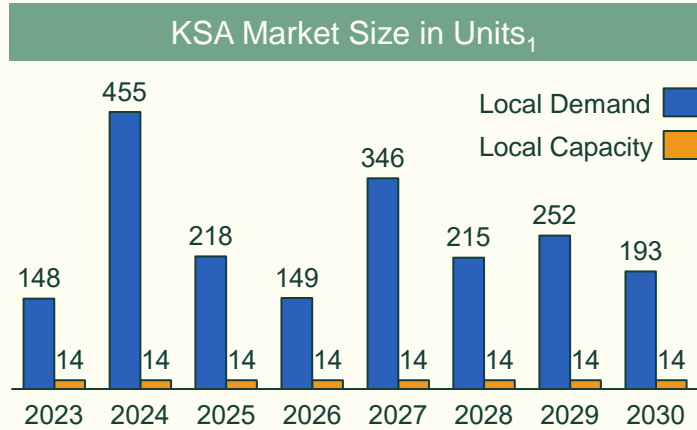


Compressors

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

Compressors – Opportunity Card (1/2)

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



- ### Investment Highlights₂
- Expected Investment: **~\$240 Mn**
 - Expected Plant Capacity: **~40 Units**
 - Expected Project IRR: **~12%**
 - Expected Equity IRR: **~13%**
 - Payback Period: **~13 years**
 - Expected GDP Impact till 2030: **~372 Mn**

Major Assumption

Compressors Price	~\$5.4m / Unit
Debt	70%
Interest rate	7%

Raw Materials

- Cast Iron
- Aluminum
- Steel Aloys
- Thermoplastics

- ### 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 liner hangers in KSA
 - KSA targets increasing their Natural Gas production by 40%

- ### Other Sectors Demand Drivers
- Energy Sector is the main demand driver for Compressors in KSA

- ### Value Proposition
- The government in Saudi Arabia has implemented several policies and initiatives supporting the manufacturing sector, including tax incentives, grants, and financing programs
 - Saudi Arabia has launched four new special economic zones to attract foreign investors offering benefits such as competitive corporate tax rates, exemption from customs duties on imports, and production incentives

Compressors – Opportunity Card (2/2)

Import Dependency

- In **2021**, Saudi Arabia imported **\$157M** in Air or gas compressors, hoods, becoming the **34th** largest importer of Air or gas compressors, hoods in the world₁
- Saudi Arabia imports Air or gas compressors, hoods primarily from: **United States (\$33.4M), China (\$21.9M), South Korea (\$17.8M), Japan (\$15.1M), and India (\$10.9M)**₁

Localization Potential

Baseline	Target	Contribution*
10%	75%	21%

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 compressors for different uses

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: Baker Hughes and Siemens
- International Manufacturers: Schlumberger

Key Stakeholders



Value Chain

