

الهيئة العامة للصناعات العسكرية
General Authority for Military Industries



PUMPS



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

The opportunity encompasses all forms of pumps used in water distribution and energy generation (hydraulic pumps, centrifugal pumps, fuel injection pumps, and water pumps)

Investment Highlights

Clear potential for growth in local pumps market arising from:

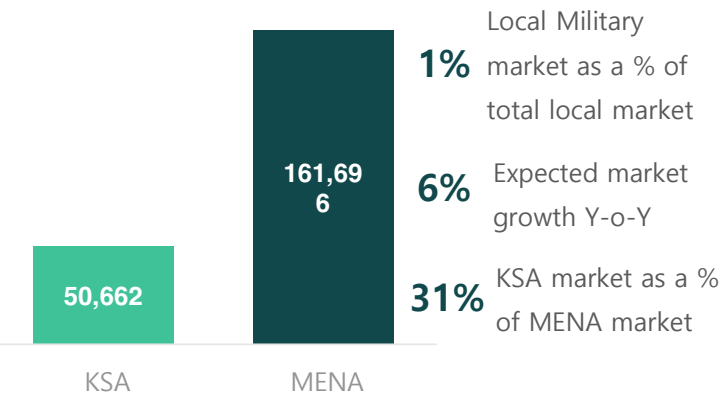
- Objective to localize more than 50% of military expenditure by 2030
- The Kingdom being one of the largest spenders on military activities
- Increased need for manufacturing advanced technologies of pumps for improved efficiency (such as electric pumps over hydraulic pumps)
- Dual use in both military and non-military industries

Financial Highlights

| | |
|----------------------|-------------|
| Fixed Asset Turnover | 1.1x – 1.3x |
| Target IRR | 9% - 14% |
| EBITDA Margin | 7% - 11% |

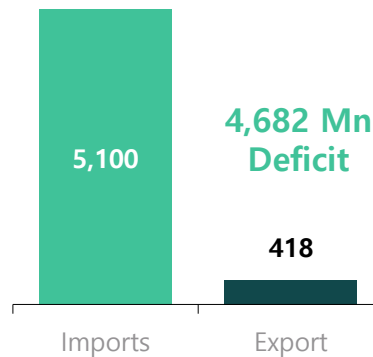
**Note: Financial highlights are based on companies that are in a mature stage*

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



Market Analysis

Imports & Exports (2021 – SAR Million)



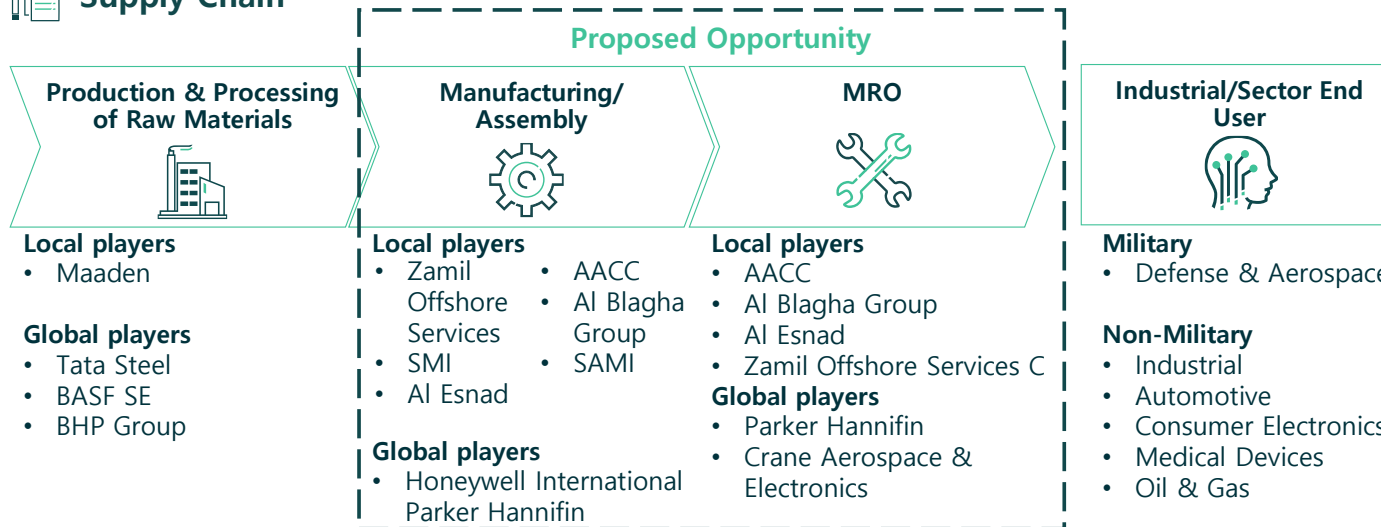
Demand Drivers

- Government initiatives to continuously grow spending on military
- The Middle East holds around half of the global oil reserves and 65% of the OPEC's proven oil reserves, thus the growing need of industrial pumps in increasing the refining capabilities
- The growth in the urban population along with stringent government regulations with the adoption of industrial pumps for wastewater treatment across industries

**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
- The government intends to spend more than \$150 million on water reservoirs, water networks, sanitary drainage networks, and linking homes to drinking water with the use of submersible pumps in Makkah
- The Ministry of Energy, Industry and Mineral Resources (MEIM) to deploy 9.5 GW of renewable energy in Saudi Arabia by 2023, increasing need for pumps in such

Current Production Capabilities

- Production of pumps (civil use such as irrigation systems) and MRO services on land and naval systems
- Manufacturing, formation and casting of pumps (vertical pumps and suction pumps)
 - Moderate
 - Limited
 - Lacking
- MRO on aviation pump systems

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 pumps is expected to increase in the coming years allowing to cover a higher portion of the local demand

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Thank
you