



الهيئة العامة للصناعات العسكرية  
General Authority for Military Industries



**BRAKES, AXLES,  
TIRES AND TRACK  
COMPONENTS**



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



# Investment Overview

## Opportunity Description

Opportunity to invest in part of the most integral military components in automotive mechanical systems (land), in addition to potential use for non-military activities

The opportunity encompasses mechanical components, which include brakes, axles, wheels, shock absorbers, and track components, which are used in all wheeled land systems

## Investment Highlights

### Clear potential for growth in local brakes, axles, tires and track components market driven by:

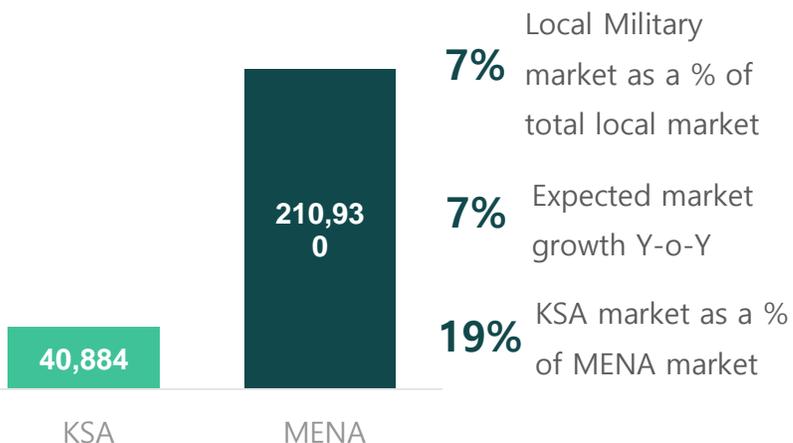
- Objective to localize more than 50% of military expenditure by 2030
- The Kingdom being one of the largest spenders on military activities
- Expansion to other segments by obtaining intellectual property and collaborating with global manufacturers
- KSA being the region's largest market for automotive sales and components
- Dual use in both military and non-military industries

## Financial Highlights

|                      |             |
|----------------------|-------------|
| Fixed Asset Turnover | 1.3x – 1.5x |
| Target IRR           | 9% - 14%    |
| EBITDA Margin        | 8% - 11%    |

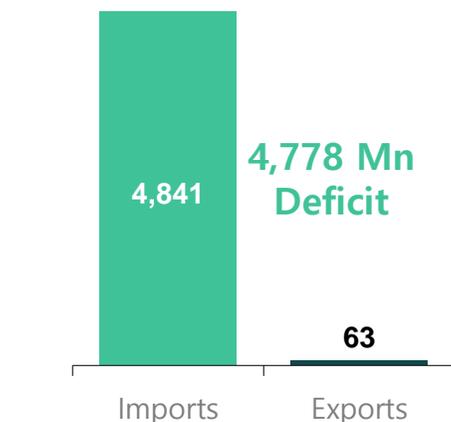
*\*Note: Financial highlights are based on companies that are in a mature stage*

## 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 leading to increased demand for land military vehicle systems
- Saudi Arabia has one of the world's largest vehicle to population ratio
- Localization efforts of EV manufacturing to shift demand of automotive components such as axles, brakes and tires
- Rising trends towards enhanced vehicle safety with ABS and EBD brake systems

## Market Supply Chain



### Scalability (Local)

- Objective is to localize more than 50% of military expenditure by 2030
- Increase in the rate of industrialization in Saudi Arabia
- Approximately 40% of all automobiles sold in the Middle East are sold in Saudi Arabia, the region's largest market for new car sales and auto components.
- Establishment of first local electric car brand, Ceer

### Current Production Capabilities

- Installation of brakes, axles and wheels in addition to MRO services
  - Production of wheels for vehicles (4x4) and trucks
  - Production of parts for tracked vehicles
- Moderate
- Limited

## Enablers

### Enablers

- GAMI being the regulator, enabler and licensor 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 brakes, axles, wheels and track components is expected to increase in the upcoming years allowing to cover a higher portion of the local demand**

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Thank  
you