

PROSTHETICS

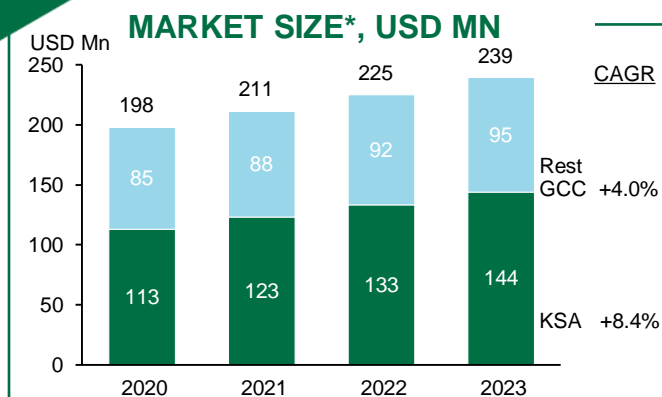
INVESTMENT OPPORTUNITY SCORECARD

HEALTHCARE AND LIFE SCIENCES

December 2020

OPPORTUNITY'S DESCRIPTION: Opportunity to develop prosthetics and assistive technology devices manufacturing plant and provide prosthetics service in KSA

DEMAND



INVESTMENT HIGHLIGHTS

- Expected investment size: USD 7.20 Mn
- Expected IRR: 11%
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)

INVESTMENT OVERVIEW

VALUE PROPOSITION

- KSA has a solid foundation for its healthcare sector through well established ecosystem and incentive schemes for foreign OEMs entering the local market
- KSA is the largest spender on healthcare across the MENA region. The 2019 budget allocated more than \$45.86 Bn for Health and Social Development
- KSA has more than 495 hospitals, with a capacity of more than 76K beds
- Opportunity for first mover advantage due to non-existent local production of prosthetic devices

KEY DEMAND DRIVERS

- KSA's demand for prosthetics is expected to increase at a CAGR of 8.4% over next three years due to growing prevalence of diseases such as diabetes and other diseases, congenital disorders, and accidents (traffic accidents, workplace accidents, and sport accidents etc.)
- The rising population of elderly people in KSA will also lead to increased demand for prosthetic products
- There demand supply gap for prosthetics was 2,771 in 2018 due to growing number of amputations on account of growing diabetes cases, accidents and other diseases
- Assuming global benchmark of 0.6 amputations, per 1,000 inhabitants, the gap increases to more than 18,000 per year

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- 974 prosthetics were produced at 16 different workshops across KSA as against 3,745 amputations that were conducted in 2018
- Leading global players in the prosthetics market have no direct sales offices or service centres in the Kingdom of Saudi Arabia. However, they are present through local distributors or cater the market through custom orders

GLOBAL TRENDS

- The Global prosthetics market size is expected to reach USD 3.3 Bn by 2023, rising at a market growth of 4% CAGR during 2020-2023
- Increasing incidence of sports injuries and road accidents, rising number of diabetes-related amputations, and the growing prevalence of osteosarcoma around the world are poised to drive prosthetics global market

SUPPLY

SCALABILITY AND LOCALIZATION

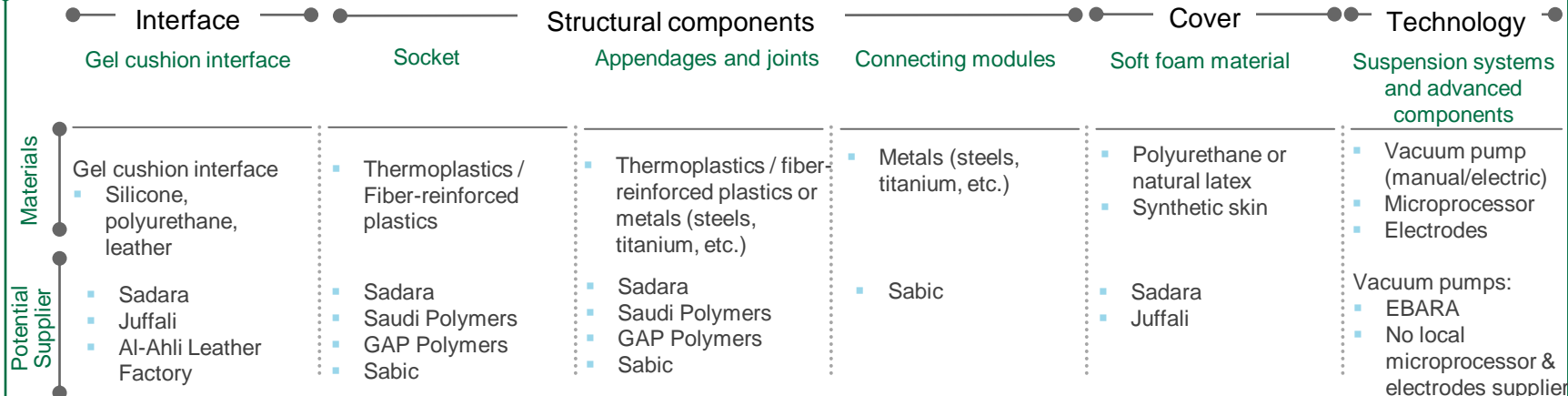
Grade: Low Medium High

- Most components for prosthetic products such as sockets, appendages and joints, connecting modules, soft foam material, and others are locally available in KSA
- KSA has strong logistics infrastructure and supportive regulatory ecosystem to support export of prosthetics globally
- KSA has advanced network of hospitals to provide prosthetic services across its Northern, Eastern, Southern, Western and Central regions

IMPORT DEPENDENCY

- KSA imports 100% of its requirements for high-tech prosthetics devices

ECOSYSTEM ANALYSIS



KEY STAKEHOLDERS

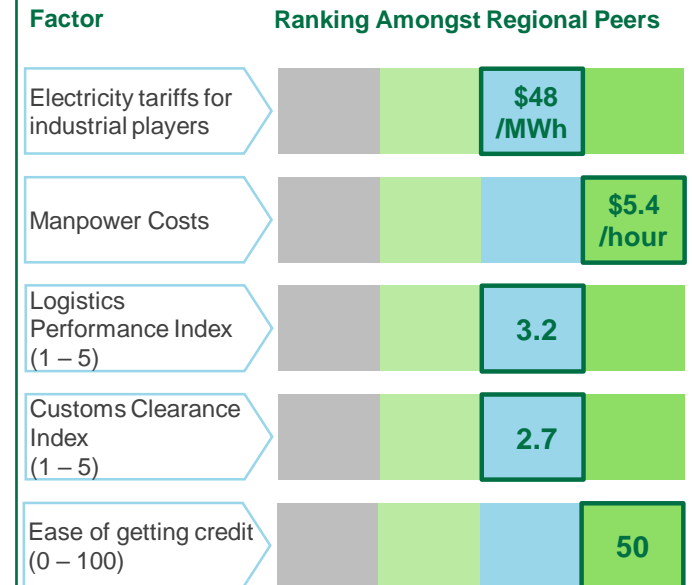


ENABLING FACTORS

ENABLERS

- 100% foreign direct ownership allowed
- Partial tax exemption
- Land for lease starting from \$ 0.26 per sqm
- Up to 75% of project financing through soft loan by SIDF

COST OF DOING BUSINESS IN KSA



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. Manpower Costs include \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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