

Chairperson's statement

A GIANT LEAP FORWARD

I would summarize 2018 as the year in which we completed the process of opening up to the world.

Our journey towards becoming a global stock exchange saw three international benchmark indices announcing our impending upgrade from watch status to emerging market status.

We concurrently witnessed a tremendous increase in the number of Qualified Foreign Investors, from around 100 to nearly 500.

These achievements did not come easily. We conducted 27 road shows and participated in over 40 meetings to attract foreign investors; we spoke to fund managers, brokers, custodians and potential investors. These outreach programmes were attended by over 100 institutional investors with total assets under management of USD 20 Tn. In the process, we educated investors on the potential of the Saudi market and recent developments. We also educated ourselves on the needs and perceptions of investors.



TODAY WE ARE RECOGNIZED AS A GLOBAL DESTINATION FOR INVESTMENT. WE WILL NOW GO FORWARD TO BECOME A REGIONAL AND THEN A GLOBAL LISTING CENTRE.

A leader in the GCC

Today we are the largest and most liquid stock market not only in the GCC, but in the entire Middle East and North African region. In 2018, we accounted for 53% of the total market capitalization and 82% of the total value traded in the GCC region.

We are diversifying the asset classes that are traded on Tadawul. Back in 2016, we introduced REITs, and in 2018 we commenced listing and trading of government bonds. Introduction of derivatives is planned for 2019. An indication of the maturity of our market is that over 70% of the ownership in the market is institutional.

Our role in Vision 2030 and the FSDP

Vision 2030 is the overarching plan which guides the development of the Kingdom. One of its pillars is becoming a global investment powerhouse, and Tadawul's mission is naturally aligned with it. We continue to support the realization of Vision 2030's specific goals such as growing the private sector's contribution to the GDP, increasing foreign investment, and increasing the contribution of the SME sector.

Several programmes have been launched to support the implementation of Vision 2030, one of which is the Financial Sector Development Program (FSDP). This plan endeavours to create a dynamic, efficient and effective financial services sector that will generate the financial resources needed for the remaining programmes. The first objective of FSDP is to ensure the formation of an advanced capital market; Tadawul is well on that path.

The programme also includes some short-term targets to be achieved by 2020. One is to increase the total financial assets to GDP ratio from 192% in 2016 to 201%. Another is to increase the share of capital market assets to total financial assets from 41% in 2016 to 45%. Tadawul has a major role to play in achieving these targets.

Looking to the future

Today we are recognized as a global destination for investment. We will now go forward to become a regional and then a global listing centre. The liquidity of our market will make it attractive for foreign companies seeking capital to list with us. As the largest market in the GCC, we are well positioned to become the gateway to the region for investors.

We embarked on a new five-year strategic plan in 2018. It is built on a structure comprising seven strategic pillars, under which are 28 initiatives. Within the first year, we embarked on implementing the majority of these initiatives and are making sound progress.

The cornerstones of our success

The Board of Directors and the CEO, with their wealth of knowledge and experience, have given unstinted support in charting a new strategic course. The Senior Management team has made a great contribution in strategy execution and guiding the operations of the organization, underpinned by the dedication and hard work of our employees. I thank the Capital Market Authority (CMA) for its support and guidance, while not forgetting the issuers, investors, brokers and other market participants who have placed their confidence in us. With the continued support of all our stakeholders, I am confident that Tadawul will grow from strength to strength in fulfilling its vision.

Sarah Al-Suhaimi
Chairperson