

Liquid and Gas Filtration machinery (*Wave 2*)

INVESTMENT OPPORTUNITY

Machinery and Equipment



Machinery and Equipment

Liquid and Gas Filtration machinery

Public / متاح

High Potential

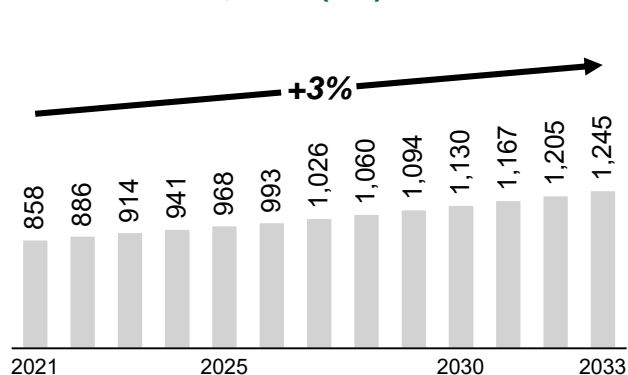
Moderate Potential

Low Potential

OPPORTUNITY DESCRIPTION: Attract leading global players to setup liquid and gas filtration machinery manufacturing base in KSA

DEMAND

MARKET SIZE, USD (Mn)



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected Investment size of USD : \$25 Mn
- Plant capacity: 140 units/year
- Expected IRR: 15%
- Payback period: 13 years
- Job Creation: 2,080
- GDP Impact: \$80 Mn
- Location (Region): Saudi Arabia

VALUE PROPOSITION

- Filtration machinery in 2022 is \$4.6 Bn MEA market and \$ 860 Mn KSA market
- High imports present an opportunity to grow local manufacturing share from 24% to 63% by 2030 and substitute foreign imports

KEY DEMAND DRIVERS

- Rising population and rapid urbanization accelerate the demand for municipal water filtration and wastewater discharge
- Main industry driving the growth of gas filtration machinery is oil and gas industry
- Main projects: NEOM city, Ajyal Residential Development, Red sea tourism project, AlKhubar desalination plant, Aramco hydrocarbons processing facilities, Jafurah gas field, Marjan Offshore Oil Field Expansion, and others

RAW MATERIALS - COMPONENTS

- Steel**
 - SS304 stainless steel
 - SS316 stainless steel
 - Duplex stainless steel
 - Super duplex stainless steel
 - Carbon steel
- Filter media**
- Other**
 - Plastic
 - Quartz glass

MARKET OVERVIEW

GLOBAL TRENDS

- Filtration machinery in 2022 is \$89 Bn global market
- R&D trends in nanotechnology
- Reverse osmosis filters are common in biopharmaceutical industry requiring sterility and zero risk of contamination
- Microelectronics manufacturing requires clean fluid streams and no contaminants in air due to their complexity and size



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Matured Product¹

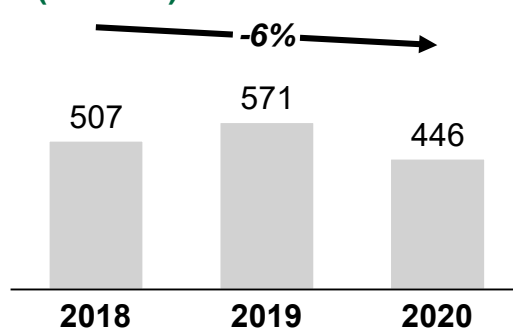
SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Availability of existing skillsets and workforce
- Competitive landscape for existing producers
- Select availability resources and materials throughout the supply chain; some components are available in KSA

IMPORT DEPENDENCY (USD Mn)

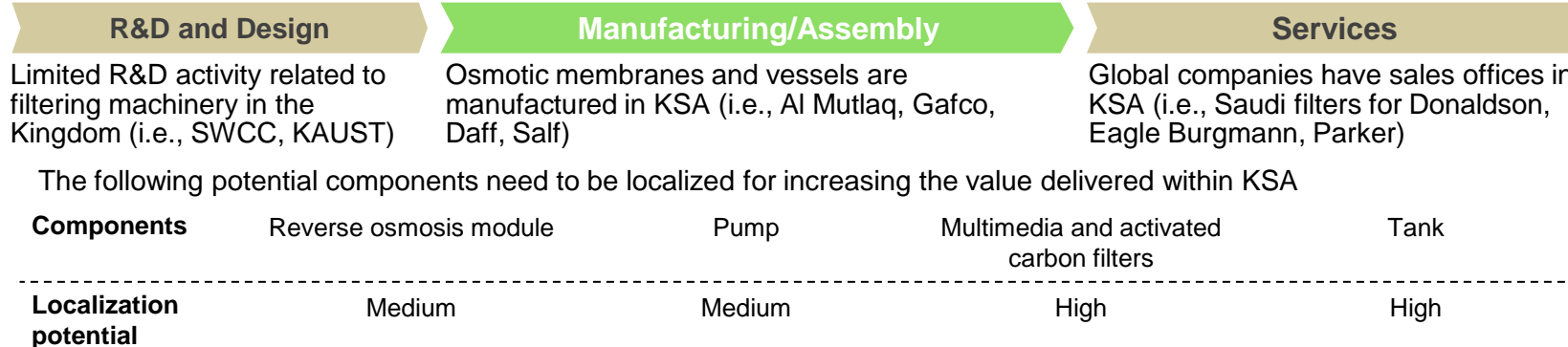


ENABLING FACTORS

ENABLERS & INCENTIVES

- Duty exemptions on imported raw materials/ components.
- Provide demand visibility by aggregating forecasted demand from NCs
- Restrict bids from international suppliers where local manufacturing exists for matured industries.

VALUE CHAIN



COST OF DOING BUSINESS IN KSA

Factor	Ranking amongst regional peers
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)	2.7
Ease of getting credit (0-100)	50

KEY STAKEHOLDERS



Matured product is chosen from one of the four opportunity life cycle stages of this M&E product [4 lifecycle stages are: Introductory; Growth; Matured; Decline]

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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