

INTRODUCING THE SAUDI AVIATION STRATEGY

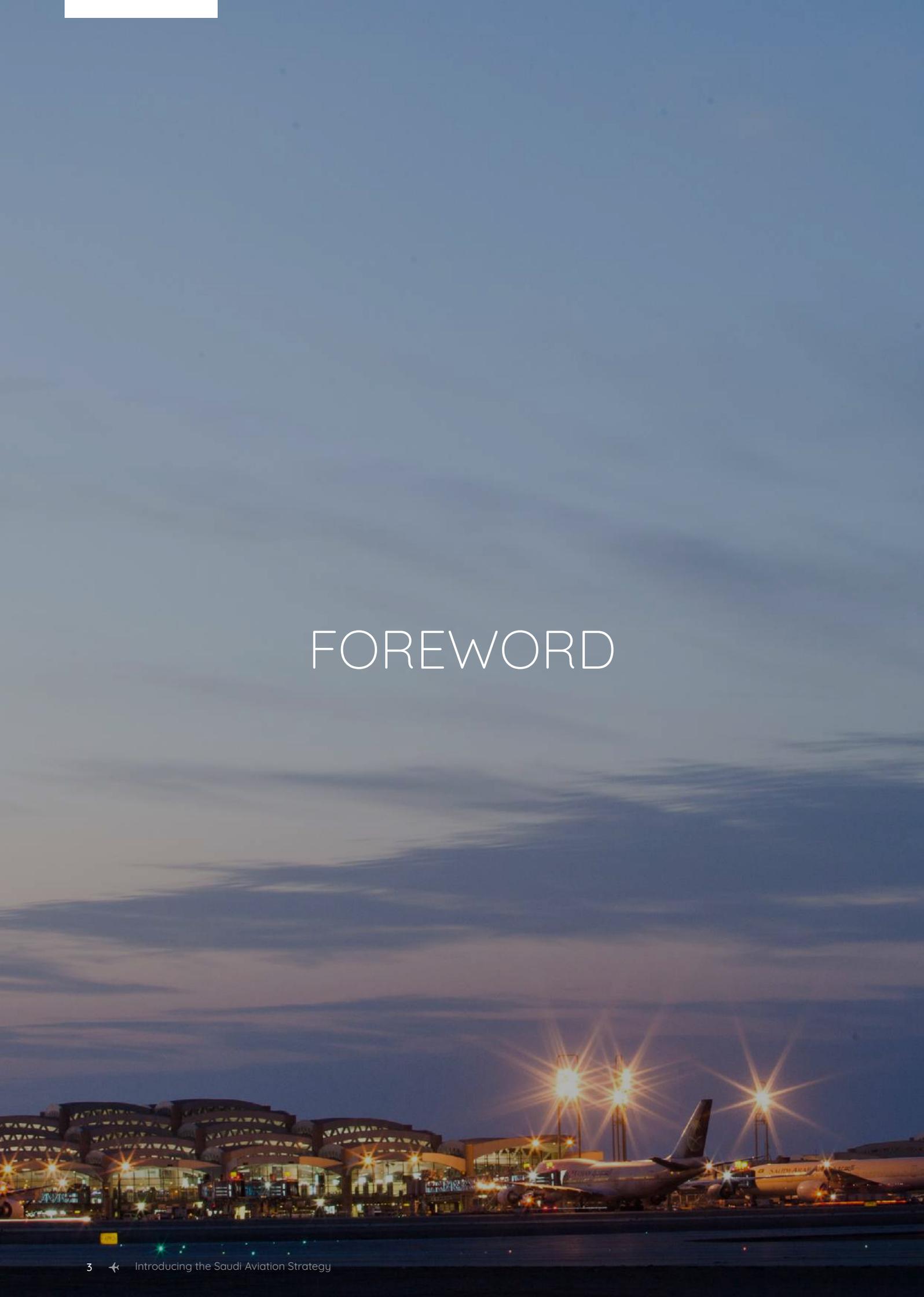
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الاستراتيجية الوطنية للطيران
SAUDI AVIATION STRATEGY

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FOREWORD



Under the leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, may God protect him, Saudi Arabia is on an ambitious journey to harness the Kingdom's strategic location and develop a diverse and sustainable economy through Vision 2030.

His Royal Highness Crown Prince Mohammed bin Salman Al Saud is making this vision a reality, being the architect of the Kingdom's National Transport and Logistics Strategy launched in 2021 – which encompasses the Saudi Aviation Strategy.

This Saudi Aviation Strategy will turn Saudi Arabia into a leader in the global industry, enhance the customer experience, improve safety, and promote long-term environmental sustainability. The Strategy will also empower our tourism sector growth as the Saudi Arabia welcomes the world.

For the Kingdom, this means delivering seamless experiences to 330 million passengers across 250+ destinations and through transportation of 4.5 million tons of air cargo by 2030.

Through the work of the General Authority of Civil Aviation (GACA) and the entire aviation ecosystem, the sector offers unprecedented opportunities – for international investors and travelers, as well as the Saudi people.

I look forward to sharing these opportunities with you as we work together to become the leading regional sector.”

HE Saleh bin Nasser Al-Jasser

Minister of Transport & Logistics

A young boy with short brown hair, wearing a grey hoodie, is seen from behind, looking out of an airplane window. The window is oval-shaped and has a bright, warm glow. To the right, another window is visible, and a portion of a blue and white striped airplane seat is seen. The overall atmosphere is calm and contemplative.

INTRODUCTION



Welcome to the Saudi Aviation Strategy – our ambitious plan to transform Saudi aviation into the leading sector in the Middle East.

Transport is part of our national story. From pilgrims to merchants, people and goods have passed through our lands for centuries.

But we have come a long way since wooden ships docked in Jeddah Islamic Port. Indeed, so much has changed since the Kingdom's founder, King Abdulaziz, flew across Saudi skies in a twin engine Dakota, connecting with his people like never before.

Flight propelled Saudi Arabia into modernity. And now, it is an honor to lead GACA through the Saudi Aviation Strategy, which will once again propel the Kingdom into the future in line with the goals of Vision 2030.

Through a new and ground-breaking phase of reforms in the Saudi aviation sector, which is deemed as the most significant in this century, the Kingdom aims to achieve remarkable milestones. These include substantial investments in the transport and logistics fields, totalling over \$100 billion, along with the ambitious goal of transporting 330 million passengers and 4.5 million tons of goods. Additionally, the Strategy

will establish connections with 250 destinations worldwide by 2030. As part of these reforms, the launch of world-class airlines with exceptional international services is planned, with both Riyadh and Jeddah serving as primary hubs.

This transformative strategy also offers lucrative opportunities for the private sector to contribute to the realization of the country's ambitions. Among these opportunities are the privatization potential of 27 airports, which are currently in preparation for transfer to private ownership. Moreover, numerous aircraft requests and destination openings have been approved, providing further avenues for private sector involvement in the sector's growth and development

The Strategy was approved by the Council of Ministers on December 8, 2020 and is already ushering in a new era for aviation in Saudi Arabia. One defined by unmatched customer experiences, from international investors to Saudi citizens."

HE Abdulaziz bin Abdullah Al-Duailej

President of GACA

THE SAUDI AVIATION STRATEGY

Aviation Strategy 2030 in a nutshell: LEADING IN THE MIDDLE EAST

ASPIRATION



SECTOR VISION: EMPOWER VISION 2030 AND BECOME THE LEADING AVIATION SECTOR IN THE MIDDLE EAST

Enable National Tourism Strategy (300M PAX) & serve national air cargo needs (2.5M tons)

Upgrade KSA to become a global transit hub (30M PAX) & global air cargo hub (2.0M tons transit)

STRATEGY



NETWORK & HUBS

Extend KSA connectivity to **250+ destinations** across 29 airports with **RUH & JED** serving as 2 global PAX long-haul connecting hub & global air cargo hubs leveraging belly capacity



CARRIERS

Increase **local LLC market share, local carrier competitiveness,** and **launch a new carrier**



AIRPORTS

Upgrade infrastructure & operations, including **airport PAX capacity & experience in line with Tourism Strategy,** and the **state-of-the-art Cargo facilities**



SERVICES

Enable fair competition and globally competitive pricing and regulatory frameworks for international & domestic operators



NATIONAL TRANSPORT & LOGISTICS STRATEGY

Transform Saudi Arabia into a logistics hub, raising KSA's global ranking in the Logistics Performance Index from

49 to 10

Boost GDP contribution of the transport and logistics sectors to

10 percent

Increase annual shipping containers handled by KSA to

40M

THE SAUDI AVIATION STRATEGY EXPLAINED

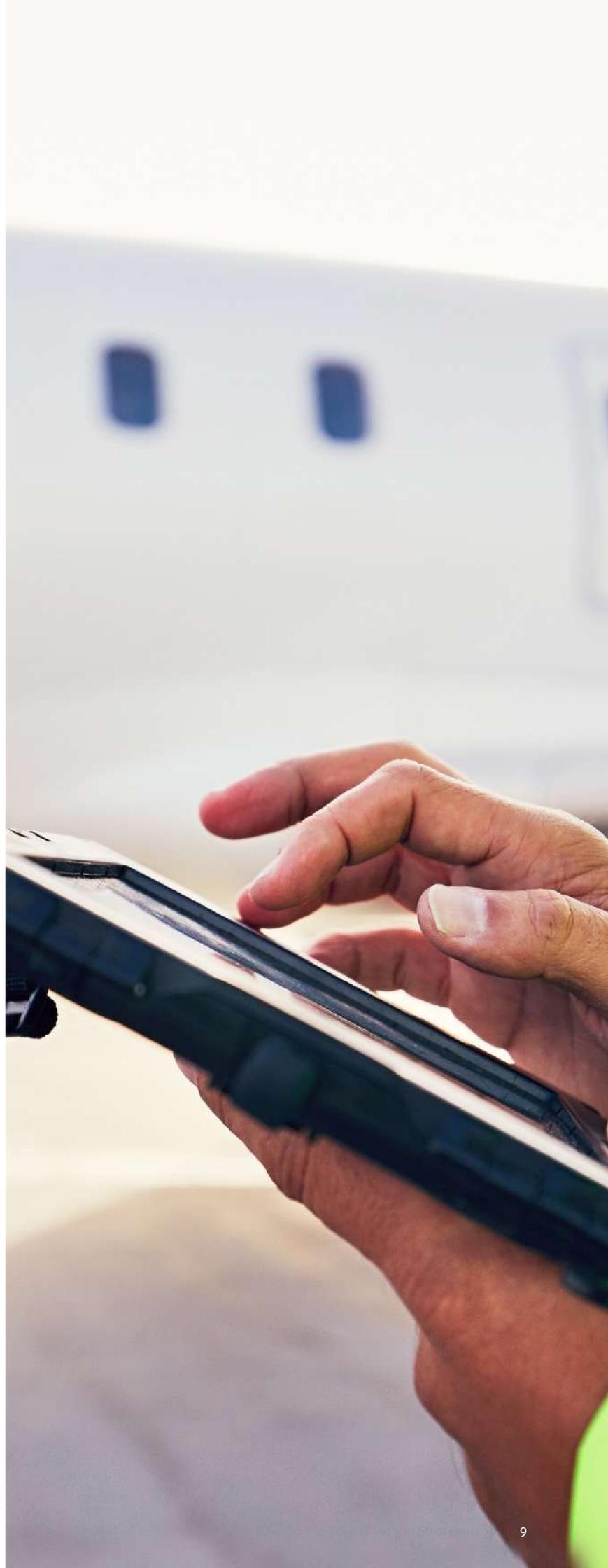
Over the coming decade, Saudi Arabia will emerge as the Middle East's pre-eminent aviation hub.

As it does so, increasingly the Kingdom will become a leader in the global industry drive to improve safety, to enhance customer experience and to promote long-term environmental sustainability.

The Saudi Aviation Strategy is the roadmap by which Saudi Arabia will realize these goals – a plan enabled by the full support of government to capitalize on the Kingdom's strategic location and to unlock for generations to come its full potential as a leading international destination of choice for tourism and business travel, as well as a thriving global logistics hub.

The strategy was built upon three pillars: supporting Vision 2030, empowering the national tourism strategy, and enhancing the domestic aviation sector. The Strategy's overarching goal is to elevate the level of interconnectivity within the Kingdom, increase the market share of national carriers, and develop airport infrastructure and operations. Furthermore, it aims to enhance the quality of services offered by the sector, boost the Kingdom's airports' capacity, and bolster the travel and logistics market in the upcoming years. Leveraging the Kingdom's strategic geographical location and capitalizing on the Kingdom's investment capabilities, the strategy aligns with the ambitious Saudi Vision 2030.

Saudi Arabia has the strategy, the ambition and the resources to shape the evolution of the international aviation industry over the next ten years, and beyond. The Saudi Aviation Strategy is the start of a journey, for Saudi Arabia, for global aviation and for the world.



THE SAUDI AVIATION STRATEGY IS BACKED BY \$100 BILLION IN INVESTMENTS – GOVERNMENT AND PRIVATE SECTOR – AND WILL BY 2030:

Extend KSA connectivity to 250+ destinations across

29 airports

Increase air cargo volume to

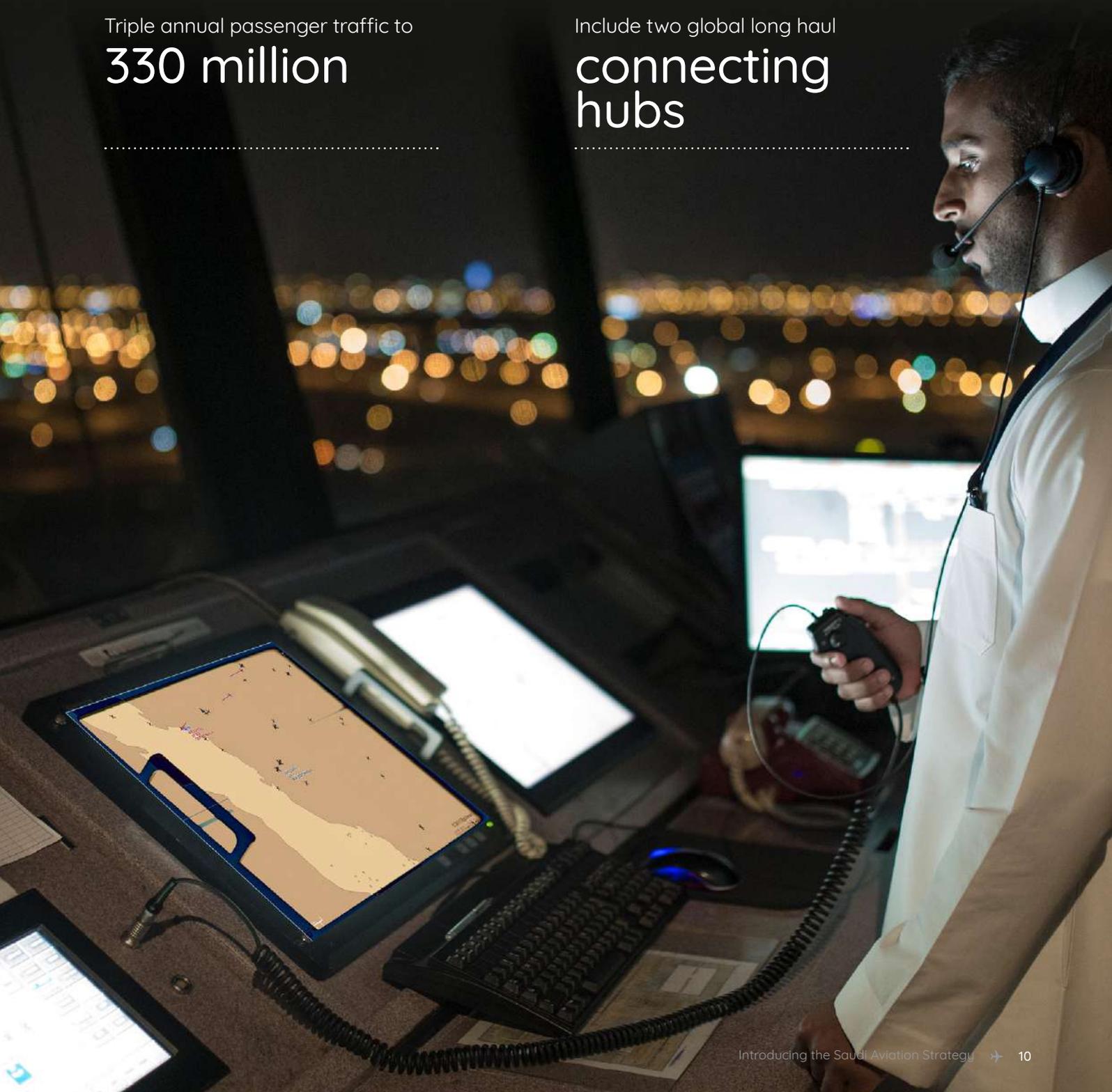
4.5m tons

Triple annual passenger traffic to

330 million

Include two global long haul

connecting hubs



THE STORY SO FAR

GACA is no longer an operator and is now solely a regulator, separating the regulatory mandate from an operational role in the sector. GACA has transferred 25 of the Kingdom's airports to private operator, Matarat Holding Company.

Privatization enables development of Saudi airports to raise their operational efficiency and provide the highest standards of passenger services. Over time, these changes will create investment opportunities that will significantly increase the Kingdom's GDP and enable Foreign Direct Investment (FDI).

The Strategy is driving significant growth in freight, which is enhancing the logistics sector. It is enabling the development of the Kingdom's air freight system, improving flexibility in the logistics sector to enable increased capacity. Saudi Arabia's airports are targeting 17% compound annual growth in air freight handling by 2030.



WHAT DOES THE STRATEGY MEAN FOR AIRLINES?



Saudi Arabia is one of the Middle East's largest passenger markets with almost 100 million passengers carried in 2019 prior to the COVID-19 pandemic. Between 2013 and 2018, Saudi passenger services to saw double digit growth.

Saudi Arabia has announced an intention to launch a new passenger carrier that will primarily service leisure and business travellers. The Saudi Aviation Strategy is enabling the development of NEOM through its airport and through a new airline specifically designed for future living. New carriers launched as part of the strategy will enable cargo operators to develop using the new carrier routes. Under the Strategy, Saudi Arabia will have two globally relevant passenger and cargo carriers.

WHAT DOES THE STRATEGY MEAN FOR AIRPORTS?

The Kingdom currently hosts more than 120 foreign airlines, which will increase as new routes and incentives are developed.

Connectivity with Saudi Arabia will extend to more than 250 destinations across 29 airports.

Saudi Arabia will build a network of airports with differing roles and capacities, led by two global connecting hub airports in Riyadh and Jeddah.

The transfer of airports from GACA to private operators is being supported by new performance reporting systems that provide public monthly updates on airport performance, including timeliness and reliability of services.

Transformation will see Saudi Arabia become the fifth largest global PAX connecting hub and number one regional cargo hub.



WHAT DOES THE STRATEGY MEAN FOR CARGO & LOGISTICS?

The Saudi Aviation Strategy will enable the Kingdom to grow its transit air cargo share of the regional market to 25%, capitalizing on the Kingdom's strategic location connecting three continents and its position as a major cargo market.

Currently, Saudi Arabia only captures 33% of its total demand for air cargo goods and only 7% of the total Middle East air cargo transit market. But the strategy will capture more of this market as airfreight grows by 5.5 times from 0.8M tons today to 4.5M tons by 2030.

Freight capacity is being supported by an increase in warehouse capacity to 6M tons, and the launch of free zones with globally competitive incentives is bringing leading international logistics providers and multinational corporations to the Kingdom.

Special economic zones are being created which will enable cargo and logistics operators to benefit from a package of unique fiscal, regulatory and locational benefits.



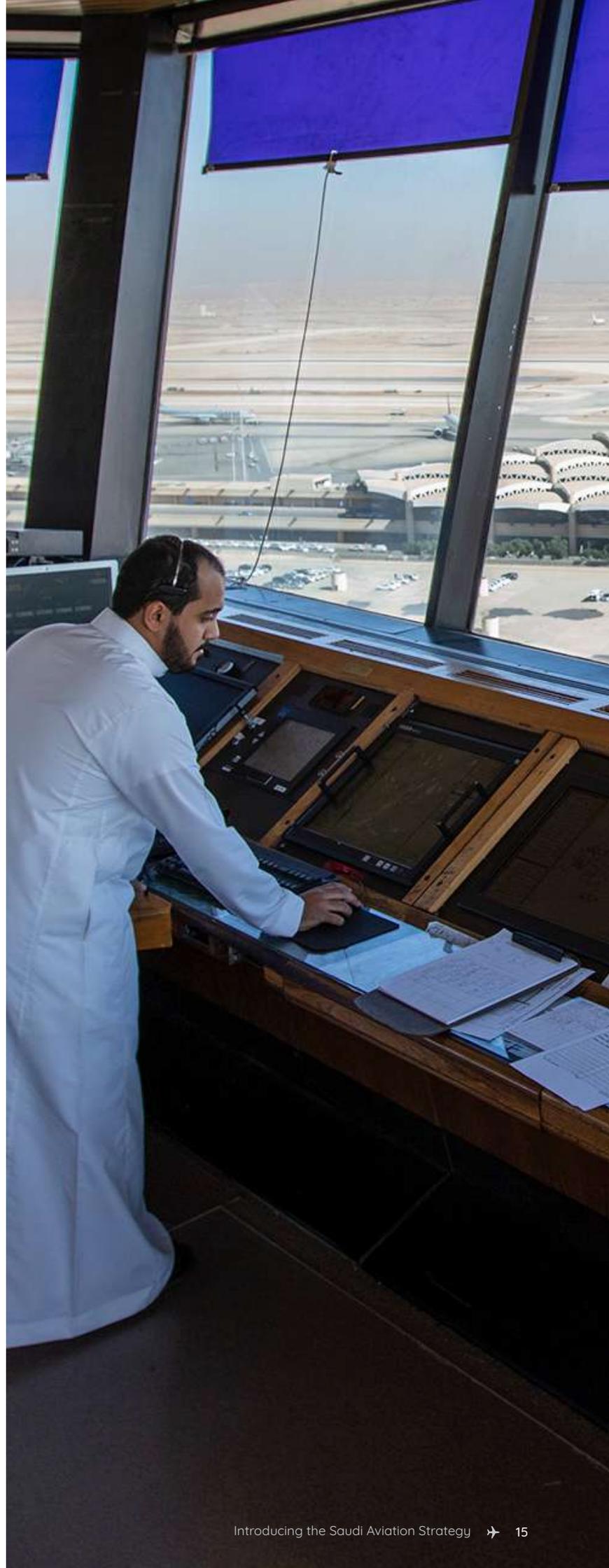
WHAT DOES THE STRATEGY MEAN FOR REGULATION?

The Saudi Aviation Strategy redefines GACA's role as a pure regulator, allowing it to focus on enhancing the Kingdom's aviation competitiveness.

Through GACA regulatory measures, the operating environment for airports is transforming airlines and their support services by reducing their cost base through a pricing reform program. This new competitive operating environment will attract more Foreign Direct Investment (FDI).

Privatization will enable the growth and entry of local private sector players, which will boost the Kingdom's air transport efficiency ranking to be among the top 5 globally by 2030. The contribution of the aviation sector to the Saudi economy will more than treble from \$21.3 billion to \$74.6 billion by 2030.

The strategy aims to significantly enhance environmental efficiency and environmental performance across the Saudi aviation sector. The Strategy will enhance the competitiveness of airlines, enable growth, and foster increased competition in monopolistic aviation service markets. Moreover, the strategy seeks to facilitate the development of private aviation, air cargo zones, and integrated logistics services. It also emphasizes the importance of providing a superior experience, ensuring the best passenger experience, and promoting local and international air connectivity. Ultimately, the strategy aims to enable the Kingdom to reach over 250 international destinations by the year 2030.



رؤية
VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA



الاستراتيجية الوطنية للطيران
SAUDI AVIATION STRATEGY