

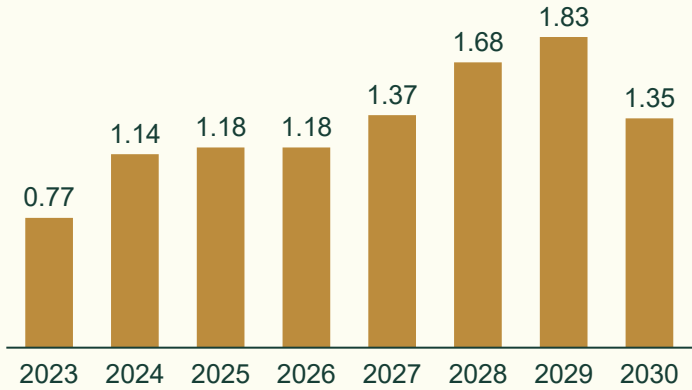
Inverters

Opportunity Description: To set up an Electric Inverters manufacturing facility to serve the future local and regional demand

Inverters – Opportunity Card (1/2)

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KSA Market Size in \$B₁



Investment Highlights

- Expected Investment: **\$70 Mn**
- Plant capacity: **1.5 GW / year**
- Expected Project IRR: **~19%**
- Expected Equity IRR: **~27%**
- Payback period: **~7 years**
- Expected GDP Impact till 2030: **\$282 Mn**

Major Assumption

3KW Price	400 USD/ Unit
15KW Price	6,500 USD/ Unit
Debt	70%

Raw Materials and Components

- Capacitors
- Power Supply
- Power Block
- Surge Protectors
- AC & DC Circuit Breaker
- Sensors

Energy Sector Demand Drivers₁

- Demand of Inverters is driven mainly by the upcoming renewable energy giga projects like:
 - Shuaibah 2
 - Ar Rass 2
 - Al Sedawi
 - Neom

Other Sectors Demand Drivers

- The increasing adoption of Electrical vehicles in KSA and the GCC region is driving the demand for inverters
- Rapid Industrial Growth and Infrastructure Development in Saudi Arabia is driving the demand for inverters as inverters are widely used in these industries for motor control, HVAC systems, and other applications

Value Proposition

- The government in Saudi Arabia has implemented several policies and initiatives supporting the manufacturing sector, including tax incentives, grants, and financing programs
- The Kingdom has the capabilities and relevant industries that support the localization of inverters



Inverters – Opportunity Card (2/2)

Import Dependency

- In 2021, Saudi Arabia imported **\$336M in ‘Static converters, nes’**, becoming the **39th** largest importer of Static converters, nes in the world.¹
- Saudi Arabia imports Static converters, nes primarily from: **China (\$104M), United Arab Emirates (\$85.7M), United States (\$23.6M), Italy (\$18.4M), and Germany (\$17.9M).**¹

Localization Potential

Baseline	Target	Contribution*
X%	75%	6.7%

Scalability Opportunities

- Diversifying products and services range by offering solar panels, complete renewable energy systems with their maintenance and support services
- Expand the business and export to the GCC region

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: Alfanar, MEMF, Electrical Industries Co., APEC
- International Manufacturers: Sungrow, Huawei and Ginlong

Key Stakeholders



Value Chain

