



الهيئة العامة للصناعات العسكرية
General Authority for Military Industries



VALVES

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



Investment Overview

Opportunity Description

Opportunity to invest in a vital component in old and modern day mechanical systems contributing highly to the military industry (ground, naval and air) in addition to potential use in non-military activities

This opportunity encompasses electric valves, hydraulic valves, solenoid actuated valves, non-powered automatic valves, relief valves, pressure regulating valves, and flow control valves

Investment Highlights

Clear potential for growth in local valves market arising from:

- Objective to localize more than 50% of military expenditure by 2030
- The Kingdom being one of the largest spenders on military activities
- The Middle East holding around half of the global oil reserves and 65% of the OPEC's proven oil reserves
- Dual use in both military and non-military industries

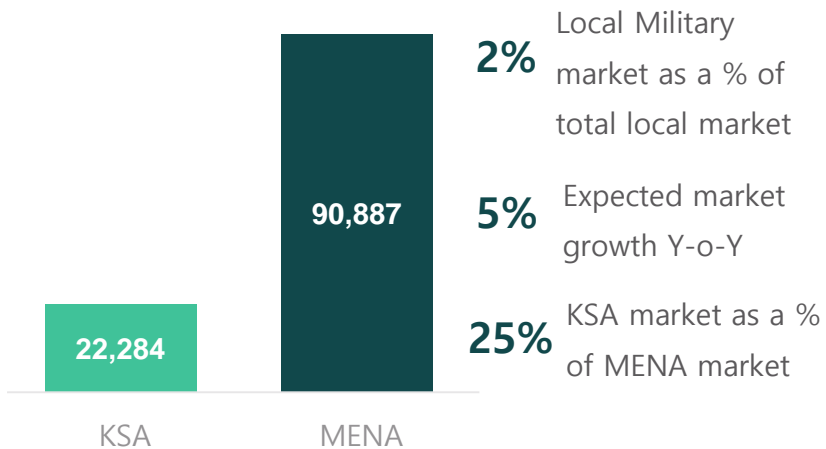
Financial Highlights

Fixed Asset Turnover	1.0x – 1.2x
Target IRR	8% - 13%
EBITDA Margin	8% - 12%

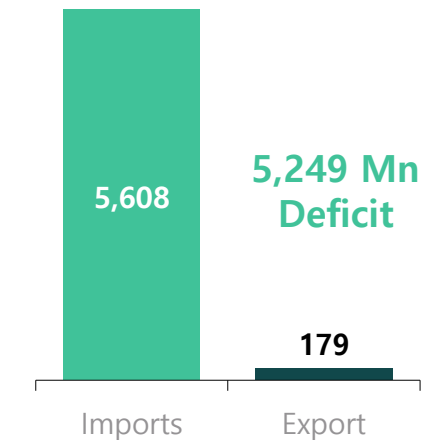
**Note: Financial highlights are based on companies that are in a mature stage*

Market Analysis

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



Imports & Exports (2021 – SAR Million)



Demand Drivers

- Increased government spending on defense capabilities leading to increased demand for military grade valves
- Mega projects that are undertaken in KSA to drive the demand for valves over the next 10-15 years in both industrial & commercial sectors
- The Middle East holds around half of the global oil reserves and 65% of the OPEC's proven oil reserves, thus the growing need for industrial valves in controlling and operating of refining capabilities

**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

Supply Chain



Scalability (Local)

- Objective is to localize more than 50% of military expenditure by 2030
- National Industrial Development and Logistics Program have selected valves as one of 6 targets for local development, to be developed by the civil and military sectors
- Strong logistics infrastructure and supportive regulatory ecosystem in KSA to support export of valves regionally & globally

Current Production Capabilities

- Production of Hydraulic Valves
- Production of Mechanical Valves
- MRO Services
- Production of Electric valves
- 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 valves is expected to increase in the coming years allowing to cover a higher portion of the local demand

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Thank you