

Transmission belts
INVESTMENT OPPORTUNITY
Automotive



Automotive Transmission belts

Public / متاح

High Potential

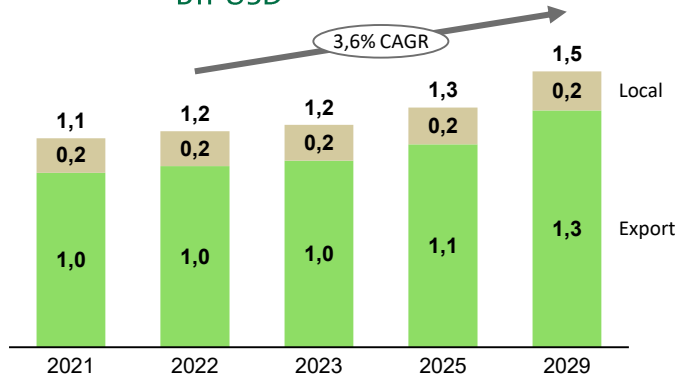
Moderate Potential

Low Potential

OPPORTUNITY DESCRIPTION: Manufacturing plant to produce locally aftermarket parts for local and export markets

DEMAND

MARKET SIZE,
Bn USD



INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 11.5 Mn
- Plant capacity 1,500,000 units per year
- Expected IRR: ~18.1%
- Payback period: ~6.5 years
- Job Creation: 196
- GDP Impact: TBC
- Location (Region): Jubail/KAEC

VALUE PROPOSITION

- KSA represents ~50% of GCC Automotive market and will produce 300K vehicles by 2030.
- The Kingdom has access to GAFTA Markets with free trading benefits
- KSA is an strategic hub connecting three continents: Asia 3hrs, Europe 6hrs, 7hrs half of the world population.
- Easy availability of raw material and key automotive grades.
- Regulations enabling investments in core sectors for private companies including 100% Foreign Direct Investment.

KEY DEMAND DRIVERS

- Vehicles in operation, is expected to overpass 10 million units by 2025, set to support the growth of the vehicle parts market
- New OEM manufacturers in the Kingdom will bring an additional demand.

RAW MATERIALS

- Natural raw rubber, Zinc oxide
- Steric acid, Carbon, Anti oxidant, Sulphur
- Cord (Polyester, Tejin), Core wire, Elasto oil
- Cotton fabric, Propylene
- Diene Monomer Rubber
- Raw Material present in the KSA, some process might needs some level of development

MARKET OVERVIEW

GLOBAL TRENDS

- Global market will see a major shift towards alternative powertrains, with BEVs accounting for 21% by 2030; however, the regional market is expected to transition at a slower pace with ICE-based vehicles demand remaining strong, accounting for more than 90% by 2030.
- Aftermarket parts will continue in demand for the vehicles sold in the last 10+ years for passenger and commercial purposes.



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[Current Opportunity life Cycle Stage]

SUPPLY

SCALABILITY AND LOCALIZATION

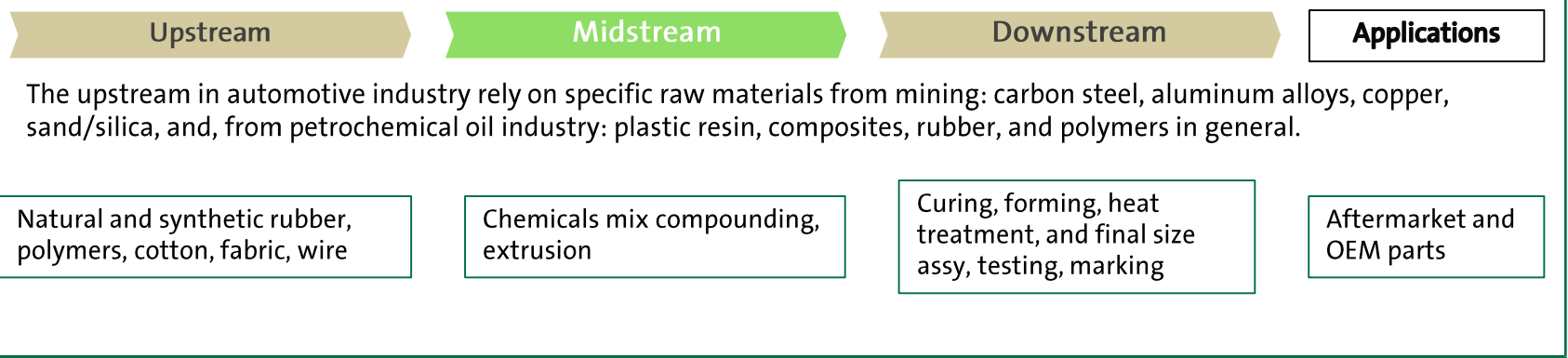
Grade: Low Medium High

- Product is feasible for manufacturing in KSA even if there is no vehicle assembly (in KSA) in the period of manufacturing, the current planned production facility is capable of catering to the local and export demands.
- In case of vehicle assembly (in KSA), additional capacity will be required beyond 2025 and scale the business size with local production.

IMPORT DEPENDENCY

- Total market size: USD~4.5 billion
- Over one third of total re exports destined for UAE.
- Sudan, Egypt, Yemen, Kuwait, Jordan and Bahrain account for one quarter of all automotive spare parts re exports from KSA. The main origin countries are: Japan, China, USA, Thailand, South Korea, Germany, and Turkey.

VALUE CHAIN



KEY STAKEHOLDERS



ENABLING FACTORS

ENABLERS & INCENTIVES

- SIDF **industrial loans** for up to 20 years, and up to 75% of the project's CAPEX
- Import **tariff exemptions** for components and machinery.
- Custom **duty refund** to importers of raw materials that are processed in KSA
- Only 20% **corporate income tax** on profits.
- Competitive leasing and utilities rates at industrial parks
- HRDF provides **training support** and covers up to 50% of Saudi employee salaries for the first 2-3 years

COST OF DOING BUSINESS IN KSA

Factor	Ranking amongst regional peers
Electricity tariffs for industrial players	<div><div></div><div></div><div>\$48 /MWh</div><div></div></div>
Productivity adjusted wages	<div><div></div><div></div><div>\$3.3 /hour</div><div></div></div>
Logistics Performance Index (1-5)	<div><div></div><div></div><div>3.2</div><div></div></div>
Construction Costs (Indexed to US, % 0 is cheapest)	<div><div></div><div></div><div>74</div><div></div></div>
Ease of getting credit (0-100)	<div><div></div><div></div><div>50</div><div></div></div>

Bottom 25% Top 75% Top 50% Top 25%

DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Business drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Global trends	Latest business developments within the sector/product category
7	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
8	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	Enablers	Factors that enable investment in the underlying opportunity
12	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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