

Development of Data Centers Infrastructure

INVESTMENT OPPORTUNITY

ICT

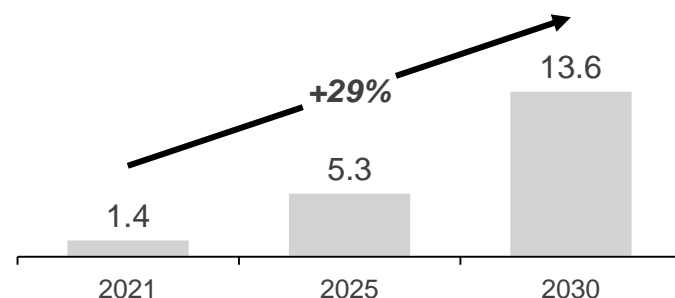


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OPPORTUNITY'S DESCRIPTION: Development of data center infrastructure in KSA

DEMAND

KSA Market size, SAR Bn



INVESTMENT HIGHLIGHTS

- Additional 1,000 MW+ capacity targeted to meet demand ramp up in KSA and serve unmet regional demand
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)
- Attractive equity IRR of 20-25% expected
- Expected Investment size 1700 Bn SAR

INVESTMENT OVERVIEW

VALUE PROPOSITION

- Government is leading comprehensive digitization strategy of KSA and is focusing on development of KSA as a digital hub (including cloud strategy) with DC as a core asset
- Mega projects such as NEOM and smart cities offer first mover advantage into prosperous future opportunities that will rely heavily on data driven by AI and IoT technology

KEY DEMAND DRIVERS

- \$500 bn+ investments in digital projects that require DCs to meet data needs
- Huge KSA investments in Industry 4.0 will generate above average GCC market demand
- Increasing preference and demand from companies for computing and storage capacity
- 5 G rollout in KSA to accelerate IoT market

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Multiple local players currently serve the market
- Part of local demand is met by DCs outside KSA (need to boost local supply)
- Multiple global players have entered the market through partnerships

GLOBAL TRENDS

- Rising criticality of uptime as the world becomes more dependent on IT services
- Need for upgrades to meet metaverse needs
- Sustainability to be imperative for the DCs
- Exponential improvement in processing power



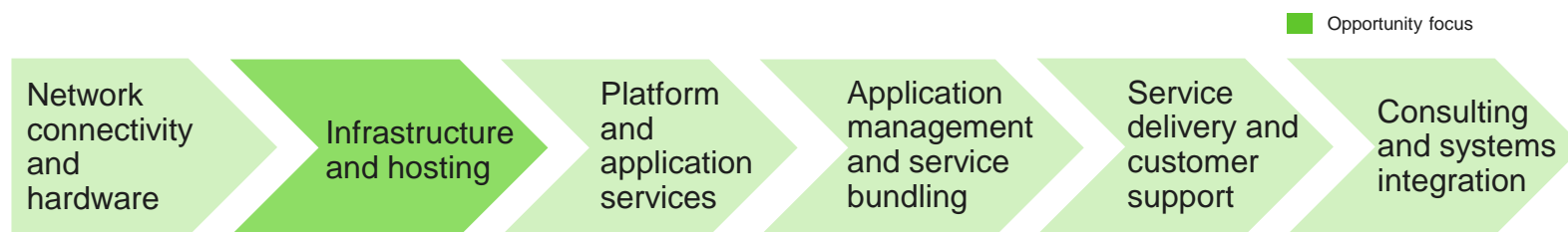
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SUPPLY

SCALABILITY AND LOCALIZATION

- KSA offers good infrastructure and customer base with potential scalability to neighboring markets
- KSA's strategic location will allow players to serve larger MENA market and ramp up product portfolio
- Data centers can enable extension into cloud (IaaS, PaaS and SaaS) offerings through partnership or solution design

ECOSYSTEM ANALYSIS



KEY STAKEHOLDERS



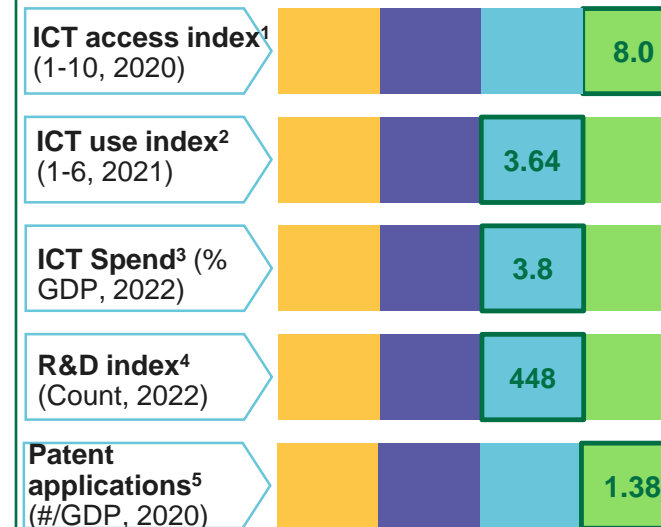
ENABLING FACTORS

ENABLERS

- MODON offers admin support and subsidized lands
- MoF & SIDF offer financing support
- Discounted power tariff for DCs (18H/kWh)
- HRDF subsidizes labor cost for Saudi nationals employed in the DC

COST OF DOING BUSINESS IN KSA

Factor Ranking Amongst Regional Peers



DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Business drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Global trends	Latest business developments within the sector/product category
7	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
8	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	Enablers	Factors that enable investment in the underlying opportunity
12	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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