

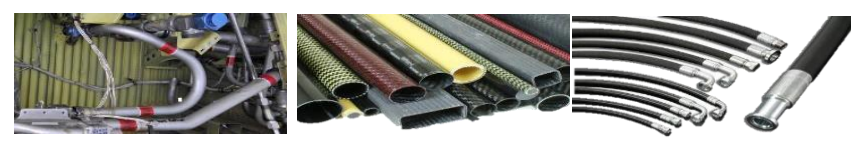


الهيئة العامة للصناعات العسكرية
General Authority for Military Industries



PIPE, TUBE AND RIGID TUBING

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 platforms (Ground, naval, air, and guided missiles and bombs), in addition to potential use for non-military activities

This supply chain encompasses all forms of rigid flexible tubing and pipes (steel and non-steel) as well as carbon fiber (fuel pipes, cooling pipes, water distribution, & hydraulic pipes)

Investment Highlights

Clear potential for growth in local pipes and tubes 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
- Potential development of new capabilities for rigid and flexible tubes up to military standards, in addition to the latest usage trends in carbon fiber pipes
- Dual use in both military and non-military industries

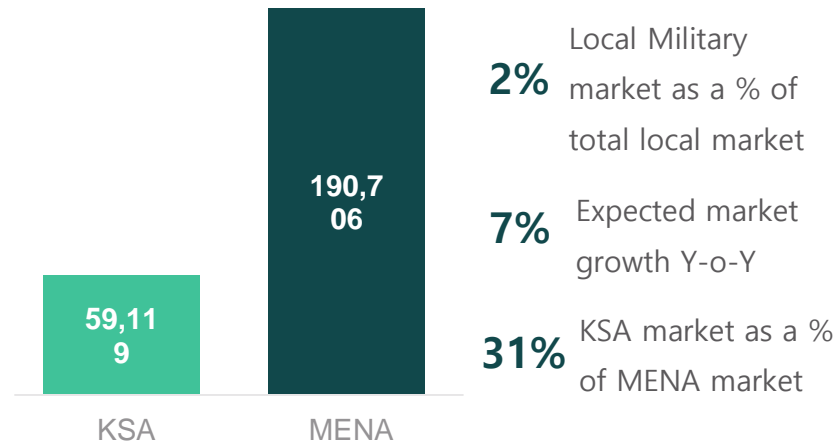
Financial Highlights

Fixed Asset Turnover	1.2x – 1.5x
Target IRR	8% - 13%
EBITDA Margin	6% - 9%

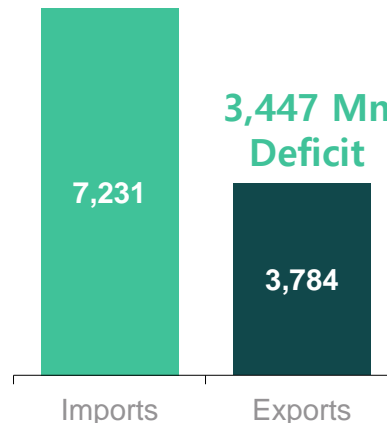
**Note: Financial highlights are based on companies that are in a mature stage*

Market Analysis

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



Imports & Exports (2021 – SAR Million)



Demand Drivers

- Government initiatives to continuously grow spending on defense capabilities leading to increased demand for military grade pipes and tubes
- Mega projects in Saudi Arabia's infrastructure is further driving the demand of various types of pipes and tubes
- Increase use of carbon fiber pipes in multiple cases across various operations such as repairing downhole casing
- Multiple use applications for steel and non-steel pipes (oil & gas, automotive, construction, etc.) due to their various material composition and flexible usage

Market Supply Chain



Scalability (Local)

- SABIC is undertaking the construction of a carbon fiber production plant in Saudi Arabia
- Saudi Aramco Technologies Company (SATC) is developing new technologies that will help expand production of cost-effective carbon fiber for new applications
- King Salman Energy Park (SPARK) is planning to establish a seamless stainless steel pipe factory

Current Production Capabilities

- Production and repair (non-military use)
- Military standards production
- Cutting and metal end installation

- 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 pipes, tubes & rigid tubing is expected to increase in the upcoming years allowing to cover a higher portion of the local demand

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Thank
you