

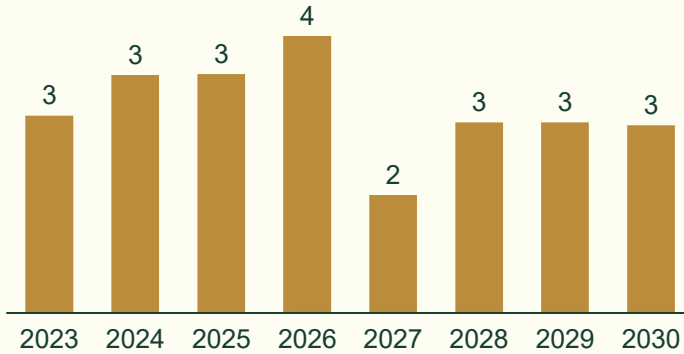
Insulator

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

Overhead Insulators – Opportunity Card (1/2)

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KSA Market Size in Million Units



Investment Highlights₂

- Expected Investment: **~\$287 Mn**
- Expected Plant Capacity: **~1,000,000 units**
- Expected Project IRR: **~12%**
- Expected Equity IRR: **~13.9%**
- Payback Period: **~13 years**
- Expected GDP Impact till 2030: **~\$269 Mn**
- Location: **Jubail, Yanbu or Ras Al-Khair**

Major Assumption

Power Generator Average Price	~\$130 / Unit
Debt	70%
Interest rate	7%

Raw Materials

- Steel
- Silicon Rubber
- Glass Fiber Reinforced Resin Rod

Energy Sector Demand Drivers

- The power sector is experiencing significant growth with giga projects like the Jouf Extra High Voltage Overhead Transmission Lines (EHV OHTL), Qassim EHV OHTL, Riyadh EHV OHTL, and Tabuk EHV OHTL. As these EHV OHTLs are established and expanded across regions, the crucial requirement for high-quality overhead insulators becomes increasingly evident.

Other Sectors Demand Drivers

- The demand for overhead insulators in various sectors is influenced by factors such as increased infrastructure development, grid expansion, and the growth of renewable energy projects, all of which require reliable electrical transmission and distribution systems.

Value Proposition

- Saudi Arabia's strategic location at the crossroads of Asia, Africa, and Europe serves as a pivotal link between three continents, positioning it as a global gateway for trade, investment, and connectivity.
- 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

Overhead Insulators – Opportunity Card (2/2)

Import Dependency

- In **2021**, Saudi Arabia imported **\$90.5M** in Electrical Insulators, becoming the **4th** largest importer of Electric Generating Sets in the world₁
- Saudi Arabia imports Electrical Insulators primarily from: **Germany (\$21.8M)**, **Italy (\$14.4M)**, **Russia (\$10.3M)**, **South Korea (\$9.17M)**, and **United Arab Emirates (\$8.41M)**₁

Localization Potential

Baseline	Target	Contribution*
0%	75%	33%

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 products, such as arresters.

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: N/A
- International Manufacturers: NGK LOCKE, Ltd, Hubbell Power Systems, ABB Ltd

Key Stakeholders



Value Chain

