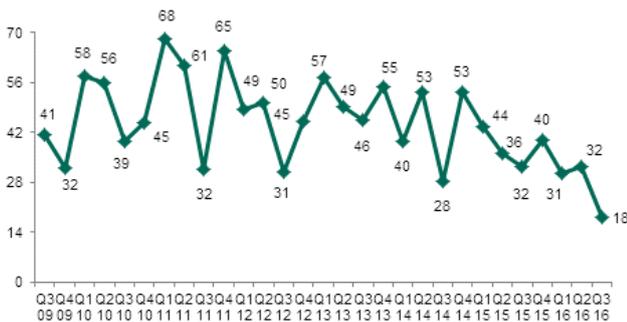
Construction Sector - Composite BOI



Trade and Hospitality Sector

The trade and hospitality sector's forecast for Q3, 2016 is at the lowest level recorded; the composite BOI has dropped to 18. This is a 14 point drop in comparison to the index value of 32 in Q2, 2016 and Q3, 2015. All five parameters comprising the composite index have registered declines. On a q-o-q basis, the BOI for volume of sales has declined by 12 points to 33, the BOI for new orders is down by 14 points to 35 and the selling prices index is lower by 8 points to -3. As a result, the net profits BOI is down by 21 points to 18 and the hiring index is lower by 17 points to 7.

Trade & Hospitality Sector - Composite BOI



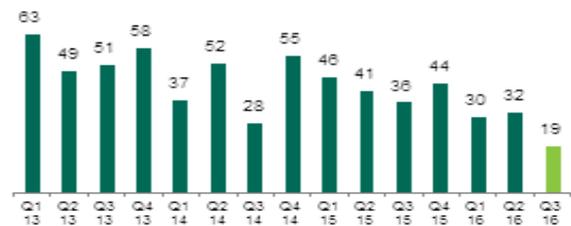
Even though the composite BOI has dropped, business environment expectations have improved; 53% of the trade & hospitality firms do not expect any hurdles in Q3, 2016 compared to 36% in Q2, 2016. Firms in this sector are most concerned about the impact of government rules and regulations (cited by 15% as the leading obstacle), followed by the adverse impact of low oil prices (13%).

31% of the firms in the trade & hospitality sector intend to undertake investment in business expansion in Q3, 2016, while 38% will not.

Wholesale & Retail Trade

The trade sub-segment's forecast for Q3, 2016 is weaker than the outlook in the previous quarter mainly due to the holiday season, reduced demand and drying up of new projects. The composite BOI has dropped from 32 in Q2, 2016 to 19 in Q3, 2016. All parameters have registered declines. The BOIs for volume of sales and new orders have lost 12 points each q-o-q to stand at 33 and 38 respectively. The selling prices index has retreated further into the negative territory and now stands at -5. Consequently, the forecast for net profits and hiring has suffered; the BOI for net profits has dropped by 20 points to 17, while the BOI for number of employees has reduced by 22 points to 10.

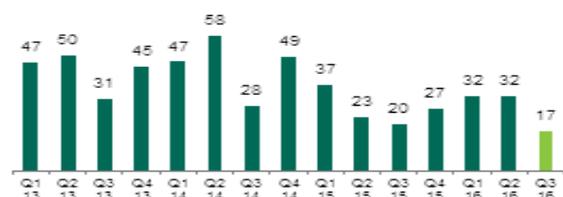
Wholesale & Retail Trade Sub - Sector - BOI Score



Hospitality

The composite BOI for the hospitality sub-segment has declined from 32 in Q2, 2016 to 17 in Q3, 2016 due to slowdown in demand during the summer season and an overall reduction in demand attributable to low oil prices. The demand, selling prices and profitability BOIs have recorded sharp drops, while the BOI for number of employees has held steady at 0. The BOI for volume of sales has decreased from 45 in Q2, 2016 to 35 in Q3, 2016 while the BOI for new orders has declined by 20 points to 25 over the same period. The index for selling prices has registered a 20 point decline from 25 to 5. The profitability outlook is also weaker; the BOI for net profits has slipped from 45 to 20.

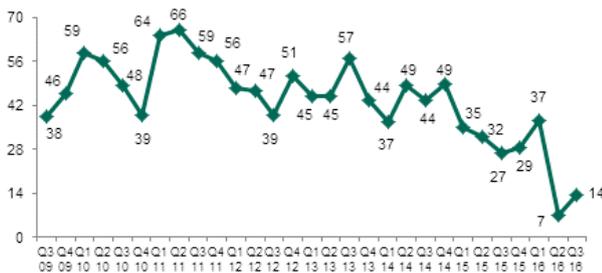
Hotels & Restaurants Sub - Sector - BOI Score



Transportation, Storage and Communication Sector

The transportation, storage & communication sector's forecast for economic activity in Q3, 2016 has shown a revival after dropping to its lowest level in Q2, 2016. Although the composite BOI has increased from 7 in Q2, 2016 to 14 in Q3, 2016, it is at the second lowest level. While a y-o-y comparison shows a drop in all the parameter values, on a quarterly basis the indices for volumes, new orders, net profits and hiring have strengthened, but that for selling prices has worsened. The BOI for volumes has firmed up from 6 in Q2, 2016 to 25 in Q3, 2016, and that for new orders has increased from 11 to 26 over the same period. The net profits and hiring indices have also registered quarterly gains; the former by 4 points to 17 and the latter by 2 points to 7.

Transportation, Storage & Communication Sector



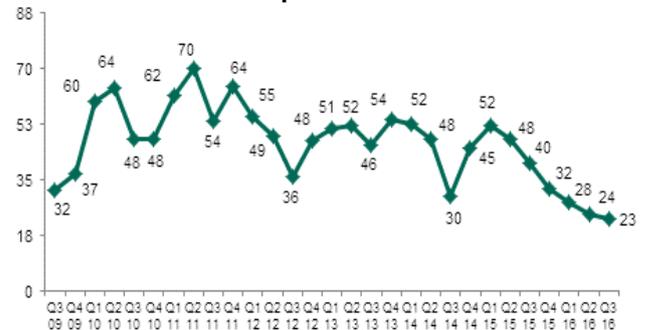
52% of the firms in this sector do not expect any obstacles during Q3, 2016. The main concerns for transportation firms are impact of oil prices (22%), political concerns in the region (10%) and government rules & regulations (7%).

33% of the respondents hope to undertake investments in business expansion in Q3, 2016 versus 60% that do not intend to make such expenditures.

Finance, Real Estate & Business Services Sector

The outlook for the finance, real estate & business services sector has reached a new low; the composite BOI has slipped from 24 in Q2, 2016 to 23 in Q3, 2016. While the BOI for volume of sales has edged up on a quarterly basis, the indices for the remaining parameters have turned lower. The BOI for volume of sales is up from 28 in Q2, 2016 to 32 in Q3, 2016. Over the same period, the BOI for new orders has declined by 3 points to 30, the BOI for level of selling prices is lower by 4 points to 10, the net profits index has decreased by 2 points to 20 and finally the hiring BOI has dropped by 2 points to 22.

Finance, Real Estate & Business Service - Sector - Composite BOI



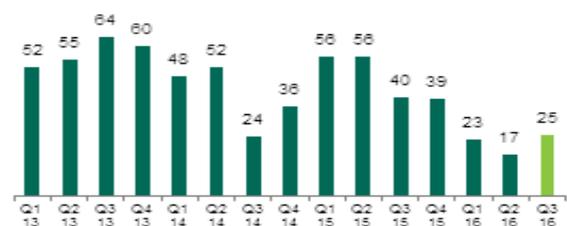
48% of the firms in this sector have said that they do not expect any negative factors to adversely impact them during Q3, 2016. Issues related to government rules & regulations are expected to be a hindrance to 15% of the respondents, while low oil prices are likely to impact 13% of the businesses.

34% of the respondents expect to undertake investments in business expansion, while 45% have said that they do not have such plans.

Finance

The composite BOI for the finance sub-sector stands at 25 in Q3, 2016 compared to 17 in Q2, 2016 and 40 in Q3, 2015. The quarterly increase can be attributed to a sharp jump in the forecast for new orders and net profits, which has to some extent been offset by a decline in the outlook for volumes and employment. The BOIs for new orders and net profits have increased by 30 points each to stand at 60 and 30 respectively. On the other hand, the BOI for volumes has decreased by 12 points to 33 and the index for hiring has decreased by 10 points to 10. The BOI for selling prices has remained stable at -10.

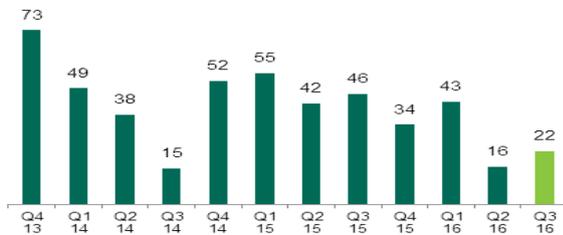
Finance Sub - sector - BOI Score



Real Estate

The composite BOI for the real estate sub-sector for Q3, 2016 has improved, recording 22 points in relation to 16 in Q2, 2016, but remains below the index value of 46 achieved in Q3, 2015. The demand and net profits parameters have recorded gains on a q-o-q basis, but the BOIs for selling prices and hiring are unchanged. The BOI for volumes has increased from 16 in Q2, 2016 to 24 in Q3, 2016 and the BOI for new orders has improved from 20 to 28 during the same time frame. The profitability forecast is significantly stronger; the BOI has increased from 12 to 28. The level of selling prices and hiring BOIs are unchanged at 20 and 12 respectively.

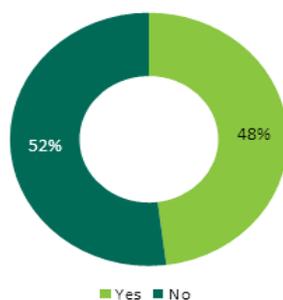
Real Estate Sub - Sector - BOI Score



Impact of Tax Law on Vacant Land

Participants in the real estate segment were also asked about the expected impact of Tax Law on Vacant Land. There are large tracts of land in the main urban areas of the Kingdom which lie undeveloped. As land prices have generally been increasing across the Kingdom in recent years some developers and land owners have made strategic decisions to purchase and hold these undeveloped urban lots, but not to develop them. The Tax Law on Vacant Lands aims to increase the availability of land for development in order to achieve a balance between supply and demand, provide residential land at a reasonable cost, and encourage fair competition and combat monopolistic practices. All of these aims are consistent with the Saudi Arabian government's policies of stimulating development and increasing affordable housing across the Kingdom.

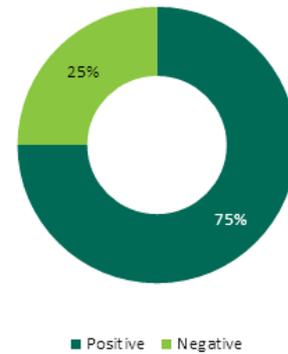
Are You Aware of the Kingdom's Tax Law on Vacant Land ?



48% of the real estate sector firms said that they were aware of the Tax Law on Vacant Land.

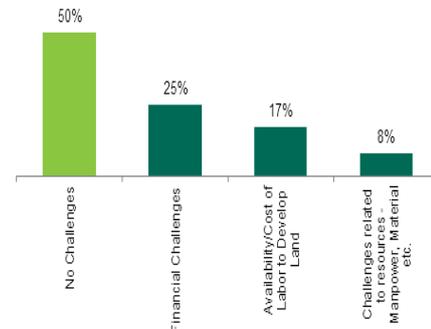
Firms in the real estate segment that had heard of the Law were asked about its expected impact.

What Do You Think Will Be The Impact of This Law on The Kingdom's Real Estate Firms ?



75% of the real estate firms that had heard about the Law expect it to positively impact them, while 25% said it would negatively impact them.

Do You Think With The Imposition of This Law, There Will Be Any Challenges ?



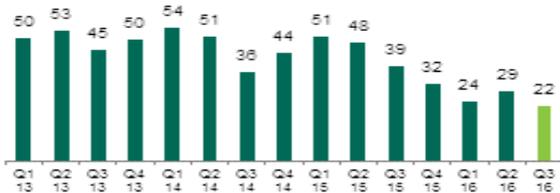
Additionally, 50% of the real estate firms did not think that there would be any challenges associated with the Law. However, 25% expected financial challenges, another 17% felt that the Law would impact availability/cost of labor to develop land and 8% indicated that there would be challenges related to resources such as manpower and materials.

Business Services

The outlook for the business services sub-sector has weakened as shown by a decline in the value of the composite BOI from 29 in Q2, 2016 to 22 in Q3, 2016. All parameters comprising the composite index have declined. While the BOI for volume of sales is lower by a single point to 32, the BOI for new orders has shed 11

points to land at 27, when compared to the previous quarter. The outlook for selling prices is also softer; the BOI has decreased from 15 to 9. Expectations for net profits and hiring for Q3, 2016 are also lower in comparison to the previous quarter; the BOI for net profits has decreased by 12 points to 16 and that for number of employees is lower by 2 points to 27.

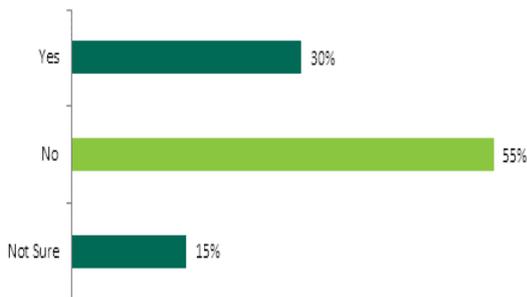
Business Services Sub - Sector - BOI Score



Investment Plans

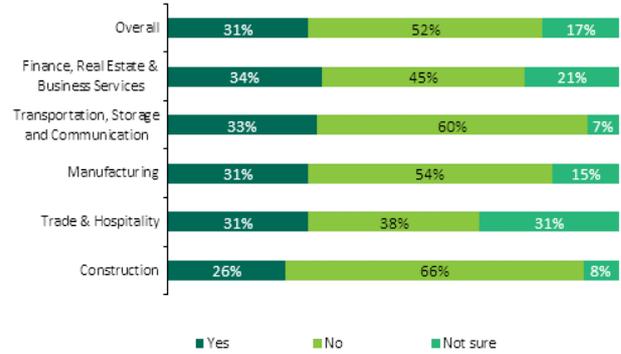
Investment plans for the hydrocarbon sector has improved. 30% of the hydrocarbon firms intend to invest in business expansion in Q3, 2016 compared to 20% in Q2, 2016. 55% of the firms do not plan to spend on such activities.

Does your Company Plan to invest in Business Expansion? (Hydrocarbon Sector)



Non-hydrocarbon sector firms are less optimistic in Q3, 2016 compared to the previous quarter. 31% of the participants plan to invest in business expansion in Q3, 2016 against 36% last quarter. The finance, real estate & business services sector is most optimistic about business expansion plans.

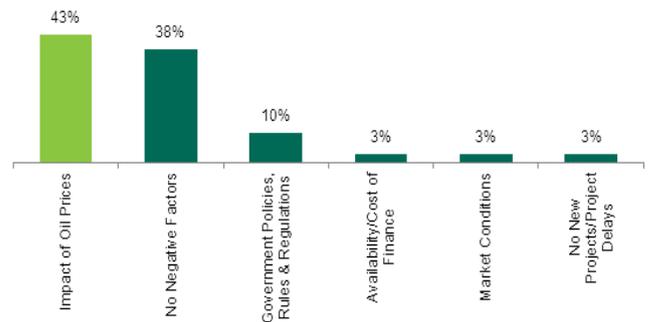
Does your Company Plan to Invest in Business Expansion? (Non-hydrocarbon Sector)



Business Challenges

The business environment outlook of the hydrocarbon sector has weakened as the proportion of participants that expects no hindrances to their business operations has reduced from 48% in Q2, 2016 to 38% in Q3, 2016. The adverse impact of oil prices (43%) is the leading concern for this sector, followed by government rules & regulations (10%).

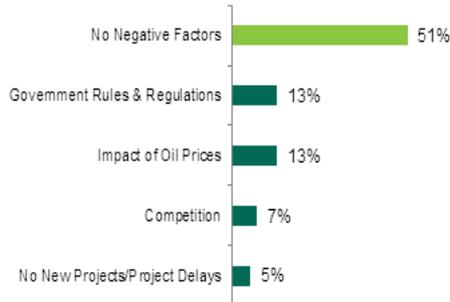
Given the business environment in Saudi Arabia, which are the external factors that most hinder development of your business? (Hydrocarbon)



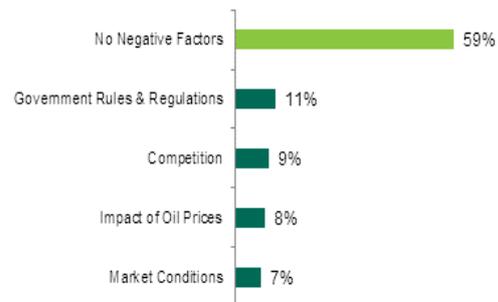


Top 5 External Factors that will Hinder the Development of Business Operations

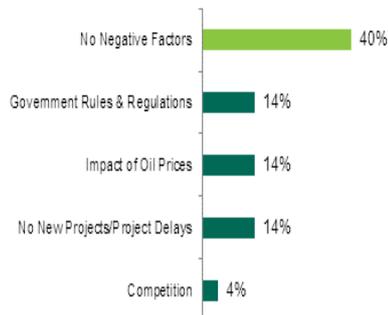
Key Business Challenges - Overall Non-hydrocarbon Sector



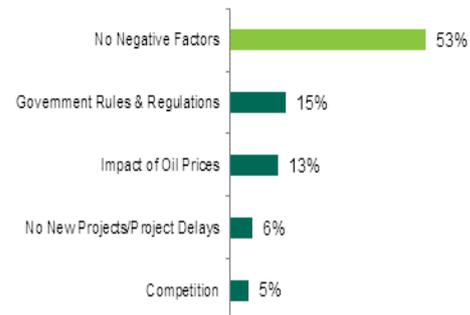
Manufacturing Sector



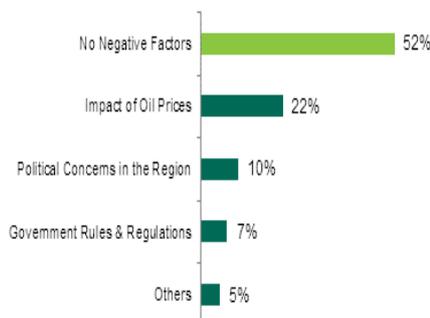
Construction Sector



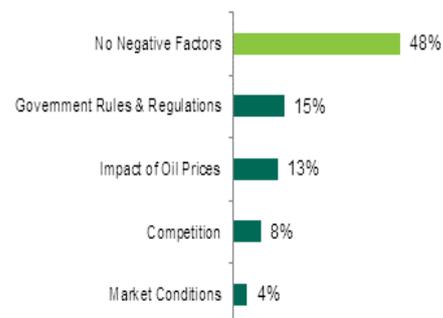
Trade & Hospitality Sector



Transportation, Storage and Communication Sector

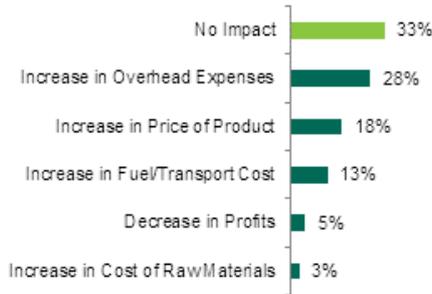


Finance, Real Estate & Business Service Sector



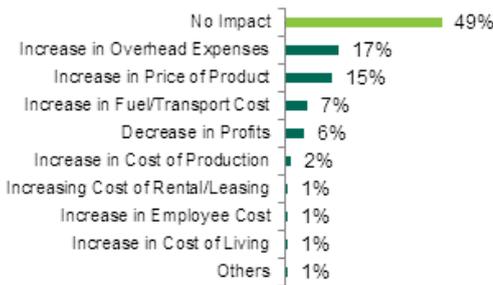
Survey participants were also asked to elaborate on the likely impact of the recently announced increase in the prices of gasoline, and electricity & water by the government.

Impact of Increasing Prices-Hydrocarbon Sector - Q3, 2016



Among hydrocarbon sector firms, 33% said that the increase in the prices of gasoline, electricity & water would have no impact on their businesses. 28% expected that it would increase overhead expenses (which includes cost of utilities); another 18% anticipated that it would raise the cost of the products, while 13% indicated that there would be an increase in fuel/transportation costs.

Impact of Increasing Prices - Non - Hydrocarbon Sector - Q3, 2016

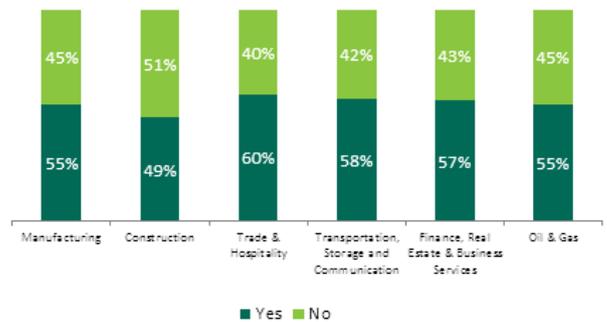


Within the non-hydrocarbon sector, 49% of the participants did not expect to get impacted by the increase in the prices of gasoline, electricity and water. 17% were concerned about increasing overhead expenses (including cost of utilities), 15% about the price of their products and 7% anticipated a rise in the cost of fuel/transport.

National Transformation Plan

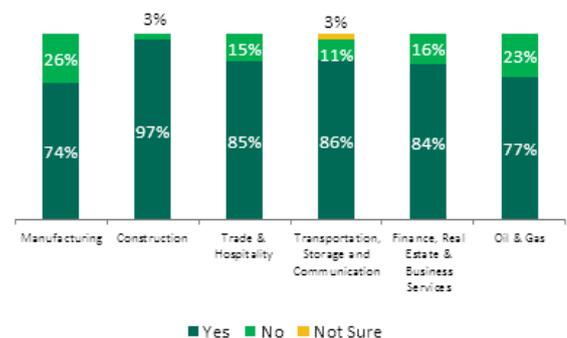
Saudi Vision 2030 is a plan by the government of Saudi Arabia to remove the country's dependence on oil and was adopted as a methodology and roadmap for economic and developmental action in the Kingdom. The National Transformation Program was developed to help fulfill "Saudi Arabia's Vision 2030" and to identify the challenges faced by government bodies in the economic and development sectors. The program establishes strategic objectives that are based on the Vision and addresses its challenges through 2020 in accordance with specific targets. In its first year, the program was launched across 24 government bodies, and there are plans to expand its coverage annually. As part of the survey, participants were asked questions related to the Vision 2030.

Have You Heard of The Kingdom's Vision 2030?



Nearly 56% of the participants had heard of the Kingdom's 'Vision 2030'. In the oil & gas segment, 55% of the firms were aware of the plan. In the non-hydrocarbon segment, the trade & hospitality segment 60% was most aware of the plan, while the least aware sector was construction 49%.

If Yes, Do You Think That Vision 2030 Will Help Generate employment Opportunities ?

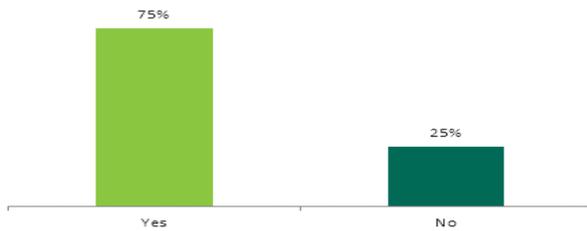


Of those participants who had heard of the 'Vision 2030', around 83% felt that the plan would generate employment opportunities. The construction sector was most optimistic about this 97%.

Impact of The National Transformation Plan on Healthcare Firms

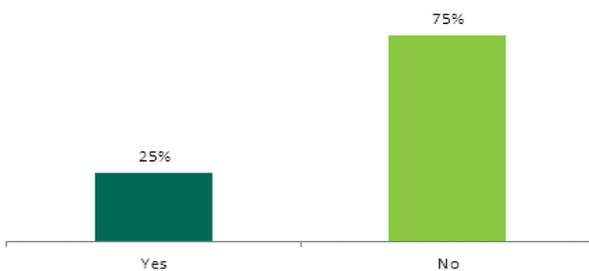
In healthcare, the National Transformation Plan targets a rise in the private sector's involvement from 25% to 35% over the next five years. It has earmarked SAR 6 bn to support the sector's transformation through the funding of health insurance and public-private partnerships. Hence, firms in the healthcare sub-segment of the Finance, Insurance, Real Estate & Business services Sector were asked about the impact of Vision 2030 on healthcare services.

With The Vision 2030 in Place, Do You Think The Cost of Healthcare Services Will Increase?



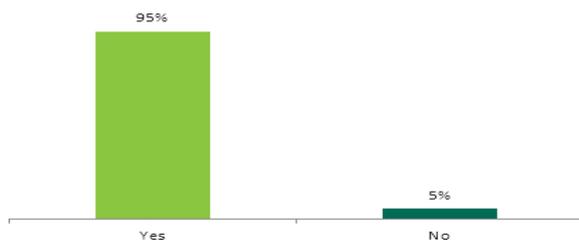
75% of all participants felt that with the Vision 2030 in place, the cost of healthcare services would increase.

Is There a Prevailing Demand-Supply Gap in The Kingdom's Healthcare Sector?



25% of the participants in the healthcare services segment said that there was a demand-supply gap in the Kingdom's healthcare sector.

Do You Think That Vision 2030 Will Make The Kingdom a Hub for Medical Tourism?



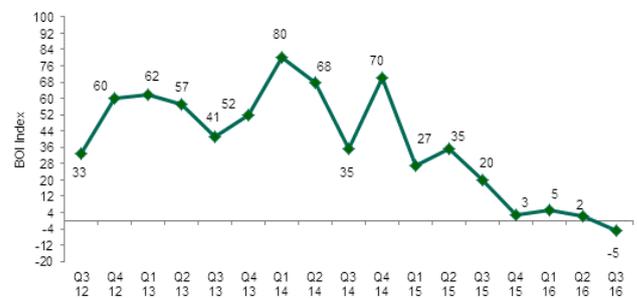
Finally, 95% of these firms said that "Vision 2030" would make the Kingdom a hub for medical tourism.

Appendix Hydrocarbon Sector

Volume of Sales

Lower oil prices, lack of new projects and damp business conditions in the hydrocarbon sector have culminated into an all-time low BOI score for the volume of sales parameter of -5 in Q3, 2016 versus 2 in the previous quarter. 35% of the respondents have cited a decrease in volumes, while 30% anticipate an increase in the current quarter.

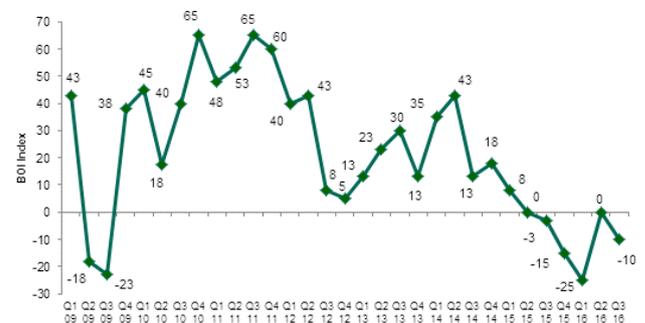
Volume of Sales



Level of Selling Prices

Declining oil prices and high competition have weighed on the BOI for the level of selling prices parameter; the index stands at -10 down in Q3, 2016 from 0 in Q2, 2016. Despite the descend, a majority 54% of the survey participants foresee stability in their prices compared to 18% anticipating an increase and 28% a decline.

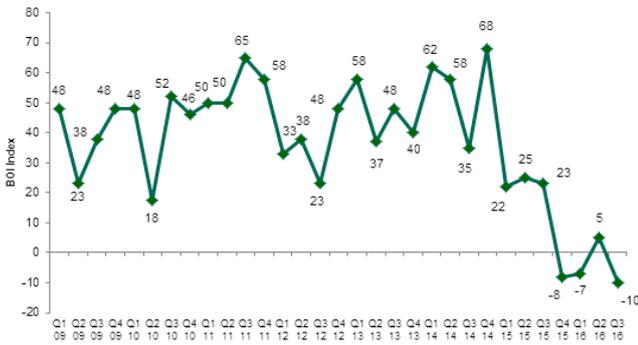
Level of Selling Prices



Net Profits

The BOI for the net profits parameter moved to a series low this quarter to -10 from 5 in Q2, 2016 due to lower expectations for sales volumes and prices. While 28% expect profits to increase, another 38% foresee a reduction in their profits.

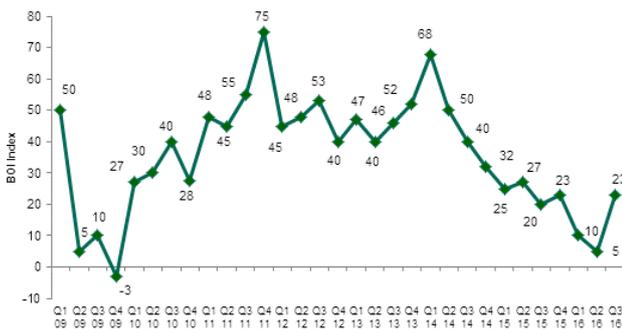
Net Profit



Number of Employees

The BOI for the number of employees indicator is the only index which has gained and is up to 23 in Q3, 2016 from 5 in Q2, 2016. A significant proportion of 67% expect their manpower numbers to remain intact, while 28% will up the same due to upcoming business prospects.

Number of employees

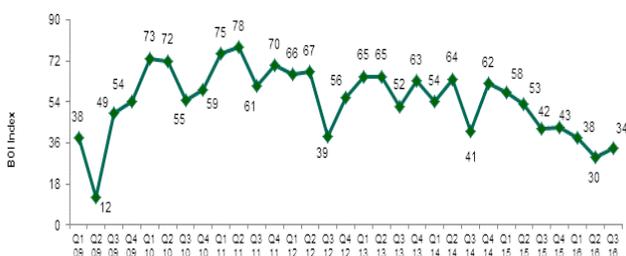


Non - Hydrocarbon Sector

Volume of Sales

The BOI for the volume of sales parameter of the non-hydrocarbon sector gained marginally to 34 in Q3, 2016 from 30 in the previous quarter. A near majority of 49% of the participants anticipate volumes to increase supported by an uptick in demand due to the festive season and new projects/contracts, while 36% expect volumes to remain stable.

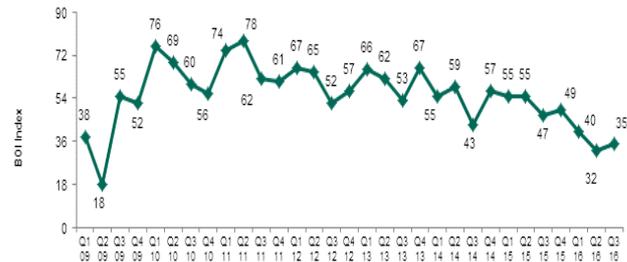
Volume of Sales



New Orders

Higher demand stemming from existing and new customers has supported the BOI for the new orders parameter which stands at 35 in Q3, 2016, up from 32 in Q2, 2016. While a major proportion of 48% of the respondents foresee a rise in their order book status, 13% cited a decline in the same.

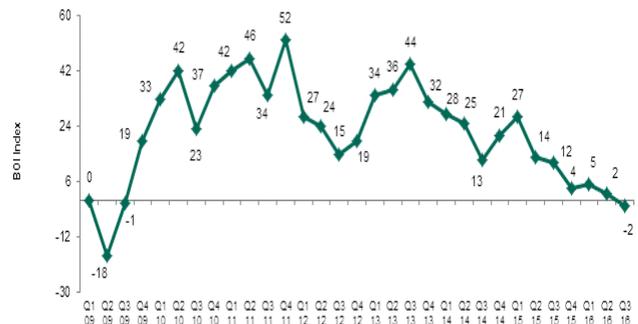
New Orders



Level of Selling Prices

The BOI for the pricing parameter retreated into the negative territory to -2 from 2 in the previous quarter. However a substantial 70% of the survey participants anticipate stability in their pricing levels, while 16% foresee a decline, mainly due to competition, low market conditions and lack of new projects.

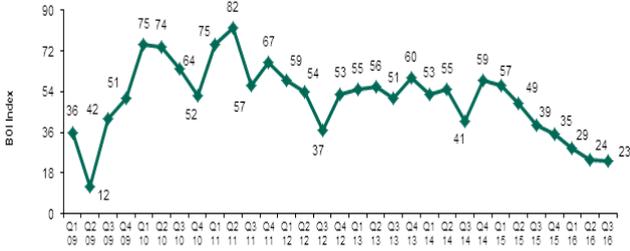
Level of Stock



Net Profits

The BOI for the net profits parameter tracked sideways to 23 in Q3, 2016 from 24 in Q2, 2016. Increasing demand and sales, the festival season and reduced expenses were cited by 42% of the respondents who anticipate a rise in profits. On the other hand, 39% of the non-hydrocarbon sector businesses foresee stability in their profit levels.

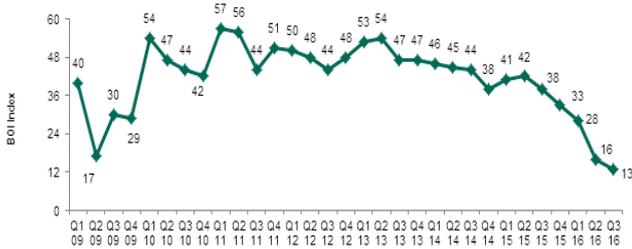
Net Profits



Number of Employees

The BOI for the number of employees parameter slipped lower to 13 in Q3, 2016 from 16 in the previous quarter. Nearly two out of three respondents 65% expect stability in their headcount numbers compared to 24% who anticipate a rise in hiring due to increasing demand, new projects/contracts and expansionary activities.

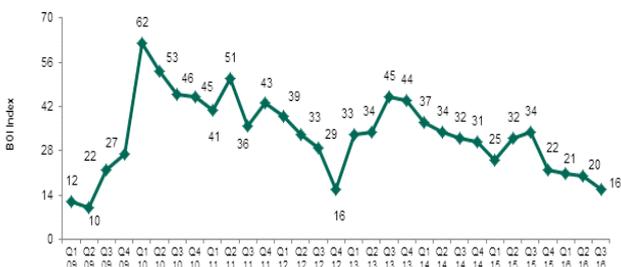
Number of Employees



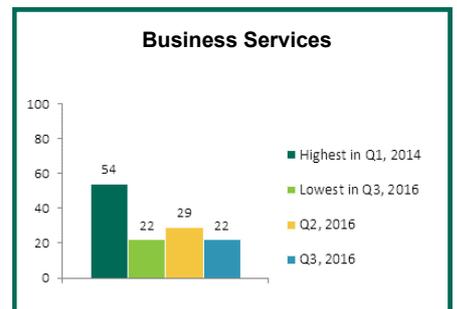
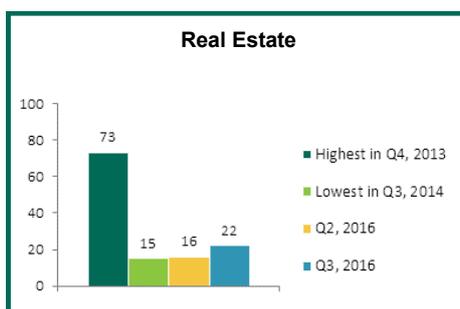
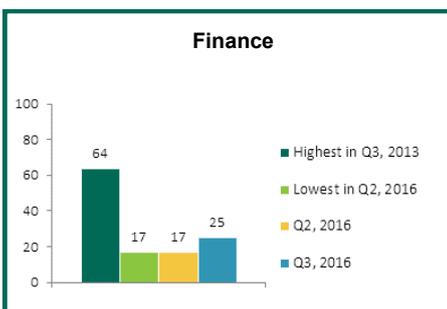
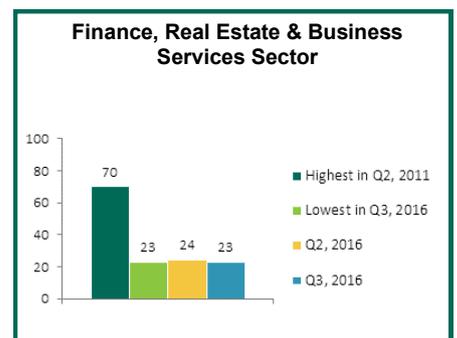
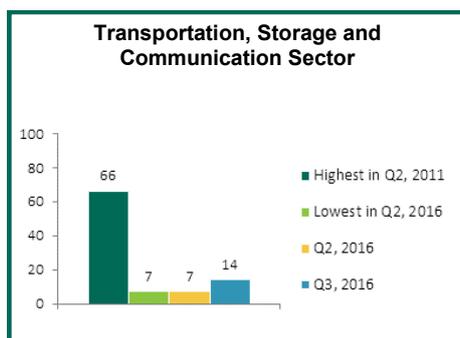
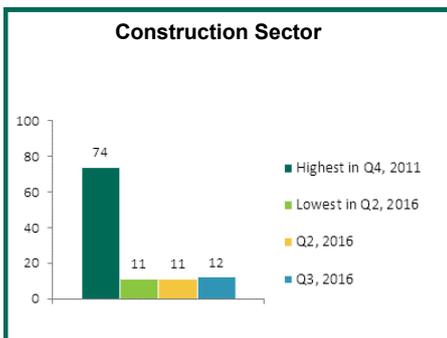
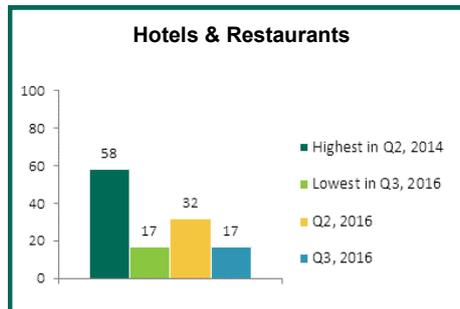
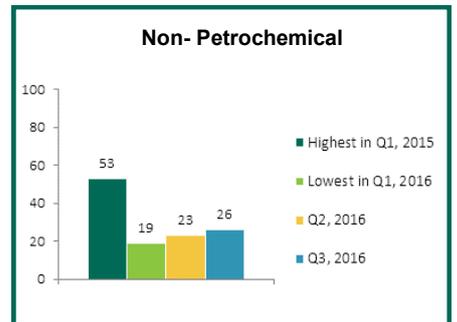
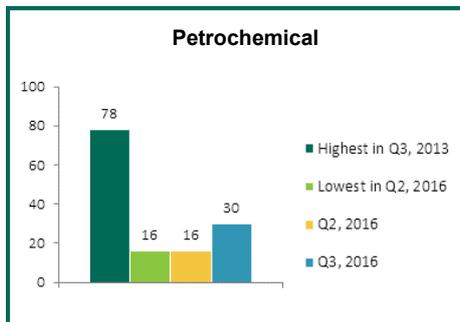
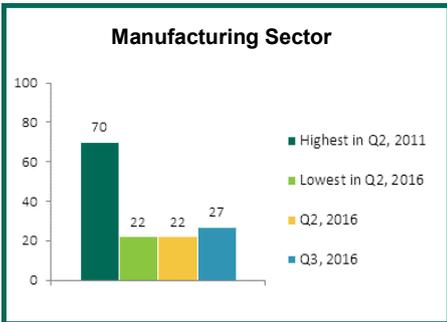
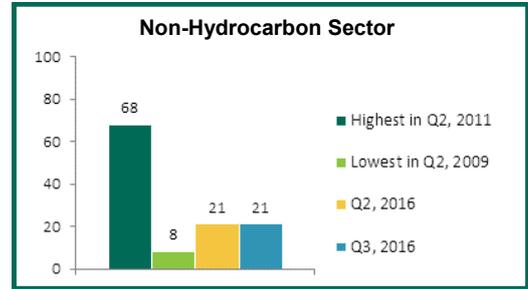
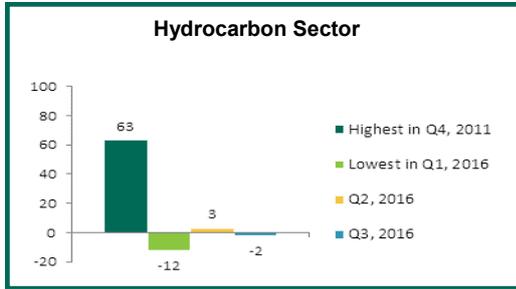
Level of Stock

The BOI for the level of stock parameter descended to 16 in Q3, 2016 from 20 in the previous quarter. Most, at 62% of the respondents will keep their stock levels intact, while 27% will increase inventory on the back of higher demand from more business and expansion activities coupled with an uptick in new project requirements.

Level of Stock



Snapshot: Sectors Indexes



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