



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:

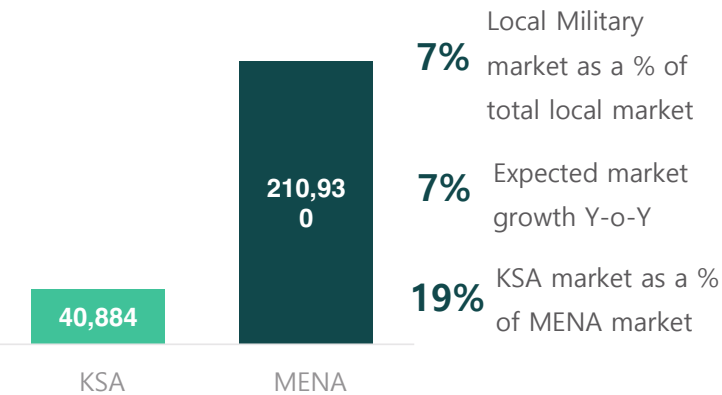
- Objective to localize more than 50% of military expenditure by 2030
- The Kingdom being one of the largest spenders on military activities
- Expansion to other segments by obtaining intellectual property and collaborating with global manufacturers
- KSA being the region's largest market for automotive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

**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
- 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