

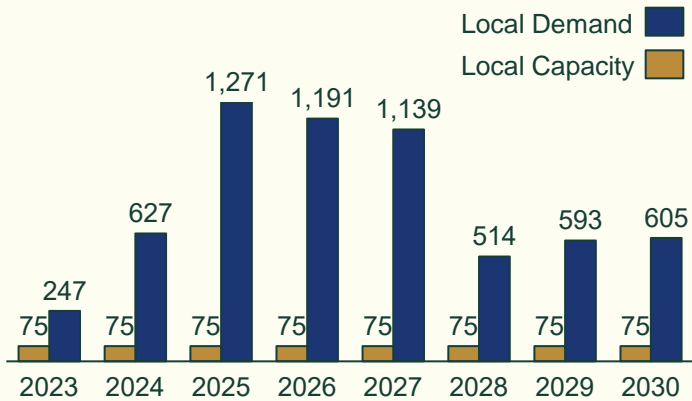
Industrial Valves

Opportunity Description: To set up an Industrial Valves manufacturing facility to serve the local and regional demand

Industrial Valves – Opportunity Card (1/2)

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KSA Market Size in Thousand Units₁



Investment Highlights₂

- Expected Investment: **~\$84 Mn**
- Expected Plant Capacity: **~14,000 Units**
- Expected Project IRR: **~15%**
- Expected Equity IRR: **~19%**
- Payback Period: **~10 years**
- Expected GDP Impact till 2030: **~\$144 Mn**

Major Assumption

Industrial Valves Average Price	~\$5,300 / Unit
Debt	70%
Interest rate	7%

Raw Materials

- Carbon Steel
- Stainless Steel
- Plastics
- Ceramics
- Elastomers
- Composites

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 Industrial Valves in KSA
- KSA targets increasing their Natural Gas production by 40%

Other Sectors Demand Drivers

- Market demand is fueled by the increase in manufacturing and processing in the kingdom where industrial valves are used.

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

Industrial Valves – Opportunity Card (2/2)

Import Dependency

- In **2021**, Saudi Arabia imported **\$1.63B** in Valves, becoming the **17th** largest importer of Valves in the world₁
- At the same year, Valves was the 12th most imported product in Saudi Arabia. Saudi Arabia imports Valves primarily from: **Italy (\$424M)**, **China (\$225M)**, **United Arab Emirates (\$173M)**, **Germany (\$158M)**, and **United States (\$150M)**₁

Localization Potential

Baseline	Target	Contribution*
30%	75%	2%

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 industrial valves 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: AVK Group, Flowserve
- International Manufacturers: Schlumberger, Baker Hughes, Weatherford

Key Stakeholders



Value Chain

