



المركز الصناعي
Industrial Center

National Industrial Development Center



Who we are

We are Saudi Arabia's government agency that supports the development of the industrial sectors in the Kingdom

NIDC is Saudi Arabia's national center for industrial development. Overseen by the Ministry of Industry (MIM), we support and coordinate the execution of **national industrial strategies** in the Kingdom.

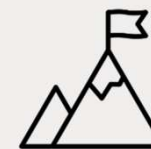
In particular, we develop **investment opportunities** in the industrial sectors and **support both domestic and global private investors**. We collate and provide the information you need to make an investment decision, help you secure tailor-made incentive offers, and mediate between the government and your business.

We support you along the entire investment journey, from discussing suitable investment opportunities with you and assisting you with land and license acquisitions to discussing future expansion plans.



Our vision

A sustainable economic growth in the industrial sectors in Saudi Arabia through business development support and technical expertise



Our mission

To provide you with superior industrial investment opportunities and to support you along your investment journey

HRH Crown Prince recently launched the Kingdom's new National Industrial Strategy (NIS)



*“We have all the capabilities we need to enable a **competitive and sustainable industrial economy** (...) Through the NIS and in partnership with the private sector, **the Kingdom will become a leading industrial power**”*

- HRH Crown Prince, Oct. 2022

- **The NIS is Saudi Arabia's latest industrial sector strategy** which aims to build an industrial economy that:
 - Attracts **investment**
 - Contributes to achieving **economic diversification**
 - Develops the Kingdom's domestic product and **non-oil exports**
- **Through the NIS, the Kingdom aspires to:**
 - Increase the **flexibility** and **competitiveness** of the industrial sector
 - Lead the regional industrial **integration of value chains**
 - Achieving **global leadership** in a group of selected commodities by investing in promising new technologies
- **The NIS leverages the Kingdom's competitive advantages:**
 - Its **geographical location**
 - Its abundance of **natural resources** and energy sources
 - Its **human capabilities**
 - Its purchasing power and stable monetary policies

NIS is one of the pillars of Saudi Arabia's Vision 2030



NIS components

A focus on 12 industrial sectors to diversify the industrial economy

800+ investment opportunities identified, worth one trillion Saudi Riyals

A governance model developed with the participation of the private sector

The ambition to achieve global leadership in a group of selected commodities

NIS objectives by 2035

x2

Value of industrial exports

x3

Number of industrial facilities

x3

Industrial GDP

Find our industrial investment opportunities on the **Invest Saudi** platform at

investsaudi.sa

NIDC supports 10 of the 12 NIS sectors



Pharma and Biotech



Medical Devices



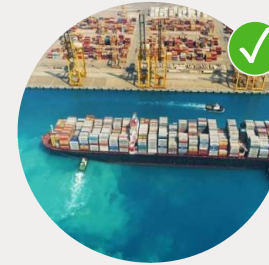
Chemicals¹



Food Processing



Machinery & Equipment



Maritime



Minerals & Metals



Building Materials



Aerospace



Automotive



Renewables



Military

1. Inorganic Chemicals, Specialty Chemicals and Conversion Chemicals

We have a track record of supporting investors



Key 2022 achievements

\$6B

Capital expenditure value of the new investment opportunities developed and published in 2022

\$40B

Capital expenditure value of the investment projects supported until 2022

How we can help you

Whether you are looking at Saudi Arabia as an investment destination, or seeking to expand your existing business, we are glad to assist you with the following services:



Investment opportunities

We develop and offer a portfolio of attractive investment opportunities across Saudi Arabia's industrial sectors



Consultation and advisory

We can help you assess the advantages of setting up in Saudi Arabia by sharing data and advice, and support you in validating your business plans and feasibility studies



Matchmaking

We can introduce you to potential investing partners with similar interests to yours, and help you identify new relevant technologies in the market



Administrative support

We can advise you on land, license and permit acquisition processes and liaise with the relevant governmental agencies



Tailor-made incentives

In addition to the incentives already available to you, we connect you with incentive-setting entities and support your package negotiations



Aftercare support

During the years that follow your investment decision, we continue to support your business and listen to you through regular private sector council meetings



NIS splits the industrial sector into 15 sub-sectors, and Machinery & Equipment (M&E) is one of the major sectors

15 sub-sectors of National Industrial Strategy

Basic Chemicals	Food processing
Intermediate Chemicals	Aerospace
Conversion Chemicals	Pharmaceuticals
Specialty Chemicals	Machinery & Equipment Deep dive in next slides
Maritime	Automotive
Building Materials	Medical Devices
Military	Renewables
Metals	



An illustrative map of the development of the Kingdom's industrial sector in 2035

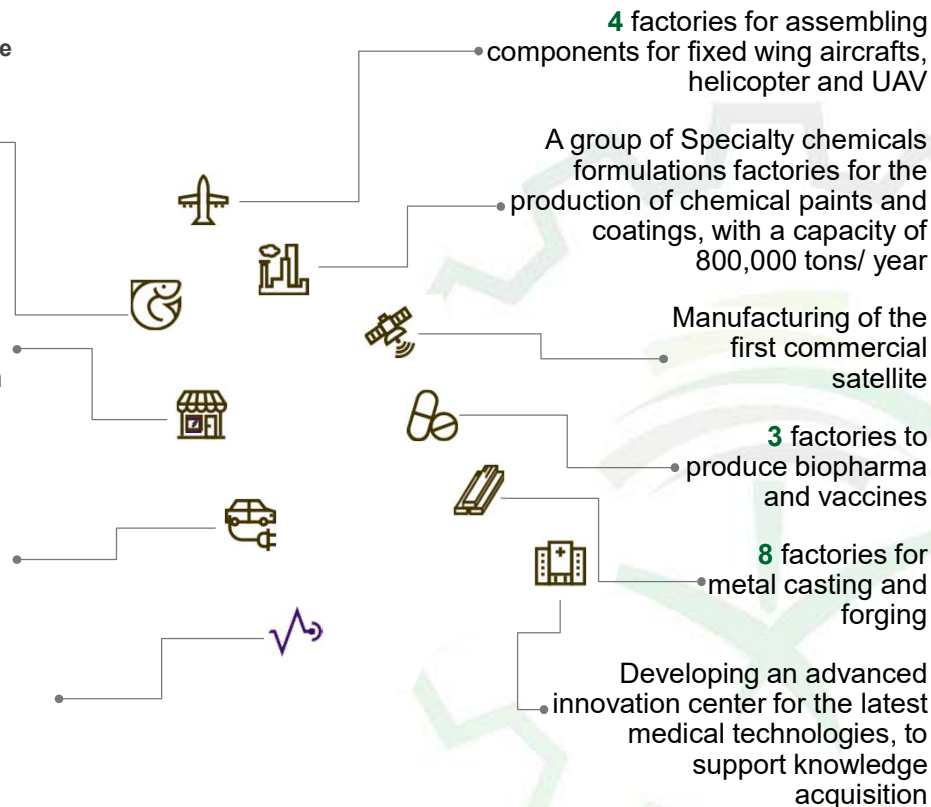
Illustrative, non-exhaustive

7 frozen sea food industry plants

Development of specialized food conglomerates with common services to enhance the integration of supply chains

2 factories for manufacturing more than 300,000 electric vehicles

15 factories for manufacturing modern technologies for IoT sensors



Ambitious mega- and giga- projects are expected to bring significant demand for Machinery & Equipment products



Selection of the projects:

Giga-projects	>\$10 Bn investments	Mega-projects	\$1-10 Bn investments
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Non-Exhaustive External Demand



Selected details of giga- projects:

 NEOM نيوم THE LINE	\$500B investment \$48B GDP contribution by 2030	26,500 km² project size 5 million tourists by 2030	 The Red Sea Development Company	48 hotels with 8,000 keys 22 islands to be developed
 اللجنة الملكية لمحافظة الوديان Royal Commission for AlUla	\$32B GDP contribution by 2035	\$20B investment target by 2035		\$17B investment to restore 7 km² project area 4,300+ Hotel keys in 38 hotels 5,100+ residential units
 القدية Qiddiya	367 km² project size 20m+ potential customers	131 km² planned development area		4,155 km² project size 2,800 hotel rooms 900+ residential villas



44 M&E tier 1, 2, and 3 opportunities have been detailed with pre-feasibility studies, financial models, and marketing materials to support investors

37 opportunities

Mechanical shovels, excavators			
Graphite electrodes	Power and hand tools	Machinery for liquefaction of gasses (cold boxes) ²	Asphalt pavers
Dozers	Liquid & gases filtration machinery ²	Industrial fans ²	Concrete mixers
Coal or rock cutter machinery	Smoke and heat detectors	Compressors ²	Graders and Levelers
Fire extinguishers	Radar apparatus	HVAC	Machinery for food processing
Light fittings	Ball or roller bearings ²	Air/Vacuum pumps ²	Agricultural machinery
Molding boxes for metal foundry	Printing machinery	Lifting machinery	Machinery for cleaning, filling bottles
Continuous-action elevators and conveyors	Refrigeration	Escalators and moving walkways	Sensors
Machinery of making pulp	Mixers and grinders	Cranes ²	Industrial robots
Optical fiber cables	Laundry washing and drying machines	Compactors	3D Printers

7 opportunities¹

Tubes, pipes and connectors
Electric generating sets
Boring and sinking machinery
Electrical insulators
Electric boards and consoles
Heat exchange units
Wires & Cables
M&E opportunities moved under Ministry of Energy ¹

- Products for Metals and Mining sector
- Products with Cross industrial applications
- Electronics for personal or commercial applications
- Air or Gas related products
- Products for Construction sector
- Products for food and beverages
- New technologies

1). Agreement on 7 products is achieved based on split excel agreed between MIM and MoEn. 2). For these 7 products, MoEn has recommended to transfer them under their mandate and is under approval

Localization approach



Pre-feasibility study with market analysis, trends, competitor landscape, and financial model



Marketing materials and Invest Saudi opportunity cards, available online upon request



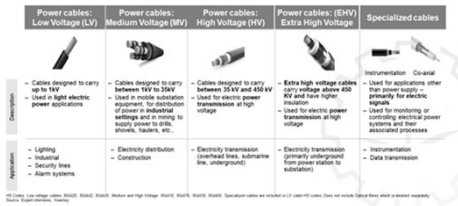
Investor attraction execution in alignment with MISA



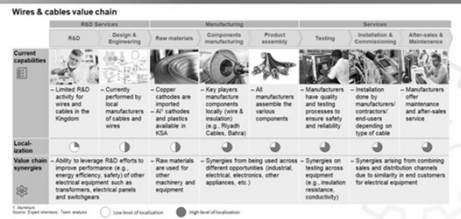
For each identified opportunity, a detailed pre-feasibility study has been developed

Pre-feasibility study structure

Wires & cables can be divided into five major product categories



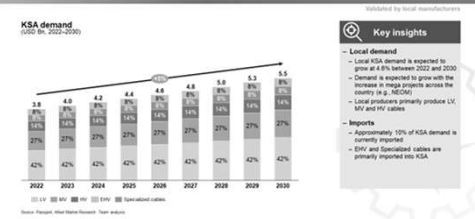
The wires & cables value chain showcase significant capabilities in both manufacturing and services in KSA (2/2)



Raw Material Composition: Key raw materials are copper, aluminum, plastics and steel; copper constitutes up to 90%

Material	Raw material component	Relative composition (%)	Present in KSA (Y/N)
Copper - CVDQAA	Wire	80-90% (Alternative to copper)	Copper cathodes not available
Aluminum - 1300	Wire	70-80%	Yes
Plastics - PVC - XLPE	Insulation	5-10%	Yes
Steel - Galvanized steel	Sheath	5-10%	Yes

KSA demand for wires & cables will grow from \$ 3.8 Bn in 2022 to \$5.5 Bn in 2030 and constitutes ~2% of global market



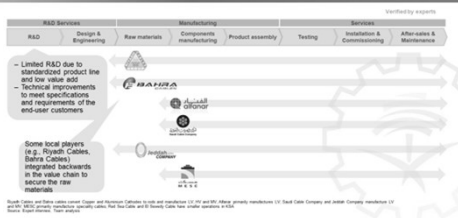
Identified main product categories

Determined critical steps in the value chain

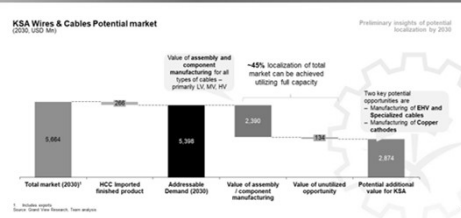
Identified raw material composition

Estimated global, MEA and KSA market sizes

In KSA, most large players are focused on the key activities across the value chain bringing high localization



45% localization of total market can be achieved by utilizing full capacity. Additional \$2.9 Bn value can be further localized



The two key opportunities in wires and cables for investors are manufacturing EHV and Specialized cables and Copper cathodes

1 EHV/Specialized cables production

In Kingdom value: \$ 2.1 Bn

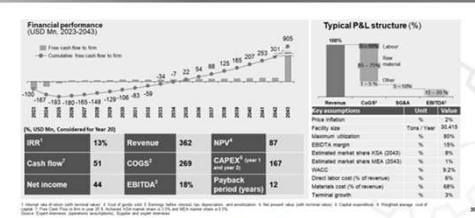
Key opportunities: Increase current capabilities to manufacture Extra High Voltage (EHV) Cables and Specialized cables (energy and component).
 Impose import duties/tariffs on imports to allow local manufacturers to capture more market share.
 Prioritize local content in public procurement such as power plants to support local manufacturers.
 Provide subsidies on utilities and raw materials to allow for local manufacturers to be more competitive.

2 Copper cathode manufacturing

In Kingdom value: \$ 1.7 Bn

Key opportunities: Manufacturing of key raw material copper cathodes by casting and treating electrolytically.
 Create casting and electrolytic treatment facilities.
 Attract large foreign players to establish facilities and transfer know-how.
 Expand energy activities and secure raw materials and developing conversion of concentrate to cathodes.

Investment in producing EHV and Specialized cables would result in an NPV of \$87 Mn with payback in 12 years



Scouted for presence of local players across value chain

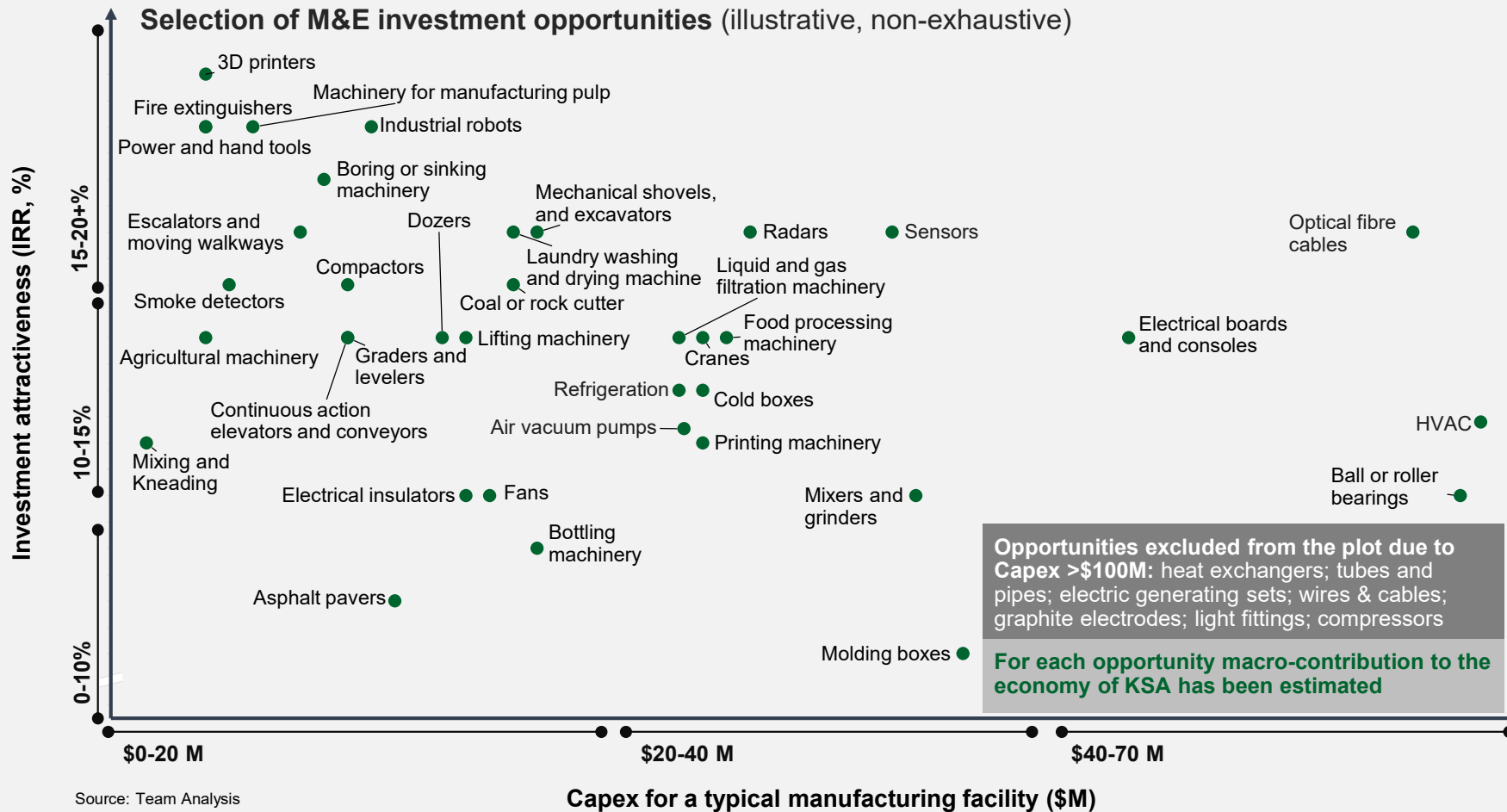
Estimated potential localization value aimed to be captured

Listed strategic opportunities for investment

Calculated financial impact (Capex, Revenue, Net Income, EBITDA, NPV, IRR)



All selected M&E opportunities showcase positive NPV, IRR of greater than 9%, and considerable contribution to the economy of Saudi Arabia



Source: Team Analysis

Summary

Each investment opportunity **generates value** for both Saudi Arabia and potential investor

All identified opportunities showcase **IRR >9%** purely for manufacturing business-case with no incentives assumed

Opportunities have **positive contribution** to Saudi Arabia's development and some of them have a **strategic value**

There are multiple ways how **localization** of Machinery & Equipment can be supported (detailed on the next slides)

Localization of Machinery & Equipment in Saudi Arabia may be supported in one of the two ways



A

Direct participation in investment opportunities that fit your company's investment criteria
(e.g., IRR, GDP, and Jobs contribution, strategic value)



B

Support through long-term agreements with local manufacturers creating local demand
(e.g., support to form agreements with giga mega, and large capital projects)



National Industrial Development Center (NIDC) will work with investors and relevant government agencies to try to resolve challenges and drive the industrialization of Saudi Arabia



Further, there are wide range of incentives available for manufacturers and investors within the industrial ecosystem for deployment

A wide range of incentives to investors

1. Export credit financing, guarantee, and insurance



2. Energy & utilities enablement



3. Financial incentives for R&D



4. Loan programs



5. Custom duty exemption



6. Tax credit and exemption (partial)



7. Employment funding



8. Property solutions



9. Government procurement law



10. Ecosystem stimulus (for SMEs, suppliers)



Some of our investor-centric incentives



Custom duty exemption

Customs duty exemptions for primary raw materials, manufacturing equipment, and spare parts (not available in Saudi Arabia)



Nationalization incentives

Up to 30% (for male) and 40% (for female) of the monthly salaries of Saudi employees to be covered



Repatriation of capital

No restrictions on repatriation of capital



Custom duty drawback

Refund to importers/exporters of raw material imports that are processed in KSA and re-exported as more finished products



Loans

Up to 75% of project financing through soft loan by SIDF



Land incentives

Land for lease starting from \$0.26/sqm



Taxation and premium residency

Corporate tax exemptions through SEZs and specific privileges for Premium Residency holders




Ownership

100% foreign direct ownership allowed

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