

Public / متاح

Electrical Inverters

INVESTMENT OPPORTUNITY

Energy Sector

INVEST
SAUDI 



Renewable Energy

Electrical Inverters

Public / متاح

High Potential

Moderate Potential

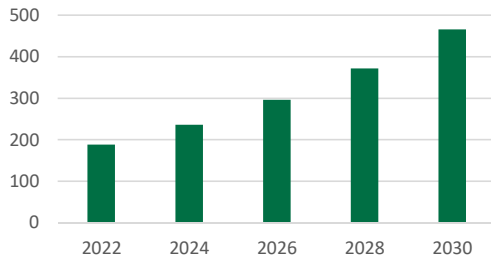
Low Potential

OPPORTUNITY DESCRIPTION: To set up a manufacturing facility to produce solar inverters with a capacity of 3GW per annum to serve the local and regional demand.

DEMAND

MARKET SIZE, USD

Forecasted Global Solar PV Market (GW) ¹



INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 364 M
- Plant capacity: 3 GW
- Expected IRR: 12% (with available incentives)
- Payback period: 5-6 Years
- Job Creation: 2,849
- GDP Impact %: 0.63% by 2037
- Location (Region): TBD

INVESTMENT OVERVIEW

VALUE PROPOSITION

- Solar inverters are a critical component in solar power plants and constitute a vulnerability and business continuity risk.
- The Kingdom has the capabilities and relevant industries that support the localization of inverters.

KEY DEMAND DRIVERS

- Kingdom commitments to achieve energy mix with 50% sourced from renewables by 2030.
- KSA's ambitious target to achieve 75% localization of all energy sectors by 2030.
- KSA regulations for small scale and self consumption of renewable energy.

GLOBAL TRENDS

- Solar project capacity in 2021 reached 167.8 GW¹
- Demand projections are expected to grow at an annual YoY 10% to reach more than 450 GW by 2030²
- Decarbonization and net zero neutrality targets
- The EU accelerated development plan of solar energy projects.

MARKET OVERVIEW

RAW MATERIALS

- PCB's and circuit breakers
- Transformers
- Power cords
- Distribution board
- Structural frames and panels

Note: 30-45% of the materials can be sourced locally³.

Source: (1) SolarPower Europe 2022, (2) IHS Markit, Q3 2022. (3) MoEnergy's local industry analysis.



SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- An estimated annual demand of 4-6 GW a year offers an opportunity to scaling up and vertically integrating the supply chain.
- The project will source electrical components like transformers, metal enclosures and wiring from the local market. However, other components will be imported as the local supply chain is being developed.

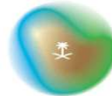
IMPORT DEPENDENCY

- Currently 100% of the inverters are imported.

VALUE CHAIN



KEY STAKEHOLDERS



ENABLING FACTORS

ENABLERS & INCENTIVES

The investment opportunity is assumed to consider the publicly available incentives

- SIDF financing up to 75%
- HRDF (3,000 SAR/Employee)
- Worker Salary support (3000/month)
- custom duty exemptions on raw material

COST OF DOING BUSINESS IN KSA

Factor	Ranking amongst regionalpeers
Electricity tariffs for industrial players	\$48 /MWh
Productivity adjusted wages	\$3.3 /hour
Logistics Performance Index (1-5)	3.2
Construction Costs (Indexed to US, % 0 is cheapest)	74
Ease of getting credit (0-100)	50

Bottom 25% Top 75% Top 50% Top 25%



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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