

PRECISION MACHINING

INVESTMENT OPPORTUNITY SCORECARD

INDUSTRIAL EQUIPMENT

AUGUST 2021

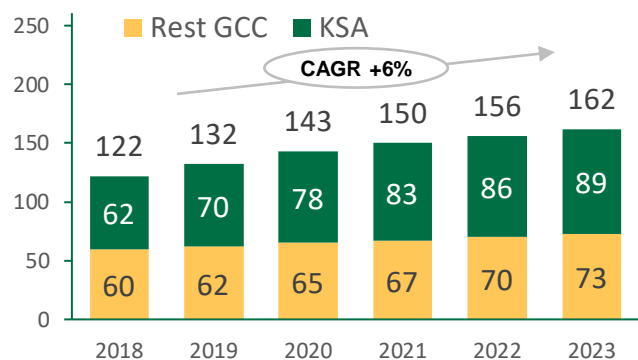


INDUSTRIAL EQUIPMENT PRECISION MACHINING

OPPORTUNITY'S DESCRIPTION: Establish a precision machining facility

DEMAND

MARKET SIZE (Wellhead), \$ MM



INVESTMENT HIGHLIGHTS

- Establish a precision machining facility to server multiple industries
- Provide services such as engineering, revers-engineering

INVESTMENT OVERVIEW

VALUE PROPOSITION

- Precision machining represents an attractive localization opportunity given the current supply gap and expected demand growth.
- Import replacement: to deliver on the Kingdom target on local content. Competitiveness of the incentive package with other countries
- Attractive cost base including low logistics, land, utilities, and labor costs.
- Currently, majority of precision machining for wellhead equipment is performed out-of-Kingdom.
- Precision machining for wellhead equipment demand is driven by the upstream activity in the region.

KEY DEMAND DRIVERS

- Current KSA demand for wellhead equipment precision machining is estimated at ~\$57MM per year.
- Forecasted ~6% annual growth in the regional precision machining market until 2023.
- The demand for precision machining for wellhead equipment in KSA is expected to reach \$89 MM by 2023.
- The demand for precision machining of wellhead equipment in GCC is expected to reach ~ \$162 MM by 2023.
- Rise in localization of products and value chains

MARKET OVERVIEW

COMPETITOR ANALYSIS

- None

GLOBAL TRENDS

- More conventional machines will be replaced by CNC technology to improve output and precision, owing to the stringent requirement from the end-users.
- The growth in the global motion control market has triggered substantial demand for motion control products, particularly in the robotics, electronics assembly, semiconductor, machine tools, and renewable energy sectors. Simplified machine design has been made possible through advances in control components.

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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