



الهيئة العامة للصناعات العسكرية
General Authority for Military Industries



BATTERIES

Attracting investors to contribute in the localization of producing an integral military supply chain



Investment Overview

Opportunity Description

An opportunity to invest in one of the most significant military components in old and modern warfare systems with a wide range of military uses (Ground, naval, air, guided missiles and bombs) in addition to potential use in non-military activities

The supply chain encompasses all forms of batteries and energy storage devices for recharging purposes (dry cell, lead acid, thermal, and lithium-ion)

Investment Highlights

Clear potential for growth in local batteries market arising from:

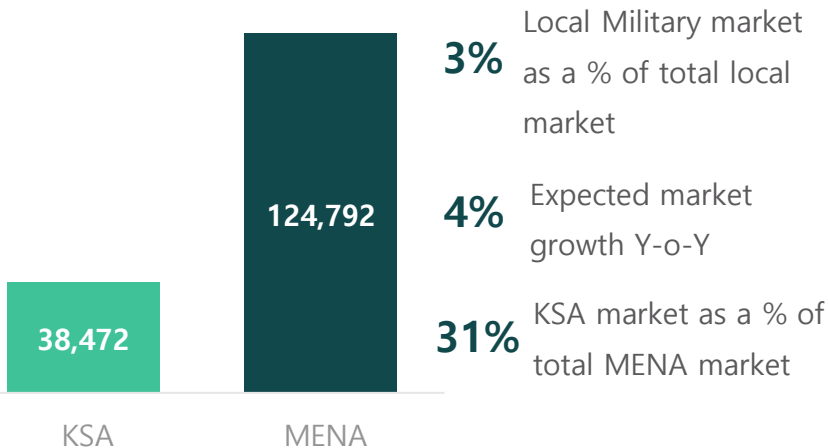
- Objective is to localize more than 50% of military expenditure by 2030
- The Kingdom being one of the largest spenders on military activities
- Electric vehicles production in Saudi Arabia which will drive demand on batteries to grow
- Increased need for manufacturing advanced technologies of batteries, with more agile engineering, to increase efficiency (battery storage and life)
- Dual use in both military and non-military industries

Financial Highlights

Fixed Asset Turnover	1.2x – 1.4x
Target IRR	11% - 16%
EBITDA Margin	9% - 14%

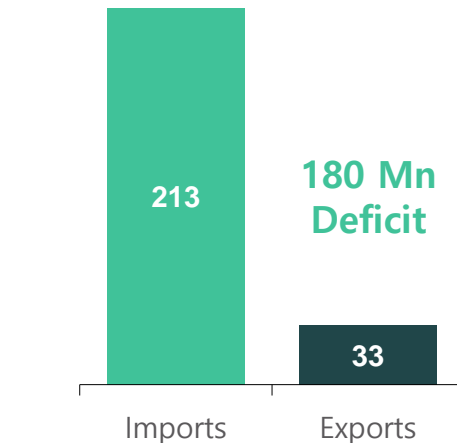
**Note: Financial highlights are based on companies that are in a mature stage*

5-Year Market Size (2023-2027) In SAR Millions



Market Analysis

Imports & Exports (2021 – SAR Million)

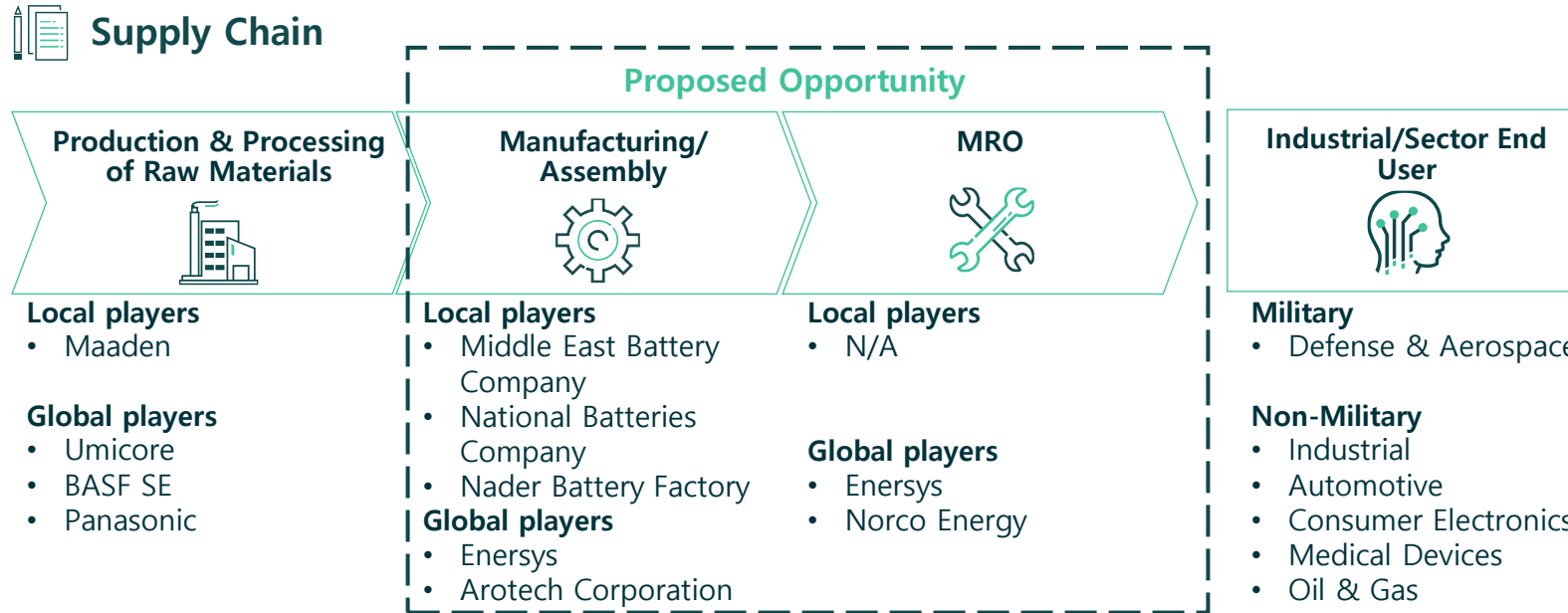


Demand Drivers

- Government initiatives to continuously grow spending on defense capabilities and such as modern warfare systems will lead to higher demand on batteries
- Increased local production of electric vehicles which will stimulate the demand on batteries in general, and lithium-ions batteries in specific
- Increased reliance on mobile technologies and uninterrupted power supply units for remotely operated unmanned machinery

**Note: Imports & Exports are as per ZATCA standardized classification which may include/exclude other items not related/related to the supply chain*

Market Supply Chain



Scalability (Local)

- Objective is to localize more than 50% of military expenditure by 2030
- EV Metals currently developing a battery chemical processing facility in Saudi Arabia (automotives production)
- PIF through its acquisition of LUCID Motors is aiming to transfer the technology of EV manufacturing to the Kingdom which will act as an enabler for localization of manufacturing technological advanced batteries

Current Production Capabilities

- Conventional lead-acid batteries production
- Dry cell batteries production
- Thermal batteries production
- Lithium-ion batteries production
- MRO Services
- Moderate
- Limited
- Lacking

Enablers

Enablers

- GAMI being the regulator, enabler and licenser of the Kingdom's military industries contributing to a highly regulated yet growing industry
- To attract investors, GAMI has developed a set of incentives that may support the investor in (i) speeding up the execution of the investment opportunity and (ii) enhancing financial KPIs

Gap Analysis

Gap Analysis (Military & Non-Military)



Local manufacturing of batteries is expected to increase in the upcoming years allowing to cover a higher portion of the local demand

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Thank
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