



الهيئة العامة للصناعات العسكرية
General Authority for Military Industries



ELECTRONIC CIRCUIT COMPONENTS

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



Investment Overview

Opportunity Description

An investment opportunity with versatile applications that is integral for military electronic systems (Ground, naval, air, guided missiles and bombs), in addition to potential use for non-military activities

This opportunity encompasses different forms of electronic circuit components including capacitors, integrated circuits, semiconductors and resistors

Investment Highlights

Clear potential for growth in local electronic circuit components market arising from:

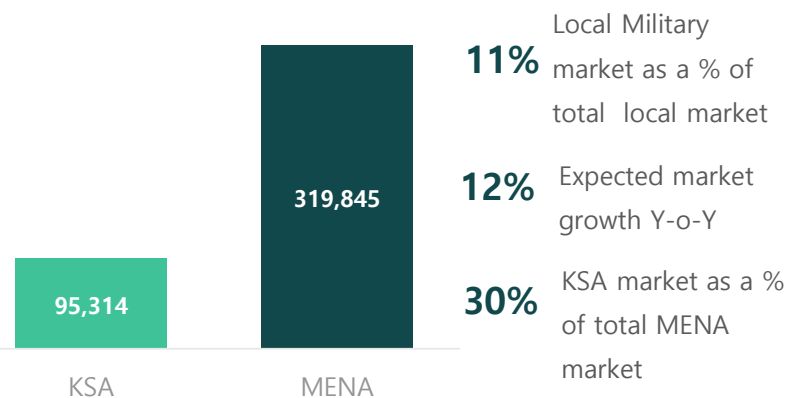
- Objective is to localize more than 50% of military expenditure by 2030
- The Kingdom being one of the largest spenders on military activities stimulating demand in the market
- The Kingdom's digital transformation efforts
- The increase in demand for new technologies such as "Nanotechnology"
- Dual use in both military and non-military industries

Financial Highlights

| | |
|----------------------|-------------|
| Fixed Asset Turnover | 1.6x – 1.9x |
| Target IRR | 11% - 16% |
| EBITDA Margin | 7% - 10% |

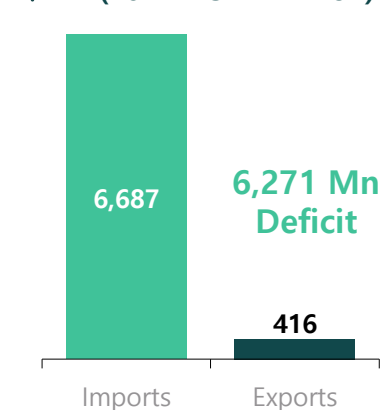
**Note: Financial highlights are based on companies that are in a mature stage*

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



Market Analysis

Imports & Exports (2021 – SAR Million)



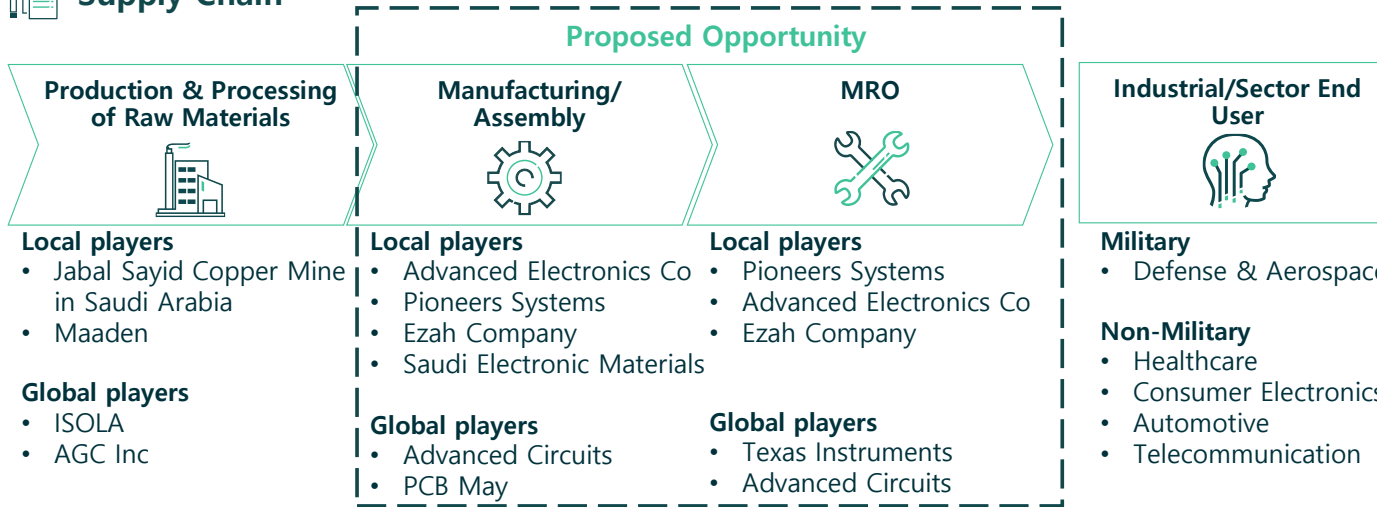
Demand Drivers

- Government initiatives to continuously grow spending on military
- Increased local production of electric vehicles
- Increased reliance on mobile technologies and remotely operated unmanned machinery
- Digital transformation that is occurring in various sectors, directly affecting electronic components

**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)

- The Saudi Arabia Military Industries is offering to provide defense electronics to all three military branches which include air force, army and navy
- PIF-owned LUCID Motors is aiming to enable the localization of manufacturing and assembly of advance electric components for EV manufacturing
- In 2022, the government awarded two solar photovoltaic projects as part of a power-purchase agreement, boosting the growth of PCBs through the renewable energy sector

Current Production Capabilities

- Assembly of circuit boards
- Manufacturing electronic cards
- Components Manufacturing
- MRO services
- Moderate
- Limited
- Lacking

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 electric circuit 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