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Market Report

Saudi Arabia

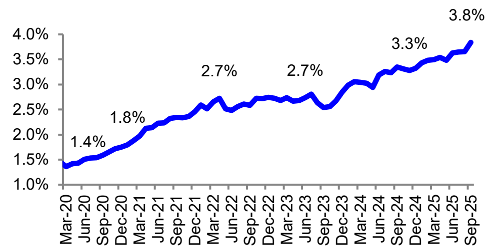
26 October 2025

Research Department

Madhu Appissa, CFA

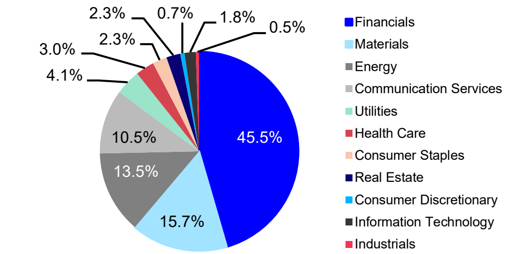
Tel +966 11 834 5486, appissam@alrajhi-capital.com

QFI ownership trend (as % of Total Mcap)



Source: Tadawul, Al Rajhi Capital

Sector Weights



Source: MSCI, Al Rajhi Capital; Data as of 22nd October 2025

MSCI Saudi Arabia Index- Largest Constituents

Company	FIF Adj Mcap (US$bn)*	Index weights
Al Rajhi Banking & Inv	56.4	17.53%
Saudi Aramco	41.9	13.02%
Saudi National Bank	30.6	9.50%
Saudi Telecom Co	23.8	7.38%
Saudi Arabian Mining Co	23.1	7.18%
Saudi Basic Ind Corp	14.4	4.47%
Riyad Bank	10.7	3.33%
ACWA Power	9.7	3.03%
Saudi British Bank	8.7	2.69%
Alinma Bank	8.6	2.67%

Source: MSCI, Al Rajhi Capital; Data as of 22nd October 2025

MSCI Semi Annual Review – November 2025

Standard index: Al Rajhi Takaful and SRMG potential downgrade

- *In the last review (August 2025), MSCI excluded Saudi Kayan and SIIG from the MSCI Saudi Arabia Standard Index.*
- *The outcome of upcoming review (November 2025) will be announced on 5th November, with changes becoming effective from 25th November 2025.*
- *Based on the closing prices of 22nd October, we have analysed potential changes to the MSCI Saudi Arabia Standard Index (large and mid-cap only) and MSCI Small Cap.*
- *We foresee no inclusion candidate, but **Al Rajhi Takaful and SRMG** as potential exclusion candidates from MSCI Saudi Arabia Standard Index.*
- ***MSCI Small Cap** - **SMC Healthcare** has a high likelihood of inclusion, while **Al Mawarid** and **Yamamah Steel** have a medium chance, while **AlKhaleej** has a low chance; possible exclusions could be **SAIC** (medium chance) and **Walaa** (low chance).*

MSCI Standard Index: Most of the existing constituents remain above the required market cap threshold. However, Al Rajhi Takaful's (SAR 11.5bn) and SRMG's market cap (13.5bn) falls short of the required level. Moreover, its free float-adjusted market cap also trails the cut-off, putting it at a risk of being downgraded to the small-cap index.

Potential inclusion candidate in Standard Index: There is no clear and solid candidate for inclusion, however, Aldrees has a chance (low probability) of being upgraded from the small cap to the standard index, as it meets the reference cut-off. However, it does not meet the upper threshold, and historically, very few companies in similar situations have been upgraded.

MSCI Small Cap: There are several potential inclusions: SMC Healthcare stands out with a high likelihood of being added. Al Mawarid and Yamamah Steel also have a moderate chance of inclusion, while AlKhaleej has a lower chance. On the other hand, SAIC could be excluded (medium), while Walaa has a low chance of being excluded from the small-cap index.

Current weight/flows: The MSCI Saudi Index currently comprises 39 stocks (would become 37 if Al Rajhi Takaful and SRMG goes out) with Al Rajhi (17.5%) and Saudi Aramco (13.0%) being the largest constituents among all the Saudi companies in MSCI Saudi Index as of 22nd October 2025. KSA's current weight in the EM index is estimated to be around 3.23% (as of 23rd October 2025). Assuming the proforma weight of Saudi Arabia remains unchanged, based on our calculations, we estimate outflows of USD 135mn for SRMG and USD 103mn for Al Rajhi Takaful. In terms of average trading value over the last three months and 20 days, it implies ~33-44 days to cover the outflows for SRMG and ~21-28 days for Al Rajhi Takaful. The other possibilities have been highlighted as under:

Figure 1 **Potential Exclusion Contender for the Standard Index (Nov' 2025 Review)**

Nov'25 Review	Market Cap ($mn)	Probability	Flows ($mn)	Flows (SAR mn)	DTC - Based on 20D Avg. turnover	DTC - Based on 3M Avg. turnover
SRMG	3,595	High	(135)	(506)	33	45
Al Rajhi Takaful	3,079	High	(103)	(386)	21	28

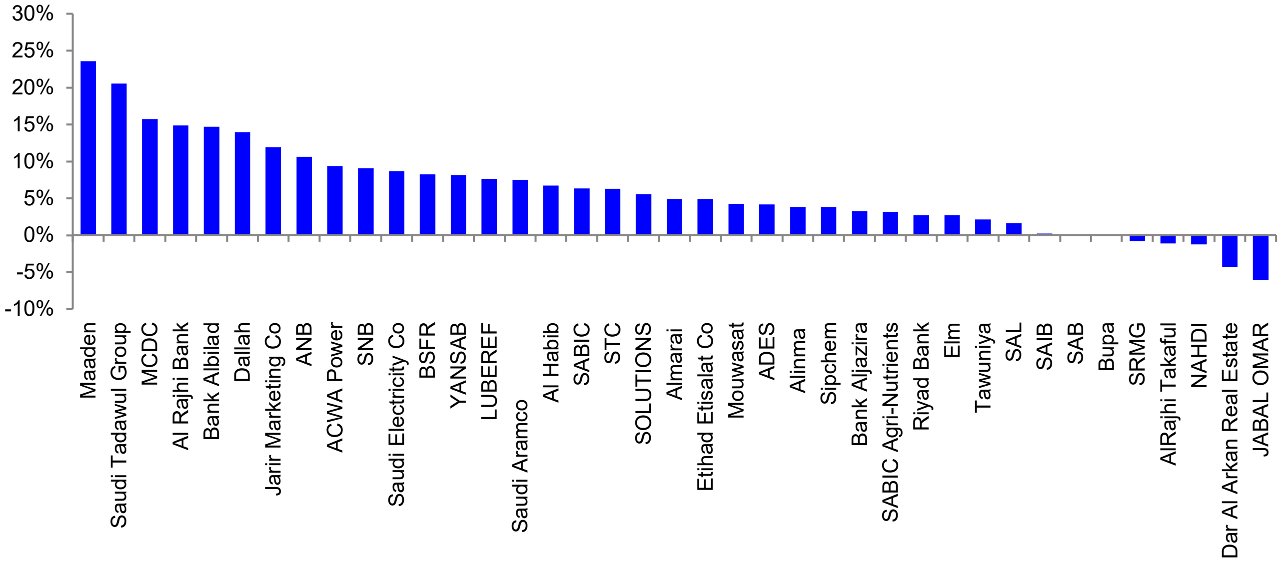
Source: MSCI, Bloomberg, Al Rajhi Capital; Data as of 22nd October 2025 * Flows are ARC estimates

Figure 2 **Potential Contender for the Small cap index (Nov' 2025 Review)**

Addition/Exlcusion	Nov'25 Review	Market Cap ($ mn)	Probability
Addition	SMC Healthcare	1,217	High
	AlMawarid	540	Moderate
	Yamamah Steel	504	Moderate
	Alkhaleej	461	Low
Exclusion	SAIC	378	Moderate
	Walaa	406	Low

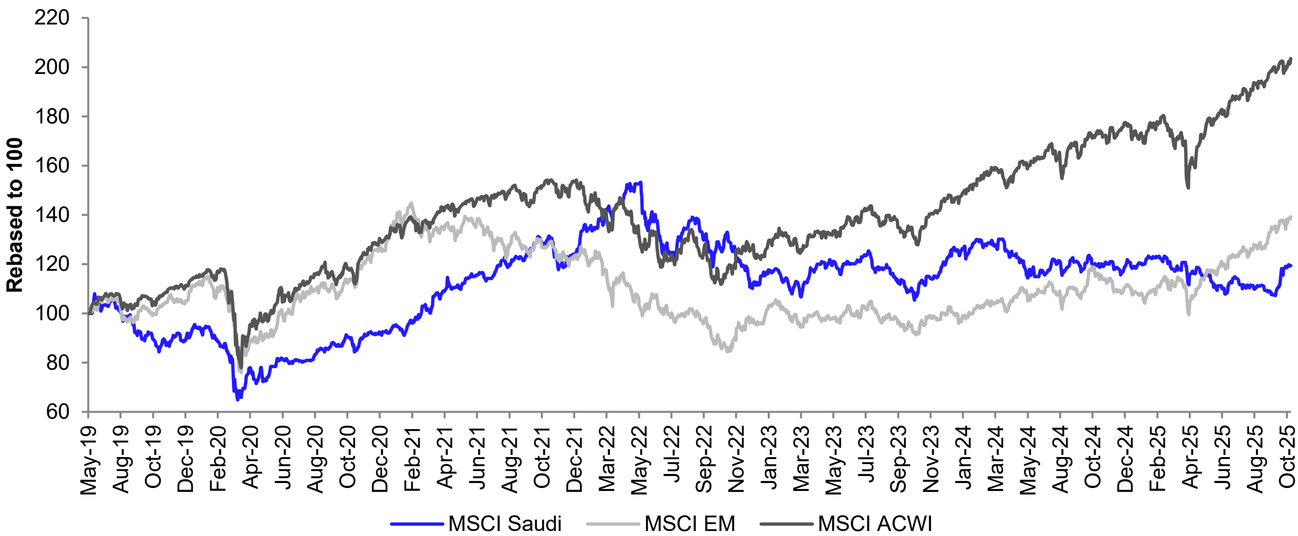
Source: MSCI, Bloomberg, Al Rajhi Capital; Data as of 22nd October 2025 * Flows are ARC estimates

Figure 3 **MSCI Stock Performance since the last MSCI review announcement**



Source: Bloomberg, Al Rajhi Capital; Data as of 22nd October 2025

Figure 4 **MSCI Saudi Arabia Performance vs MSCI EM and MSCI ACWI indexes**



Source: Bloomberg, Al Rajhi Capital; Data as of 22nd October 2025

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Contact us

Dr. Sultan Altowaim
Head of Research
Tel : +966 11 836 5468
Email: AltowaimS@alrajhi-capital.sa

Al Rajhi Capital
Research Department
Head Office, King Fahad Road
P.O. Box 5561, Riyadh 11432
Kingdom of Saudi Arabia
Email: research@alrajhi-capital.com
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