

BIOPHARMA PRODUCTS MANUFACTURING

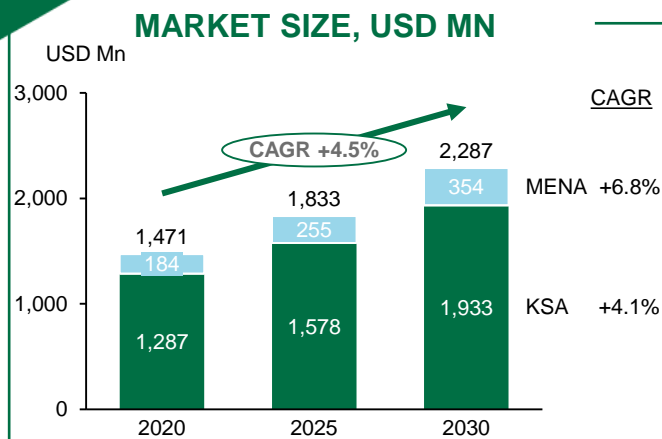
INVESTMENT OPPORTUNITY SCORECARD

HEALTHCARE AND LIFE SCIENCES

MAY 2021

OPPORTUNITY'S DESCRIPTION: Establish and operate a biopharma products manufacturing site in KSA to cater local and regional demand

DEMAND



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected investment size: ~USD 222 Mn
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)
- Guaranteed offtake agreement by the government of KSA

VALUE PROPOSITION

- Recent FDI measures such as 100% foreign direct ownership to motivate private sector participation in KSA healthcare sector
- The National Transformation Plan aims to localize 40% of the pharmaceutical sector in KSA and reduce current high import dependency for key products
- KSA pharmaceutical sector vision is to accelerate the growth of the local manufacturing cluster and transition into products with higher complexity, with focus on products that are important for national security, to become leading manufacturer and innovator in MENA region
- Capitalize upon strong foundation of healthcare sector through well established ecosystem and incentive schemes for foreign entities entering local market

KEY DEMAND DRIVERS

- Rising prevalence of chronic diseases and the increasing geriatric population in the Kingdom are some of the major demand drivers for biopharma products
- Two major factors that have positively influenced the growth of the biopharma industry are the overall GDP growth and the affordability of health care products and services
- Demand for drugs is projected to increase as the population ages, new pathogenic conditions are diagnosed, and personalized treatment regimen comes to the fore
- Increases in life expectancy, changes in social lifestyles and environmental changes are leading to new and attractive opportunities for biopharma manufacturers

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- KSA pharmaceutical manufacturing is in early stages of development and characterized by absence of any local/global manufacturer in the biopharma sector
- New market entrant can leverage investment benefits of a typical green field opportunity
- Biopharma products with highest demand in KSA are human insulins and sclerosis products
- KSA has a portfolio of untapped biological molecules that could be produced locally

GLOBAL TRENDS

- Biopharma manufacturers are increasingly adopting trends like artificial intelligence (AI), data analytics, and automation to optimize production
- While the industry largely still focuses on medicine, startups are working on solutions ranging from food and materials to environmental monitoring
- The Covid-19 induced pandemic highlighted the far-reaching impact of the biopharma industry, with startups and companies alike developing rapid testing kits, repurposed drugs, and vaccines



HEALTHCARE AND LIFE SCIENCES BIOPHARMA PRODUCTS MANUFACTURING

Public / متاح

SUPPLY

SCALABILITY AND LOCALIZATION

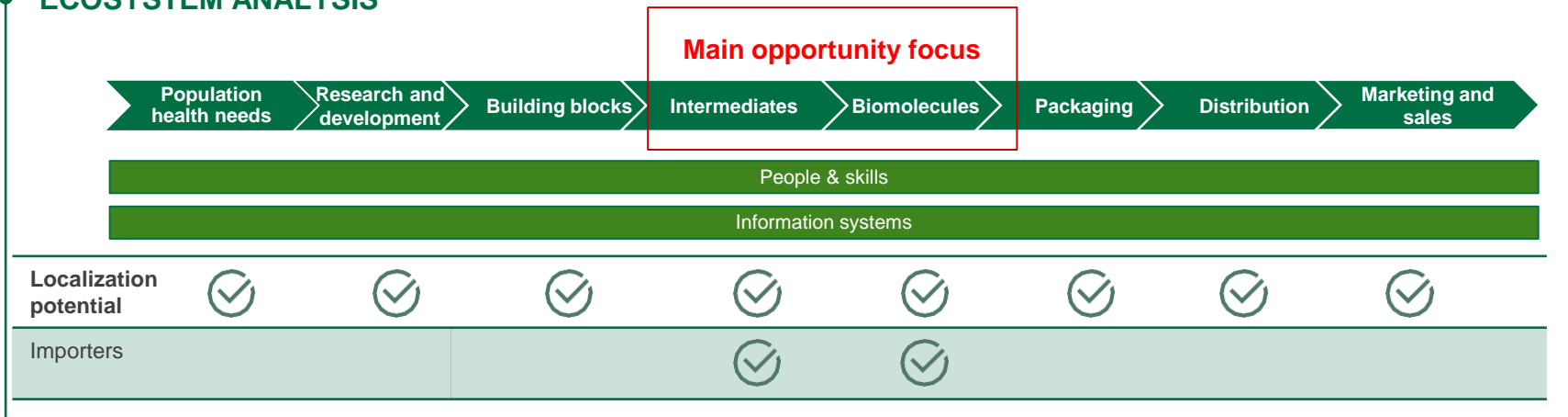
Grade: Low Medium High

- Localization is possible due to the availability of chemicals needed – from SABIC and Aramco
- Ability to serve large unmet local demand and further expand geographical footprint by leveraging KSA's geographical advantage and trade agreements with neighboring countries creating favorable export ecosystem
- Low cost of construction, labor wages, utility fees combined with availability of trained resources to support low capital and operating expense for the investor and maximize investment returns

IMPORT DEPENDENCY

- Currently KSA imports all its biological molecules making the Kingdom 100% import dependent

ECOSYSTEM ANALYSIS



KEY STAKEHOLDERS



INVEST SAUDI Sources for Cost of Doing Business: EIU, World Bank

ENABLING FACTORS

ENABLERS

- Up to 50% tax credit on Saudi national worker's payroll and training cost for 10 years
- HRDF covers monthly salaries for 30-50% of Saudi employees (extra 10% for females) for 2 years, provided it does not exceed USD 4,000
- On-the-job training program for Saudi nationals under Tamheer program

COST OF DOING BUSINESS IN KSA

Factor	Ranking Amongst Regional Peers
Ease of getting credit (0 – 100)	50
Electricity tariffs for industrial players	\$48 /MWh
Productivity adjusted wages	\$3.3 /hour
Logistics Performance Index (1 – 5)	3.2
Customs Clearance Index (1 – 5)	2.7

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	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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