



وزارة الاستثمار
Ministry of Investment

Water Investment Opportunities

Investor promotion pack –
Local manufacturing of smart meters

Riyadh, March 2022

Manufacturing smart meters in KSA – Overview & value proposition

Opportunity overview

Set up a ~300,000 units p.a. manufacturing plant for water meters to reduce water leakages across the network, with potential to address regional markets

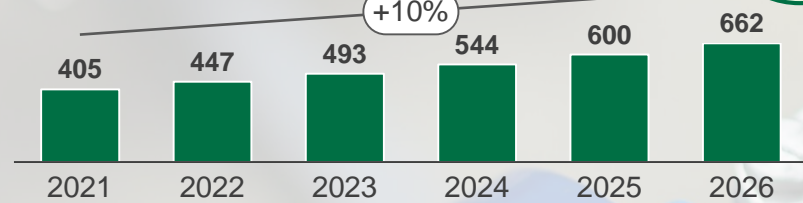


Manufacturing smart water meters in KSA – Market outlook

Value chain

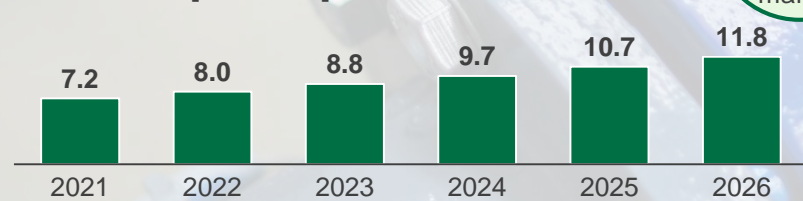


GCC¹⁾²⁾³⁾ smart water meter market potential, 2021-2026 [USD m]



KSA market c.45% of GCC market

Global²⁾³⁾ smart water meter market potential, 2021-2026 [USD bn]



MENA market c.8% of global market

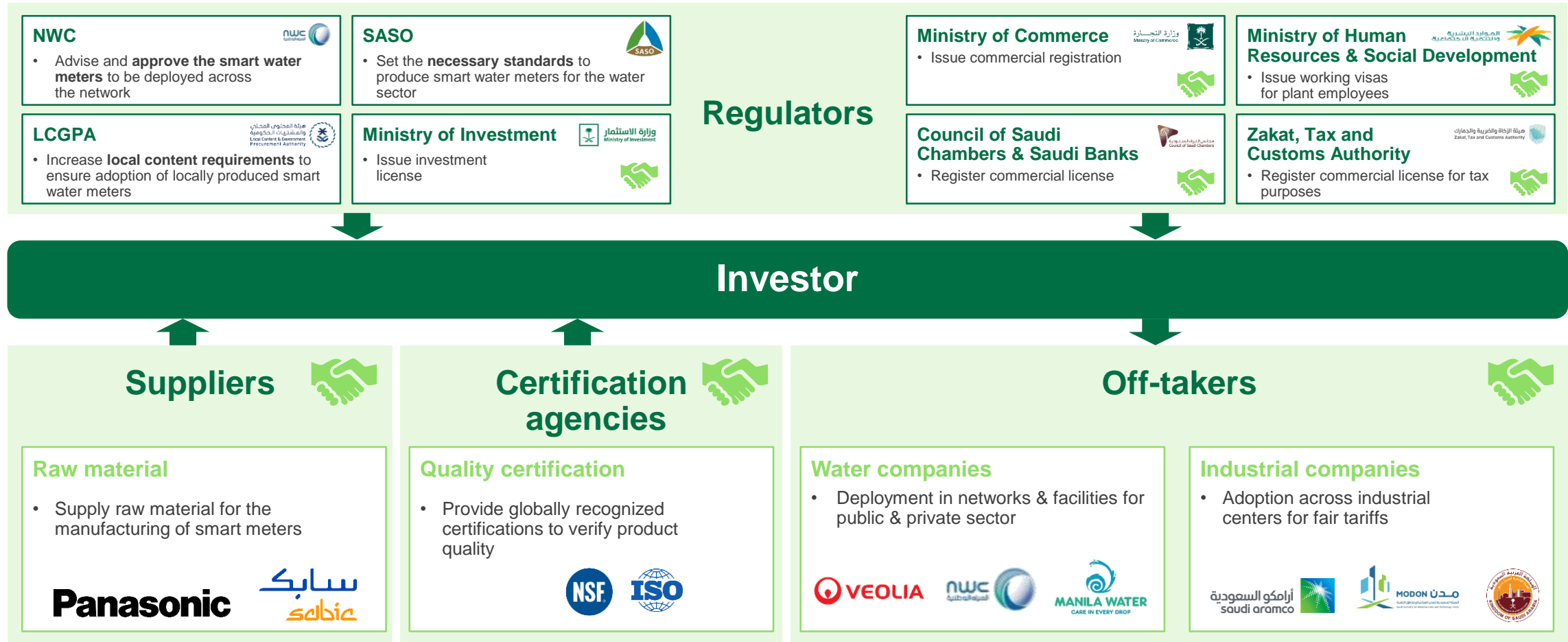
Local market drivers

- 1 Target to reduce water network leakages to 15% by 2030
- 2 Efforts to reduce water consumption per capita through water meter adoption
- 3 Expansion in transmission and distribution networks amounting to SAR 124 bn
- 4 Ambition to re-use 90% of wastewater by 2040, across the kingdom
- 5 Similar growth observed in regional markets and potential for exports

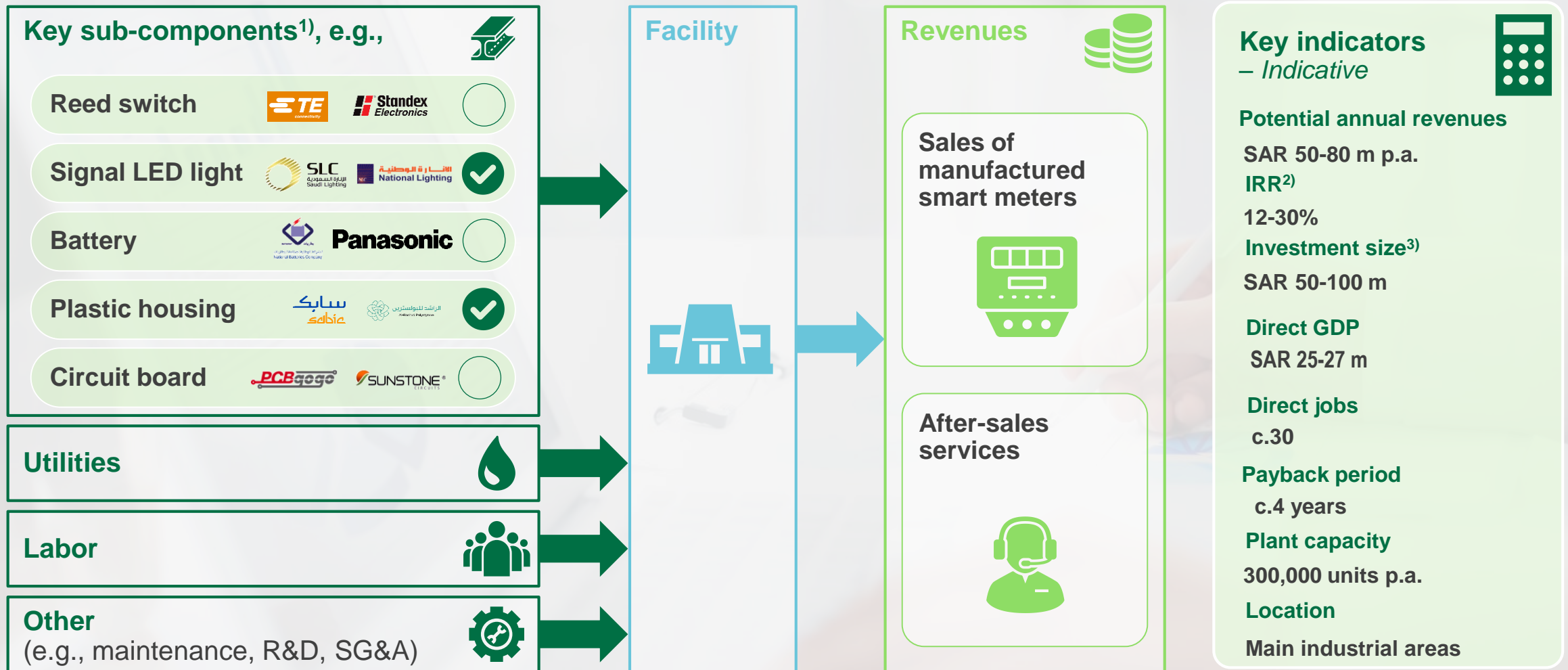
Global market trends

- 1 Global shift towards the localization of crucial equipment in the water sector to achieve localization targets
- 2 Global shift to limit leakages pushing for the installation of accurate smart water meters
- 3 Global trend towards sector sustainability through the reduction of water consumption per capita

Manufacturing smart water meters in KSA – Stakeholder ecosystem




Manufacturing smart meters in KSA – Business model & financials



Manufacturing smart water meters in KSA – Enablers & incentives

Existing enablers & incentives

Financial	Facility¹⁾  <ul style="list-style-type: none"> • Competitive land costs relative to other countries • Provision of soft loans through SIDF – up to 75% of project financing 
	Equipment  <ul style="list-style-type: none"> • Customs duty exemption for machines used for certain manufacturing processes 
	Utilities²⁾  <ul style="list-style-type: none"> • Low power and water costs set for industrial cities 
	Labor  <ul style="list-style-type: none"> • Nationalization incentives set; HRDF covers a share of the salary • Facilitative procedures³⁾ for foreigners with specialized skills 
Non-financial	Imports  <ul style="list-style-type: none"> • Refund to importers/ exporters that import and then export more finished products 
	Exports  <ul style="list-style-type: none"> • Trade agreements with multiple countries and organizations (e.g., GAFTA, European Free-Trade Agreement) 

Additional MISA support

-  Facilitate the **registration process** of companies in KSA
-  **Establish connection** with local suppliers / importers of raw materials
-  **Introduce investor to relevant public stakeholders**

Additional enablers and incentives can be discussed with MISA on case-by-case basis

Local manufacturing of smart meters – Cost of Doing Business



- 1 Electricity tariffs for industrial players
 - USD 48/MWh
- 2 Productivity adjusted wages
 - USD 3.3/hour
- 3 Logistics Performance Index (1-5)
 - 3.2
- 4 Construction Costs (Indexed to US, % 0 is cheapest)
 - 74
- 5 Ease of getting credit (0-100)
 - 50

Manufacturing smart water meters in KSA – Next steps

Phase 1: Initiation

- Submit expression of interest concerning the opportunity to MISA.
- Discuss with MISA the opportunity and organize site visit
- Communicate with involved entities (off-takers, feedstock providers, partners, etc.)
- Conduct pre-feasibility study and due-diligence before final investment decision
- Secure enablers and incentives
- Secure MISA investment license



Phase 2: Set up license requirements

- Secure commercial registration from Ministry of Commerce
- Secure working visas and labor working files from Ministry of Human Resources & Social Development & Ministry of Internal Affairs
 - Register at the Council of Saudi Chambers
 - Register at Saudi Banks
 - Register at Zakat, Tax and Customs Authority

Phase 4: Launch production

- Initiate production of smart meters and monitor its market performance
- Adjust to market demand and ramp-up production output to achieve targeted utilization

Expected in 2024-26



Execution steps

Phase 3: Set foundation

- Conduct due-diligence to build capabilities (e.g., locate appropriate land plot, initiate the recruitment of manpower)
- Build manufacturing plant and purchase equipment


Recommended project type


Private investment

JV w/ local company

PPP

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