

# DIRECTIONAL DRILLING

## INVESTMENT OPPORTUNITY SCORECARD

### INDUSTRIAL EQUIPMENT

AUGUST 2021



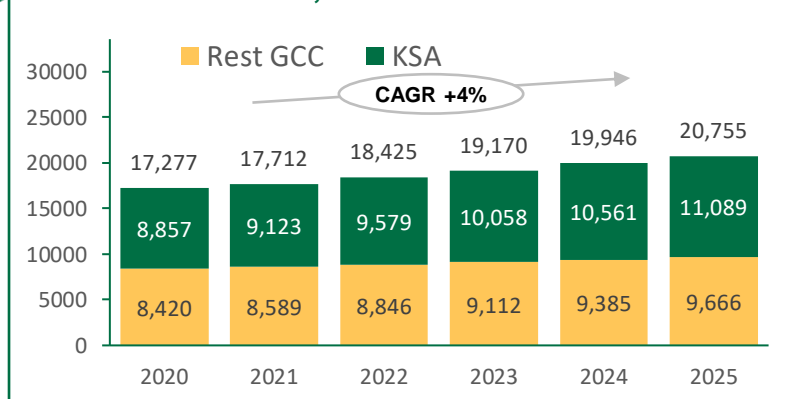
# INDUSTRIAL EQUIPMENT DIRECTIONAL DRILLING

**OPPORTUNITY'S DESCRIPTION:** Establish a service center of Directional Drilling.

## DEMAND

## INVESTMENT OVERVIEW

### MARKET SIZE, TOTAL RUNS



### INVESTMENT HIGHLIGHTS

- Establish a precision machine shop to manufacture Directional Drilling components.
- Establish a training center to serve the GCC region.
- Establish a Directional Drilling service center to develop support for KSA requirements.

### VALUE PROPOSITION

- Directional Drilling represents an attractive localization opportunity given the current service intensity and expected growth.
- Attractive cost base including low logistics, land, utilities, and labor costs.
- Currently, total KSA demand of Directional Drilling equipment is imported.
- Directional Drilling demand is driven by the upstream activities in the region.
- Strong oil and gas production activities is expected to fuel growth in Directional Drilling.
- In addition to KSA demand, oil and gas industry activities in the rest of the GCC will support demand growth.

### KEY DEMAND DRIVERS

- Directional Drilling demand in KSA has been growing and is estimated to be ~8,650 runs in 2019.
- The current market for Directional Drilling in KSA is estimated at \$900MM and the rest of the GCC is estimated at \$800MM.
- Forecasted ~4% annual growth in the regional Directional Drilling market until 2025.
- The demand for Directional Drilling in KSA is expected to reach ~11,100 runs by 2025.
- The demand for Directional Drilling in the GCC is expected to reach ~20,700 runs by 2025.

## MARKET OVERVIEW

### COMPETITOR ANALYSIS

- NONE

### GLOBAL TRENDS

- The global horizontal directional drilling market size is estimated to reach USD 14.86 billion by 2028, expanding at an estimated CAGR of 6.7% from 2021 to 2028.
- Advances in technology allowing for offshore deep water drilling

# 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	Demand 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	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	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
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	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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