



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

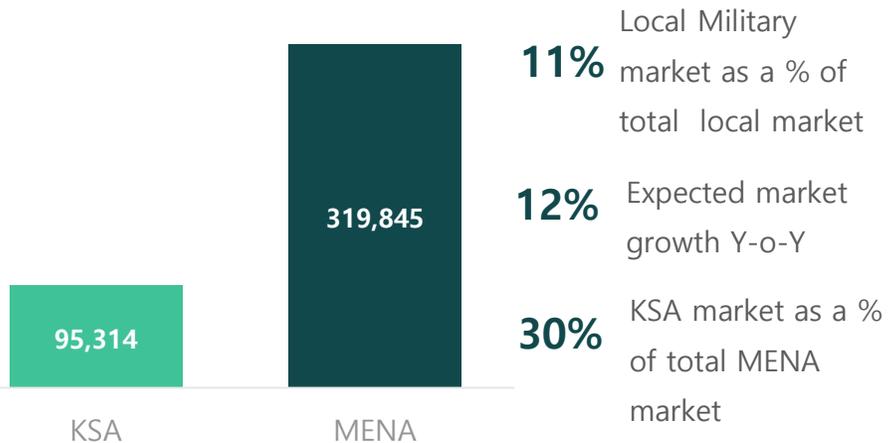
## Financial Highlights

<b>Fixed Asset Turnover</b>	<b>1.6x – 1.9x</b>
<b>Target IRR</b>	<b>11% - 16%</b>
<b>EBITDA Margin</b>	<b>7% - 10%</b>

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

## Market Analysis

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



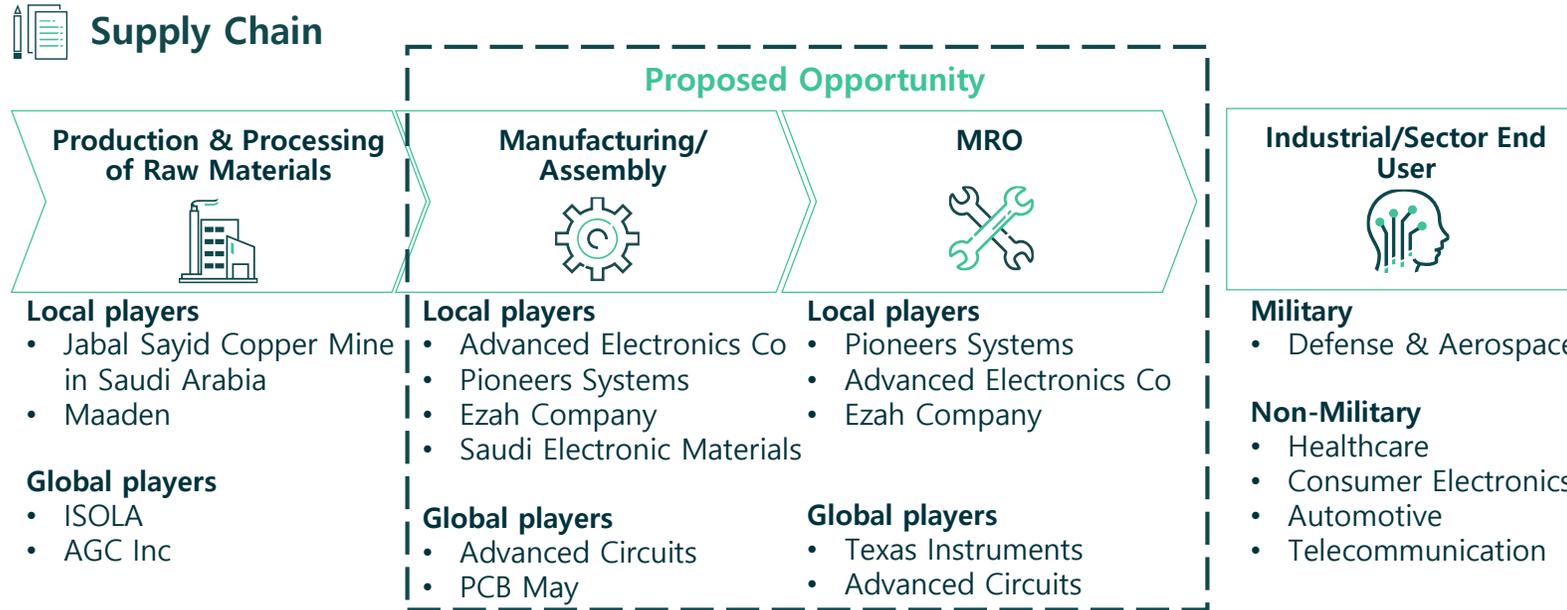
### Imports & Exports (2021 – SAR Million)



### Demand Drivers

- Government initiatives to continuously grow spending on 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

## Market 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