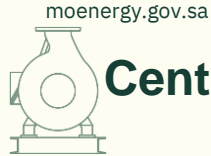


# Centrifugal Pump

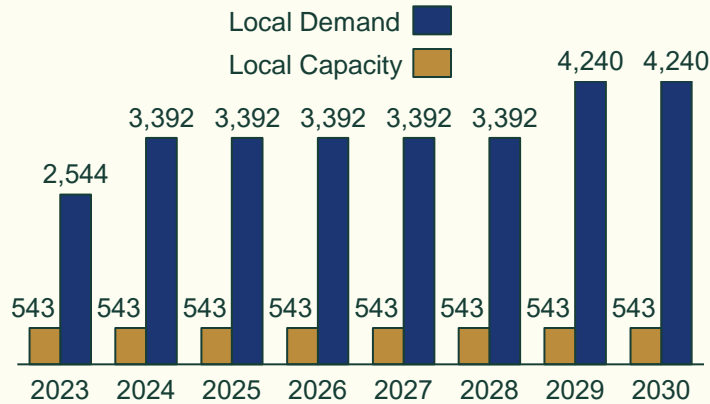
**Opportunity Description:** To set up a Centrifugal Pump manufacturing facility to serve the local and regional demand



# Centrifugal Pump – Opportunity Card (1/2)

**Opportunity Description:** To set up a Centrifugal Pump manufacturing facility to serve the local and regional demand

## KSA Market Size in Units<sub>1</sub>



## Investment Highlights<sub>2</sub>

- Expected Investment: **~\$146 Mn**
- Expected Plant Capacity: **~400 Units**
- Expected Project IRR: **~9%**
- Expected Equity IRR: **~10%**
- Payback Period: **~16 years**
- Expected GDP Impact till 2030: **~\$99 Mn**

## Major Assumption

Centrifugal Pump Average Price	<b>~\$141,000 / Unit</b>
Debt	<b>70%</b>
Interest rate	<b>7%</b>

## Raw Materials

- Cast Iron
- Stainless Steel
- Aluminum
- Bronze
- Ceramics
- Plastics

## Energy Sector Demand Drivers

- Saudi Aramco expanding its crude oil production capacity to 13 million barrels per day (MMB/D) 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 Centrifugal Pump in KSA
- KSA targets increasing their Natural Gas production by 40%

## Other Sectors Demand Drivers

- The demand of centrifugal pumps is affected by the increase in construction and building in KSA as they are used HVAC System, plumbing, fire protection of residential, commercial and industrial buildings

## Value Proposition

- 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



# Centrifugal Pump – Opportunity Card (2/2)

## Import Dependency

- In **2021**, Saudi Arabia imported **\$240M** in centrifugal pumps, becoming the **19th** largest importer of Centrifugal pumps in the world<sub>1</sub>
- Saudi Arabia imports centrifugal pumps primarily from: **China (\$42.9M)**, **Japan (\$36.2M)**, **United States (\$30.3M)**, **Italy (\$19.3M)**, and **United Kingdom (\$16.7M)**<sub>1</sub>

## Localization Potential

Baseline	Target	Contribution*
<b>21%</b>	<b>75%</b>	<b>9%</b>

### Scalability

- 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 centrifugal pumps of varying sizes

## Enablers and 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:

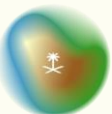
- **SIDF financing up to 75% of CAPEX**
- **HRDF covers monthly salaries of up to 3,000 SAR / employee for Saudi employees**
- **Tax credits for R&D for manufacturers**
- **Custom duty exemption for import of capital goods/machinery** required for setup of facility

## Major Local and International Manufacturers

- Local Manufacturers: ITT, Flowserve
- International Manufacturers: NOV, Schlumberger, Baker Hughes

## Key Stakeholders

وزارة الطاقة  
MINISTRY OF ENERGY



أرامكو السعودية  
saudi aramco



## Value Chain

