

Boilers

INVESTMENT OPPORTUNITY

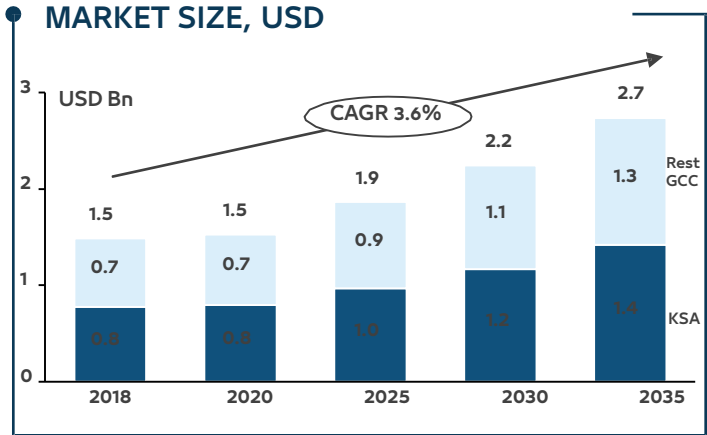
Energy Sector



Boilers

OPPORTUNITY DESCRIPTION: To set up a Boilers manufacturing facility to serve the local and regional demand

DEMAND



KEY DEMAND DRIVERS

- Saudi Aramco expanding its crude oil production capacity to 13 million barrels per day (mmbpd) by 2027
- KSA aiming to increase the Petrochemical production from 38 to 70 M tons annually
- The Jafurah onshore gas field is considered one of the largest unconventional gas fields worldwide and is driving the demand for injection molding machines in KSA
- KSA targets increasing their Natural Gas production by 40 %

INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS PROPOSITION

Expected Investment size of USD: ~36 Mn

- Plant capacity: 300 units
- Expected IRR: ~9%
- Payback period: 16 years
- Job Creation: 140 including ~42 Saudis
- GDP Impact: till 2030: ~\$43 Mn
- Location (Region): Eastern province, Medina Province or Ras Al-Khair

VALUE

- KSA is the world largest exporter of Crude Oil and 2nd largest producer
- KSA is well positioned to play a leading role and become a major clean Hydrogen exporter which will drive the demand on natural gas
- KSA has the 6th largest natural gas reserve of 329 Tn Cubic ft
- The recent discovery of 8 gas fields, 3 of which are unconventional

MARKET OVERVIEW

RAW MATERIALS

- Cast Iron
- Steel
- Copper & Copper Alloys
- Stainless Steel

GLOBAL TRENDS

- Demand for boilers in the local and regional market is driven by development of Construction, Automotive, Food & Beverage, and Aerospace industries

SUPPLY

SCALABILITY AND LOCALIZATION

Localization Potential
Baseline
0%
Target
75%
Contribution*
20%

The business can expand its geographic reach by targeting new markets in the middle east region

- The business can expand its product line to offer a wider range of boilers of varying sizes for different uses



IMPORT DEPENDENCY

[In 2021, Saudi Arabia imported \$33.5M in Steam Boilers, becoming the 31st largest importer of Steam Boilers in the world]

- Saudi Arabia imports Steam Boilers primarily from: Italy (\$16.9M), United Arab Emirates (\$4.54M), China (\$2.34M), United States (\$1.78M), and Japan (\$1.19M)

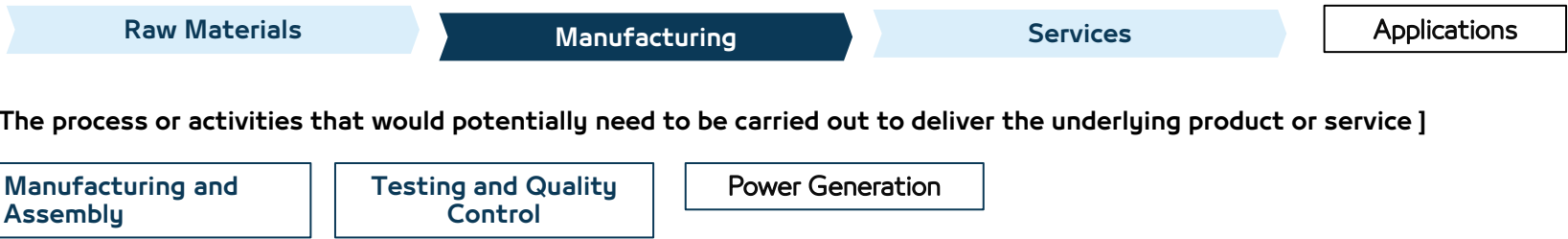
ENABLING FACTORS

ENABLERS & INCENTIVES

No enablers are taken into consideration in the financial estimation for this opportunity, but the opportunity is subject to off the shelf's incentives like:

- SIDF financing up to 75% of CAPEX
- HRDF covers monthly salaries of up to 3,000 SAR / employee for Saudi employees
- Tax credits for R&D for manufacturers
- Custom duty exemption for import of capital goods/machinery required for setup of facility

VALUE CHAIN



KEY STAKEHOLDERS



وزارة الطاقة
MINISTRY OF ENERGY



الشركة السعودية للكهرباء
Saudi Electricity Company
Diligently Serving You



أرامكو السعودية
saudi aramco

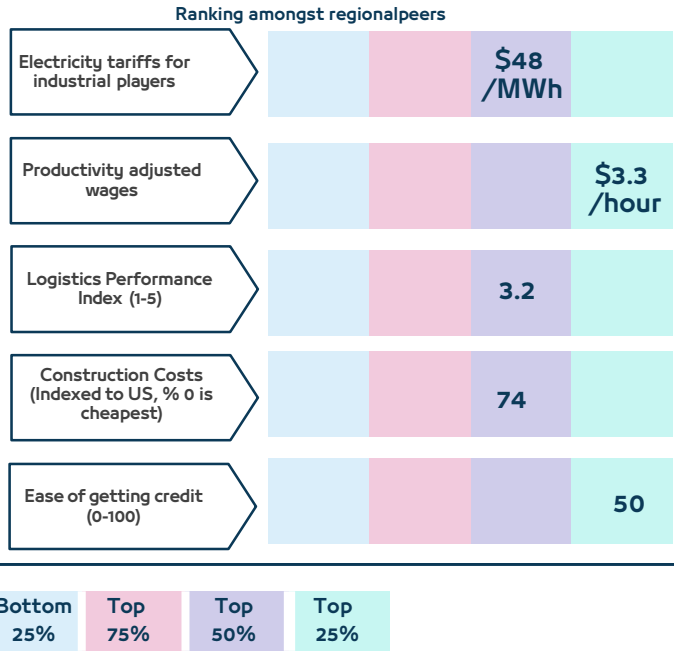


سابك
sabic



استثمر في السعودية
INVEST SAUDI

COST OF DOING BUSINESS IN KSA Factor



Definitions

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Business drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Global trends	Latest business developments within the sector/product category
7	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
8	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	Enablers	Factors that enable investment in the underlying opportunity
12	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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