

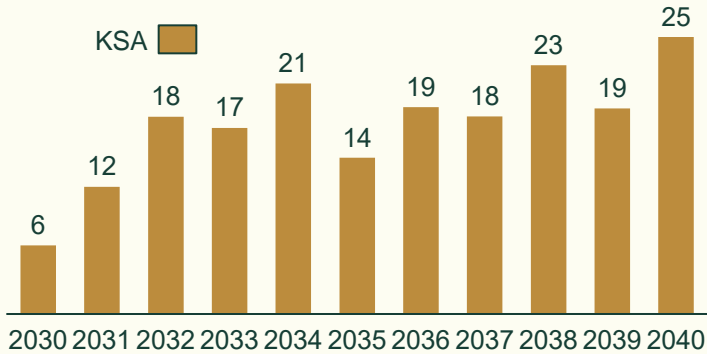
Submarine Cable

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

Submarine Cable – Opportunity Card (1/2)

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KSA Demand in Thousand Km ₁



* There is currently no local production capacity for HV and EHV Cables

Investment Highlights₂

- Expected Investment: **\$242 Mn**
- Plant capacity: **~1,300 Km / year**
- Expected Project IRR: **~22%**
- Expected Equity IRR: **~32%**
- Payback period: **6 years**
- Expected GDP Impact till 2030: **\$1,472 Mn**

Major Assumption

Submarine Cable Price ₃	~\$745 thousand/ Km
Debt	70%
Interest Rate	7%

Raw Materials and Components

- Copper or Aluminum Conductor
- Insulation Material
- Semiconductor
- Lead and Plastic Sheath
- Armor Layers (steel wires)

Energy Sector Demand Drivers

- KSA upcoming offshore drilling plans along with the offshore wind farm plans are the main energy-sector drivers for submarine cables demand

Other Sectors Demand Drivers

- Submarine cables are expected to grow with the increase of cloud adoption, and growth of demand on digital content/ services, especially that it is driven by the hyper scalers
- Increasing demand on digital service with limited supply allow Saudi companies to be the main services providers for connectivity and DC services in Africa

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 high demand in submarine cables driven by the energy sector giga projects planned
- The geographical location of Saudi Arabia is very attractive for submarine cables projects, especially those are targeting a redundant path to Europe



Submarine Cable – Opportunity Card (2/2)

Import Dependency

- In **2021**, Saudi Arabia imported **\$51.1M in Optical fibers and cables**, becoming the **39th largest importer** of Optical fibers and cables in the world.¹
- Saudi Arabia imports Optical fibers and cables primarily from: **China (\$15.5M)**, **Netherlands (\$7.46M)**, **United Arab Emirates (\$5.79M)**, **Poland (\$3.17M)**, and **United Kingdom (\$3M)**.

Localization Potential

Baseline	Target	Contribution*
0%	75%	22%

Scalability Opportunities

- Offer comprehensive after-sales services, including cable installation support, maintenance, and repair 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

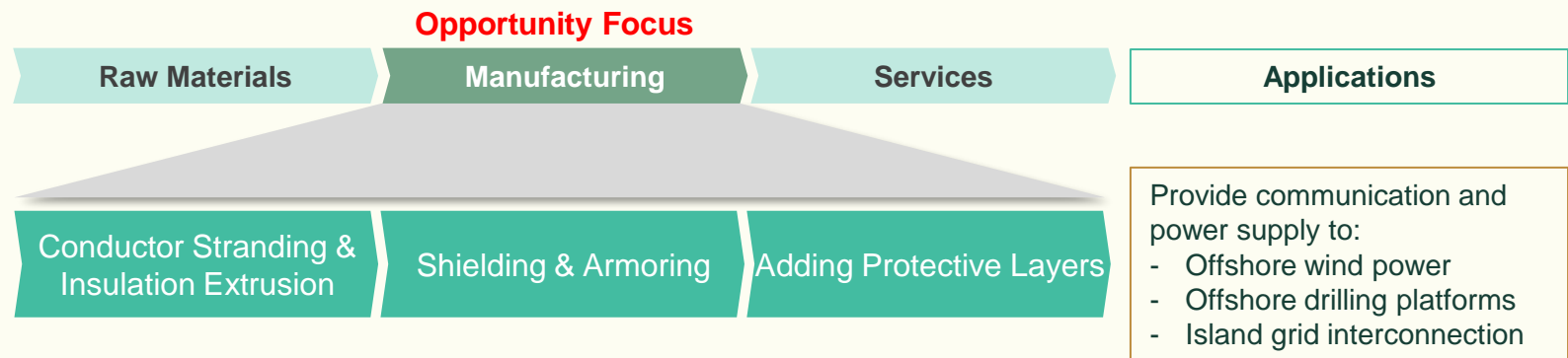
Major Local and International Manufacturers

- Local Manufacturers: J-Power Systems Saudi Co*
- International Manufacturers: Nexans, LS Cable & System, Sumitomo Electric, Prysmian Group, ZMS Cable

Key Stakeholders



Value Chain



- Provide communication and power supply to:
- Offshore wind power
 - Offshore drilling platforms
 - Island grid interconnection