

WHY SAUDI

INVEST
SAUDI 

Outline:

1. SAGIA Introduction
2. License Process
3. Water Overview

INVEST SAUDI



The General Investment Authority is the Kingdom's investment promotion agency, tasked with attracting diversified investments into the country and serving as an advocate for investors.

As a result, "Invest Saudi" brand has been created to promote Saudi Arabia as a world-class destination for investments.

100% Foreign Ownership

in:

1. Trading License
2. Industrial License
3. Services License
4. Contracting License
5. Engineering Consultation License
6. Innovation Licenses

The Journey of the Foreign Investor in Establishing an Investment Entity



الهيئة العامة للاستثمار
General Investment Authority

Signing up on SAGIA website

Limited Liability Company (LLC)
Single Member Limited Liability Company (SMLLC)
Joint Stock Company (JSC)



الهيئة العامة للاستثمار
General Investment Authority

Issuance of Investment License

- company's commercial registration certified by the Saudi Embassy
- The last year financial statements certified by the Saudi Embassy



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

Documentation of Memorandum of Association

Power of attorney

Memorandum of Association

- Reservation of trade name
- National address registration

هيئة تنظيم الكهرباء والانتاج المزدوج
ELECTRICITY & CO-GENERATION REGULATORY AUTHORITY

Power generation license

Investment Licenses

- Issuing the license to the foreign investor within one day
- Documents required to issue a new license to the foreign investor:

1. Copy of the commercial registration of the establishment attested by the Saudi Embassy.
2. Audited financials for the last financial year attested by the Saudi Embassy.



Issuance of Director General's Visa



- Sketching the location and office and their coordinates
- Construction license
- Building completion certificate
- Lease contract - Power of Attorney
- Apicture of the office from the outside

Issuance of Municipal License

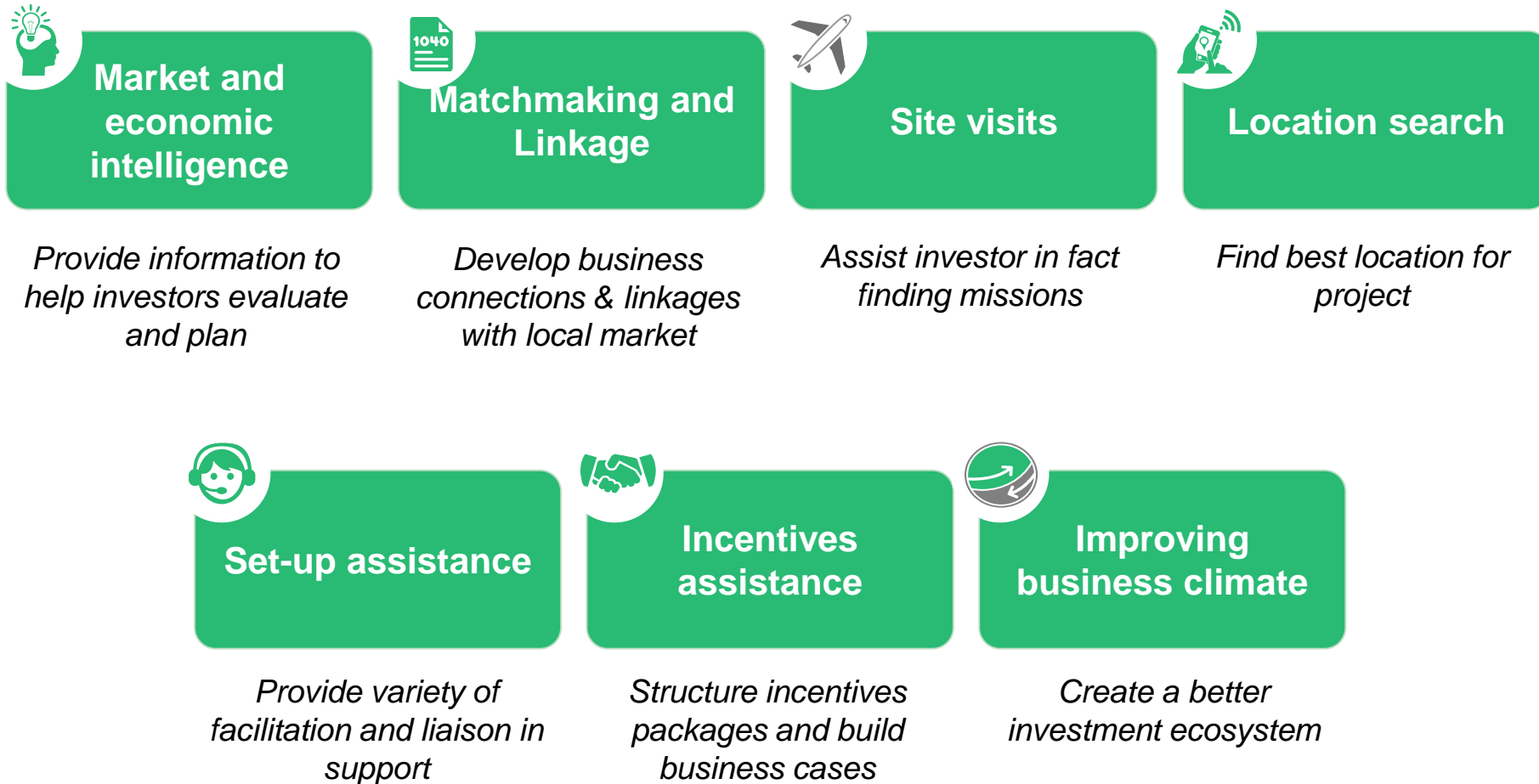


المؤسسة العامة للتأمينات الاجتماعية
General Organization for Social Insurance



Online File Reading

Seven service categories to be offered to investors...



25 pre & post-investment services offered to investor



Market and Economic intelligence

- ❑ Provide standard information packages
- ❑ Provide periodic reports and case studies
- ❑ Develop Ad-hoc info packages/reports
- ❑ Share contacts and databases



Matchmaking and linkage

- Connect to
- ❑ industry/trade associations, commissions
 - ❑ large local companies for potential partnership
 - ❑ professional services
 - ❑ other FDI companies for reference
 - ❑ SMEs for supply-chain
 - ❑ Universities & research centers



Site visits

- ❑ Plan trip, set-up logistics and bookings
- ❑ Set up meetings with ministries and other stakeholders



Location search

- ❑ Provide High-touch guide on site/property search
- ❑ Connect with real estate agencies for deep assistance and evaluation



Set-up assistance

- ❑ Provide advice on corporate structure
- ❑ Liaise with Gov. entities and provides advice on applying for visas, permits, licenses and utilities
- ❑ Connect with executive onboarding assistance agencies
- ❑ Connect with recruiting employees agencies
- ❑ Generate publicity, joint press release, launch events
- ❑ Connect with financial partners for co-financing and support



Incentives assistance

- ❑ Advise and develop specific incentive packages, and mediate negotiations with local authorities
- ❑ Build business case and feasibility studies



Improving business climate

- ❑ Develop policy recommendations based on feedback
- ❑ Submit investors' proposals for amendment of legislation
- ❑ Troubleshoot investor operational issues

Tayseer has been established by the Council of Economic Development and Affairs (CEDA), No. 9/36, on Sept. 2, 2015. The government of Saudi Arabia has brought together over 35 government entities to work together towards the singular mission of enabling and growing the private sector. Tayseer is tasked with continuously improving the way business is conducted in the Kingdom, in an effort to create a conducive, mature and stable environment for doing business.



Increase the efficiency of government services



Position Saudi Arabia among the top 20 countries globally for doing business



Implement regulations aimed at stimulating the private sector growth



Increase the engagement of the private sector with direct involvement in decision-making

Tayseer Achievements



- Instant licenses for **250 business activities**
- MERAS online and physical **one-stop shop with 40+ services**
- Issuing commercial visas within **24 hours**



- Approved the new **Insolvency Law**
- Finalized the new **Commercial Pledge Law**
- Reviewed the **Government Procurement Law**



- Launched the **Saudi Arbitration Center** for businesses
- Implemented an **automated case management** system in the courts
- Allocated a dedicated unit in Board of Grievances for **Competition Law Cases**



- Clearing containers within **24 hours**
- **Single window** for customs and ports services
- **Reduced** import documents from 12 to 2 and export documents from 9 to 2



- Launched a **unified portal** including all laws and regulations (www.ncar.gov.sa)
- Enforce **private sector consultation** for new laws and regulations



- Getting electricity up to 166 K.V.A in **2 steps and 9 days**
- **Automatic application process** upon start of construction
- Providing **cash compensation** in case of repeated outages to ensure a high quality of service



Water & Water Treatment Sectors in the Kingdom of Saudi Arabia

Detailed value proposition



4

Reasons to invest in Water & Water treatment sector in KSA



Large and growing desalination industry



Increasing privatization and localization opportunities



Access to large regional markets



Well developed ecosystem in place

4

Reasons to invest in Water & Water treatment sector in KSA



Large and growing desalination industry

- Desalination Capacity and future opportunities



Increasing privatization and localization opportunities



Access to large regional markets

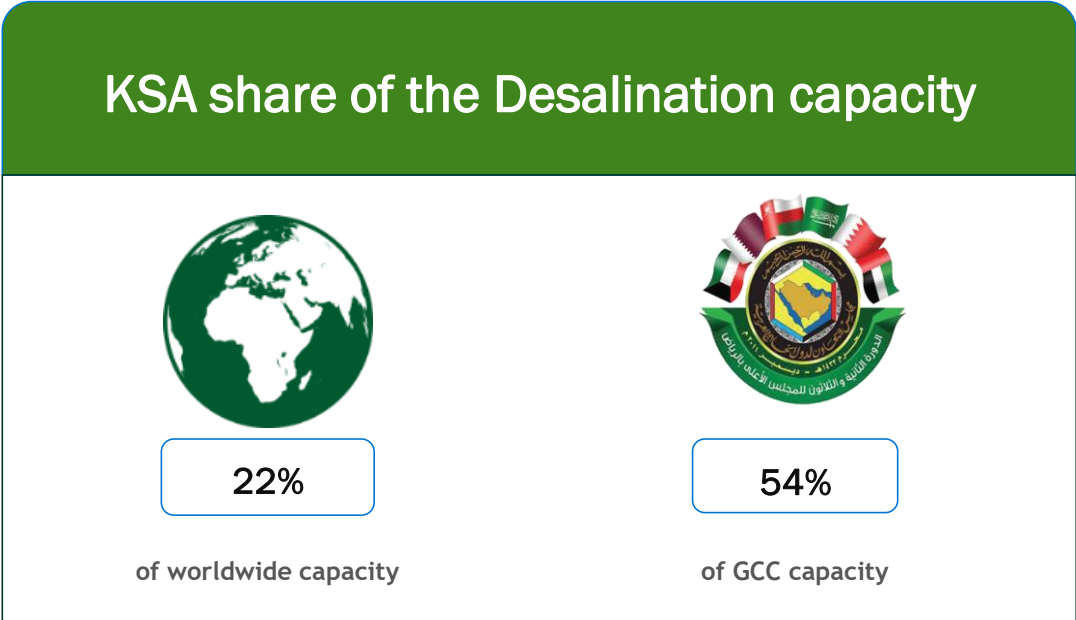


Well developed ecosystem in place



Total Desalination capacity
(SWCC, IWPP, IWP, Marafiq and others)
8.3 Million m³ per day , 2017

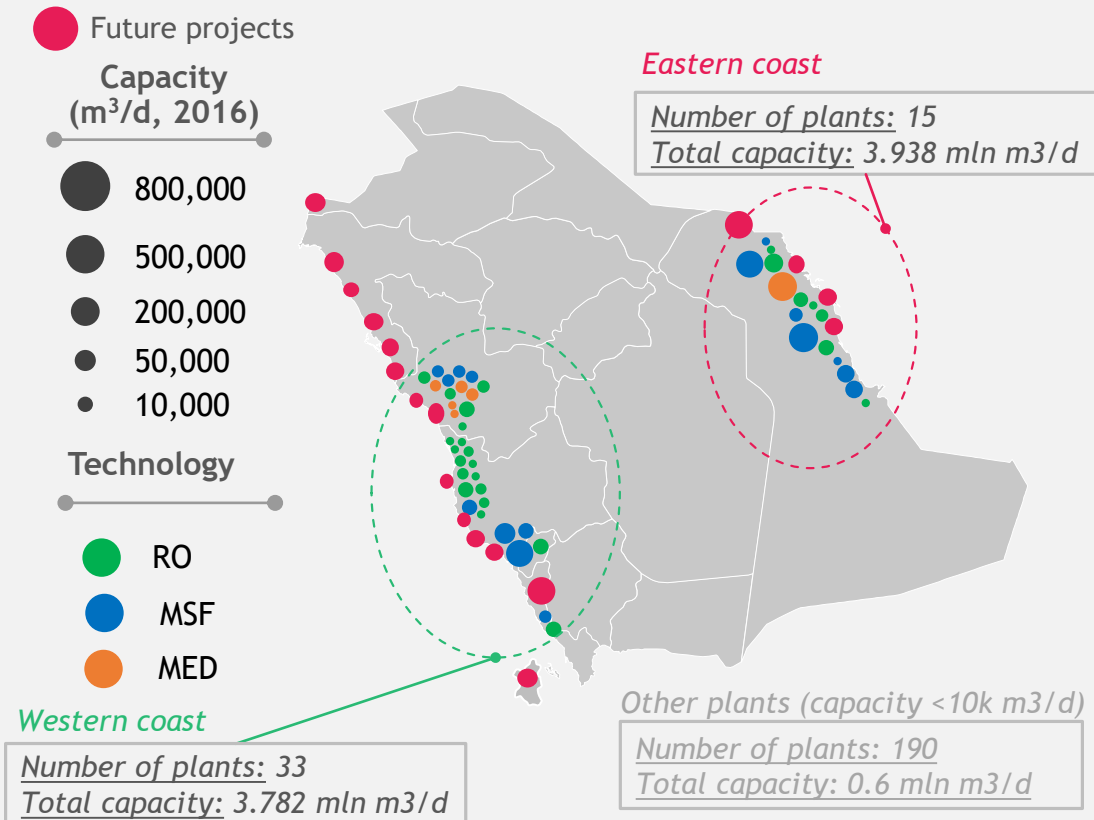
KSA is the largest country in terms of desalination capacity in the world



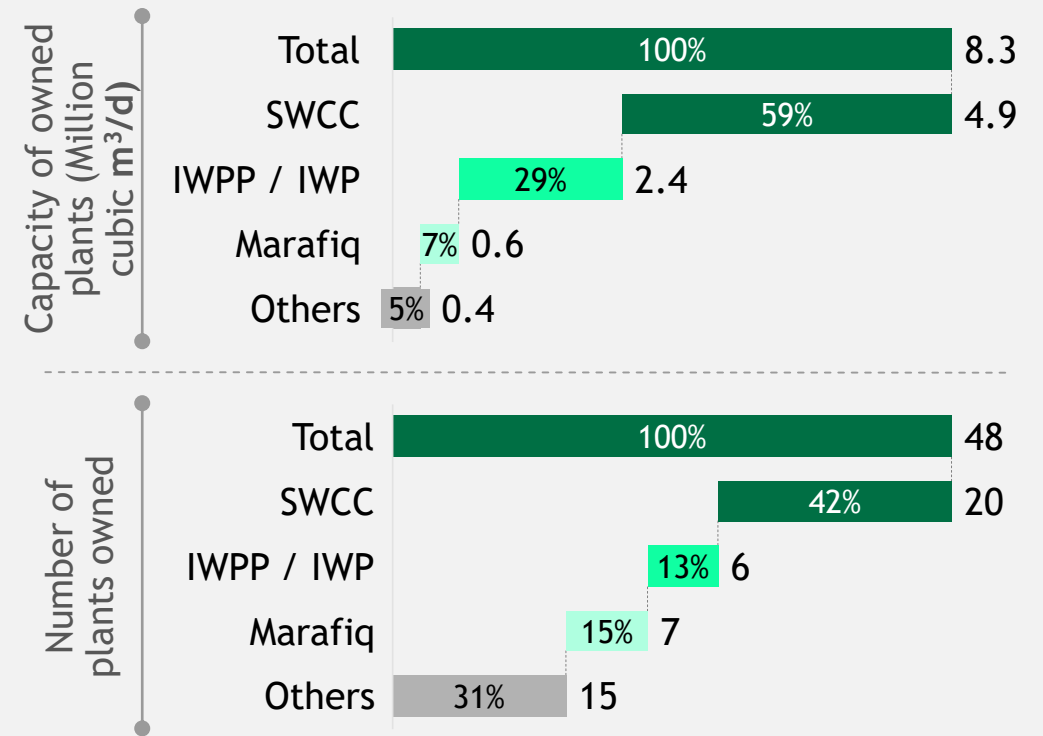
48 Desalination plants with capacity >10,000 m³/day

The small size SW desalination plants (about 190 plants) with a capacity of <10,000 m³/d represents an installed capacity of about 0.6m m³/d.

Desalination capacity of desalination large¹ plants in KSA



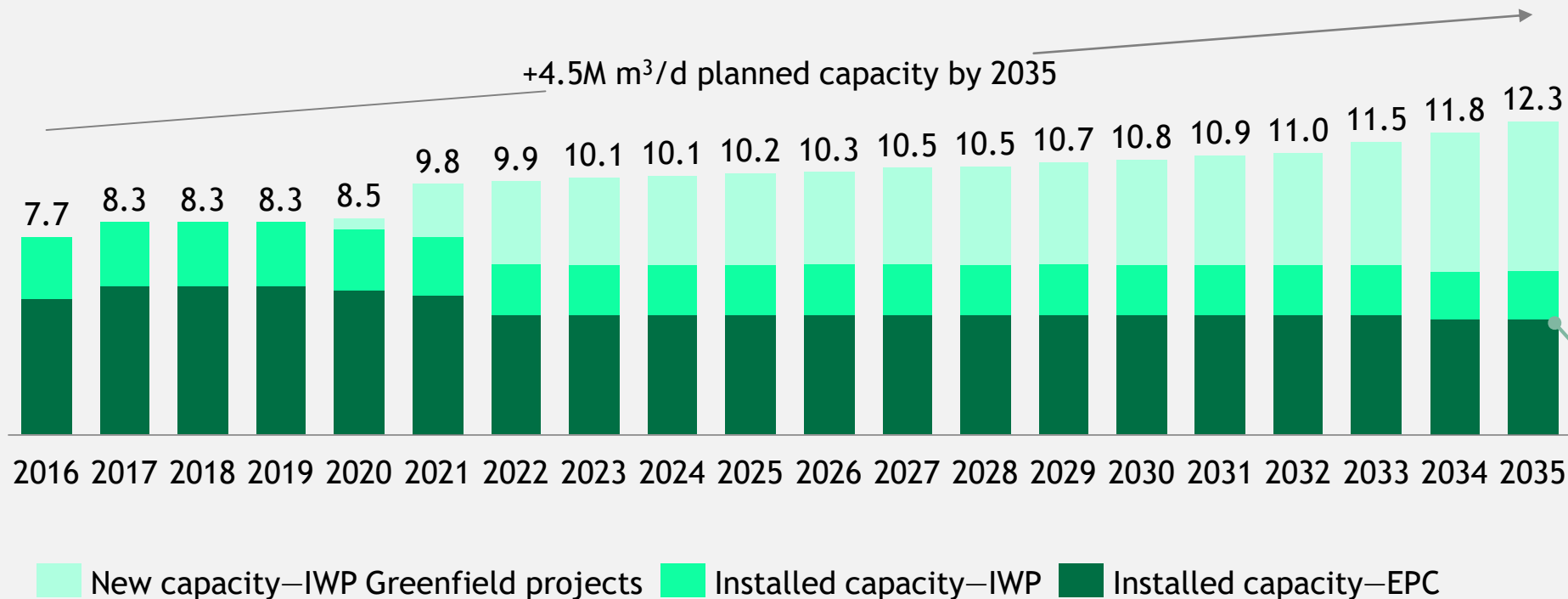
Desalination plants breakdown by owner 2016



KSA aims to satisfy increasing production capacity through IWP/IWPP greenfield projects

Forecasted desalination plants capacity in KSA

Million m³ per day , 2016 to 2035

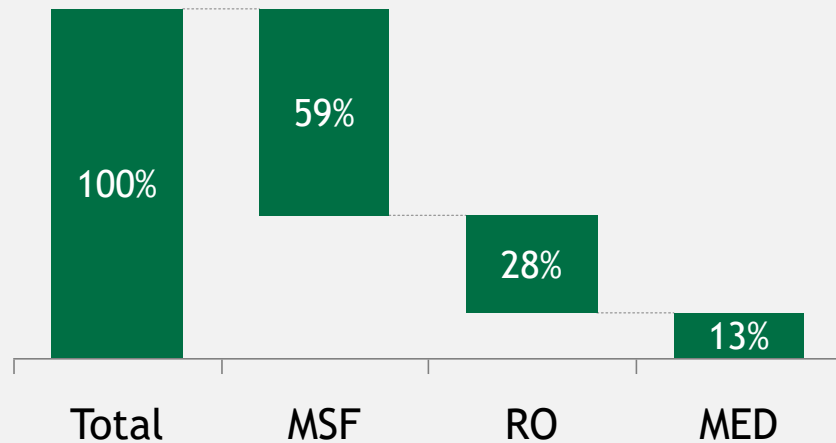


The current desalination plants and the future opportunities

Currently, desalination plants in KSA rely mainly on MSF technology

Installed capacity breakdown by technology

2016



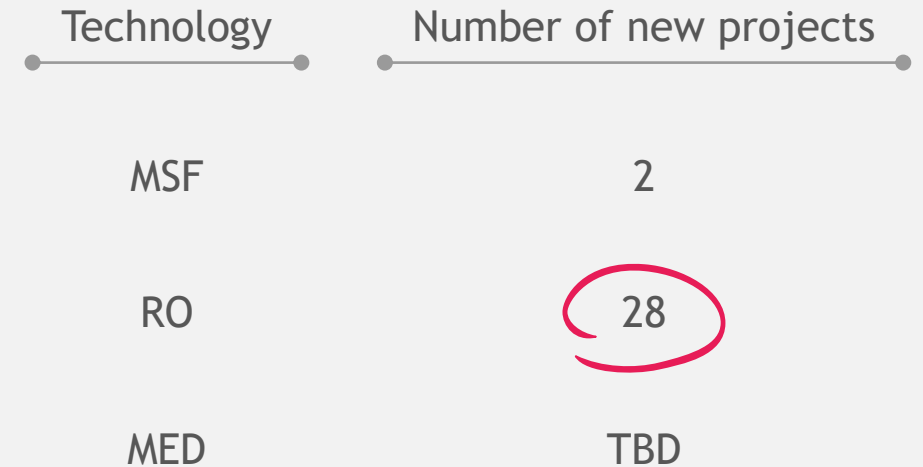
Number of plants

48 16 26 6

In the future, added plants will rely mainly on RO technology

Number of new planned projects by 2030

2016-2030



4

Reasons to invest in Water & Water treatment sector in KSA



Large and growing desalination industry

Increasing privatization and localization opportunities

- Developers, manufacturers and other investors can tap into the KSA desalination market
- KSA government is committed to privatize
- IWPP/IWP desalination & sewage opportunities with WEC (Water & electricity company) now has changed its name to (Saudi Water Partnership company)
- Saline Water Conversion Corporation opportunities
- Localization Programs



Access to large regional markets



Well developed ecosystem in place

Developers, manufacturers and other investors can tap into the KSA desalination market



Developers can build, own and operate new desalination plants



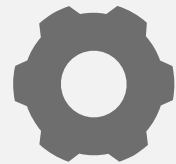
Manufacturers can produce chemicals and equipment used in desalination plants



Other investors can provide services including brine extraction, training services, workshops & other innovative solutions



KSA government is committed to privatize or commercialize components of the value chain



Desalination value chain

- Privatization
- Commercialization



Privatization opportunities

New IWPP/IWP desalination & sewage projects

Commercialization of transmission services through commercial agreements with private sector players

12 new strategic water reserves with a capacity of ~20Mn m³ to be developed by 2030

Privatization of distribution services through Concession & management agreements with private sector players

Recently singed IWP & ISTP with SWPC

Rabigh 3 IWP

N	Developers (Bidders)	Levelized Water Cost (SAR/ m ³)
1	ACWA	1.992 /m ³
2	Marubeni	2.021 /m ³
3	Veolia	2.117 /m ³
4	Valoriza	2.288 /m ³
5	FCC Aqualia	2.616/m ³

Shuqaiq 3 IWP Prices

N	Developers (Bidders)	Levelized Water Cost (SAR/ m ³)
1	Marubeni	1.952 /m ³
2	acwa	1.963 /m ³
3	Engie	1.967 /m ³
4	Veolia	1.968 /m ³
5	Aqualia	2.019/m ³
6	Cobra	2.070/m ³

Dammam West ISTP

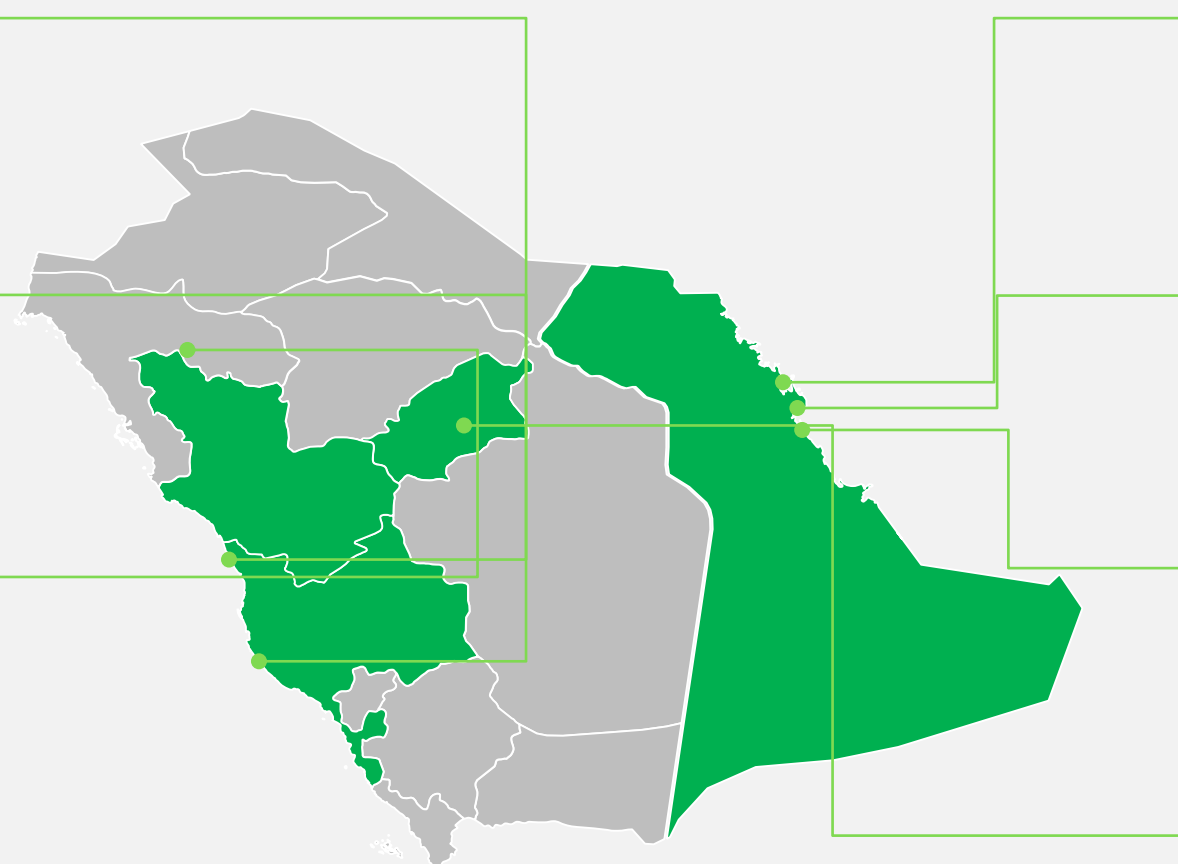
N	Developers (Bidders)	Levelized Water Cost (SAR/ m ³)
1	Metito Utilities Limited / Mowah / Orascom Construction	1.268 /m ³
2	Suez Groupe / Abdullah Ibrahim Alkhorayef Sons Co. / Hassana Investment Company	1.478/m ³
3	Acciona Agua / Al Rashid Trading & Contracting Company / Al Blagha Holding For Investments Co.	1.540/m ³
4	Mitsui & Co., Ltd. / Miahona Company Ltd.	1.703 /m ³
5	Veolia Middle East / Marafiq / Alamwal Alkaleejiah Althaniya	1.903/m ³
6	FCC Aqualia / Nesma Holding Co. Ltd. / Abdul Latif Jameel Commercial Development Company	2.140/m ³
7	SAUR SAS / Civil Water Company / Técnicas de Desalinización de Aguas, S.A.	2.620/m ³

Jeddah airport 2 ISTP

N	Developers (Bidders)	Levelized Water Cost (SAR/ m ³)
1	Marafiq	0.89 /m ³
2	Mitsui	0.91 /m ³
3	Aqualia	1.01 /m ³
4	Acciona	1.09 /m ³
5	Suez	1.25/m ³
6	Cobra	1.39/m ³



Current IWPP/IWP desalination & sewage projects with SWPC that are under tendering process.



Yanbu-4 IWP

	Capacity	450,000 m ³ /day
	Current Stage	RFP
	Expected commissioning	2022

Rabigh 4 IWP

	Capacity	600,000 m ³ /day
	Current Stage	Advisor Engagement
	Expected commissioning	2022

Ras Mohaisan IWP

	Capacity	300,000 m ³ /day
	Current Stage	Advisor Engagement
	Expected commissioning	2023

Taif ISTP

	Capacity	200,000 m ³ /day
	Current Stage	RFP
	Expected commissioning	2022

Jubail-3A IWP

	Capacity	600,000 m ³ /day,
	Current Stage	RFQ
	Expected commissioning	2022

Jubail-3B IWP

	Capacity	600,000 m ³ /day
	Current Stage	RFQ
	Expected commissioning	2023

Jubail 6 IWP

	Capacity	300,000 m ³ /day
	Current Stage	Advisor Engagement
	Expected commissioning	2023

Buraidah 2 ISTP

	Capacity	150,000 m ³ /day
	Current Stage	Advisor Engagement
	Expected commissioning	2022

For more projects, please visit SWPC website for the latest information:

<https://www.swpc.sa/show-news/?id=193>

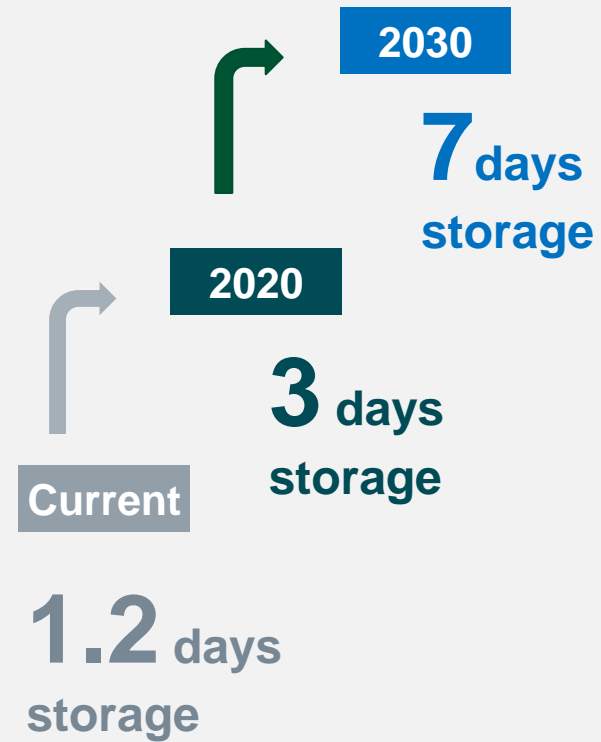
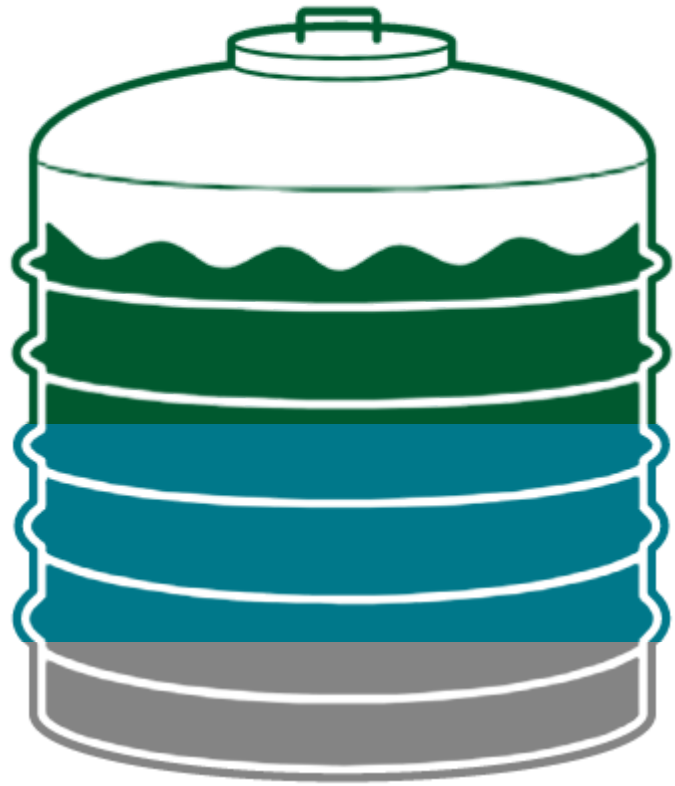


New IWPP/IWP desalination & sewage projects with SWPC

RFP Release	Project	Capacity (m3/day)	PCOD
2020	Ras Alkhair 2 IWP	600,000	Oct-23
	Ras Alkhair 3 IWP	400,000	Oct-23
	Tabuk 1 IWP	400,000	Nov-23
	Jazan 1 IWP	300,000	Nov-23
	Shuqaiq 4 IWP	400,000	Nov-23
	Tabuk 2 ISTP	90,000	Jul-23
	Madinah 3 ISTP	200,000 (375,000)	Jul-23
	Riyadh East ISTP	50,000 (50,000)	Dec-23
	Alhaer ISTP	200,000	Dec-23
	Makkah ISWR 1	4,000,000	Dec-23
	Makkah ISWR 2	4,000,000	Mar-24
	Makkah ISWR 3	5,000,000	Jun-24
2021	Rabigh 5 IWP	400,000	Oct-24
	Khamis Mushait ISTP	25,000 (25,000)	Jul-24
	North Najran ISTP	25,000 (25,000)	Jul-24
	Abu Arish 3 ISTP	25,000 (25,000)	Jul-24
	South Jeddah ISTP 1	25,000 (25,000)	Jul-24
	Makkah ISWR 4	6,000,000	Sep-24
	IWTP 1	TBC	Sep-24
IWTP 2	TBC	Sep-24	
2022	Jubail 4 IWP	300,000	Oct-25
	Rayis 2 IWP	300,000	Dec-25



In addition to 12 new strategic water reserves projects with SWPC, with a capacity of ~20Mn m³ to be developed by 2030



Upcoming Tenders



12 projects

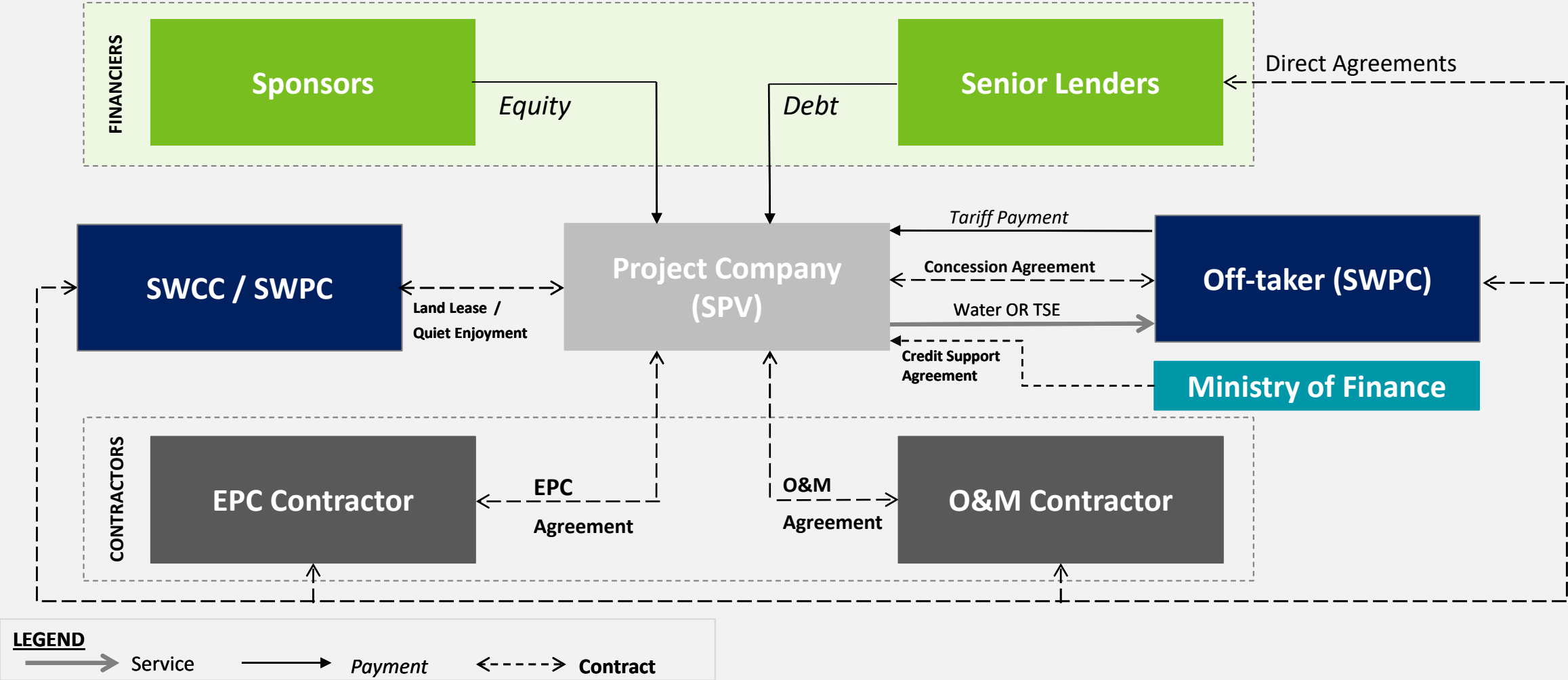


12 different locations across the Kingdom



20Mn m³ Storage Capacities

PPP Model For SWPC projects



To capitalize on localization opportunities, industrial stakeholder have kicked off various localization efforts



Local Content and Private Sector Development Unit

“Bring the private sector to its full potential, maximize local spending and optimize Balance of Payments”



IKTVA Program

- Doubling the percentage of locally-produced energy-related goods and services to 70% by 2021
- Exporting 30% of the output of the local energy goods and services industry



SABIC's Nusaned Program

- Achieving SABIC's localization agenda and local industry development
- Supporting investors in related areas



Localization Electricity Industry

- Raising local content levels in purchases and projects
- Attracting more foreign investment in the electricity industries
- Transferring knowledge and technology



Build Local Content

- Increasing the percentage of local purchases.
- Contributing to localize spare parts, services and chemicals
- Including the percentage of localization & local content in studies

In line with the establishment of LCPSPD, government entities have made initiatives to increase the support of local manufactures, create jobs, transfer technology and knowledge



Investment opportunities for manufactures and other investors

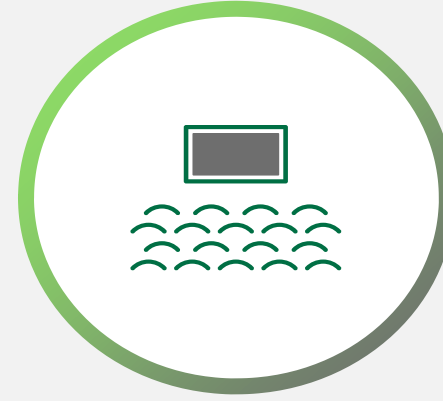
Details in back up



Equipment to be localized



Brine Commercialization and usage in other practices



Workshops & training services including equipment, fire fighting & security and technical & vocal trainings



Other innovative solutions in the desalination industry



List of equipment investment opportunities (I/II)

KSA and GCC desalination addressable market SAR Millions per year

Investment opportunity	Equipment	(2016-2025) (M)	(2026-2035) (M)	(2016-2035) (M)
1	Membrane first pass	SAR 944	SAR 1,376	SAR 1,160
2	Evaporator shell/Tube	SAR 980	SAR 1,753	SAR 1,367
3	Intake screens	SAR 758	SAR 610	SAR 684
4	Intake/Booster/Brine discharge pumps	SAR 530	SAR 561	SAR 546
5	Dissolved air floatation (DAF)	SAR 298	SAR 332	SAR 315
6	HP pumps	SAR 283	SAR 314	SAR 299
7	Membrane second pass	SAR 94	SAR 138	SAR 116
8	Heat recovery, heat rejection pumps	SAR 367	SAR 326	SAR 347
9	Brine heater	SAR 367	SAR 326	SAR 347
10	Common/Post treatment/backwash pump	SAR 199	SAR 212	SAR 206
11	Energy recovery device	SAR 159	SAR 202	SAR 181
12	Filtration equipment	SAR 133	SAR 148	SAR 141
13	RO membrane pressure vessels	SAR 129	SAR 143	SAR 136
14	Electrical drives(Motors)	SAR 123	SAR 137	SAR 130
15	Electrical-Chlorination system	SAR 129	SAR 131	SAR 130
16	HP piping and valves	SAR 100	SAR 127	SAR 114

List of equipment investment opportunities (II/II)

KSA and GCC desalination addressable market SAR Millions per year

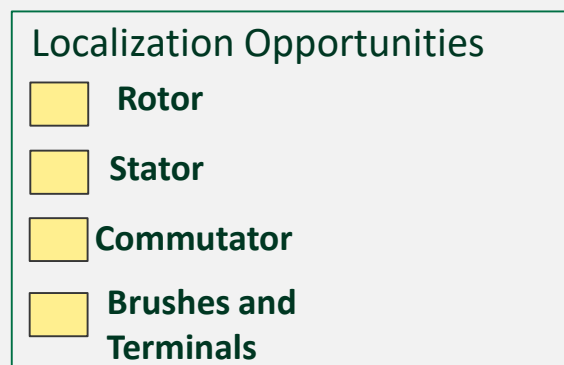
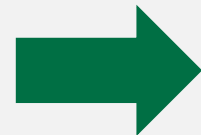
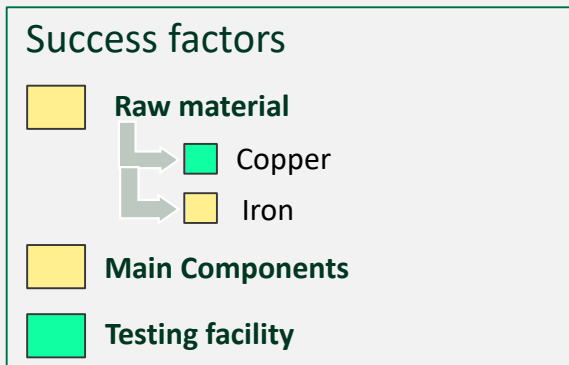
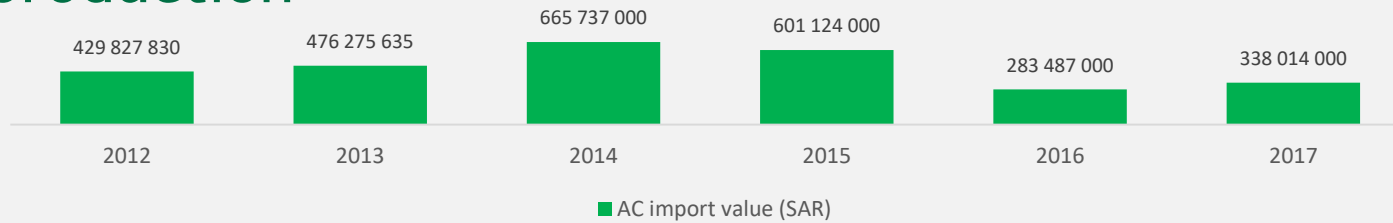
Investment opportunity	Equipment	(2016-2025) (M)	(2026-2035) (M)	(2016-2035) (M)
17	Flocculators	SAR 87	SAR 110	SAR 99
18	Piping structure and erection material	SAR 54	SAR 66	SAR 60
19	Membrane racks/piping	SAR 37	SAR 41	SAR 39
20	Steam supply system	SAR 79	SAR 53	SAR 66
21	Vacuum Pumps	SAR 78	SAR 49	SAR 64
22	Pre/Post chemical dosing pumps	SAR 49	SAR 53	SAR 51
23	Intake piping	SAR 24	SAR 30	SAR 27
24	LP piping and valves	SAR 41	SAR 46	SAR 44
25	Deaerator (incl. Ejectors)	SAR 42	SAR 37	SAR 40
26	Post treatment/brine discharge piping and valves	SAR 31	SAR 27	SAR 29
27	Electric mixers	SAR 13	SAR 17	SAR 15
28	Cleaning system (sponge ball)	SAR 20	SAR 18	SAR 19
29	Pre/Post treatment tanks	SAR 4	SAR 5	SAR 5
30	Air blowers	SAR 6	SAR 8	SAR 7
31	Lime contractors	SAR 0.04	SAR 4	SAR 2

Electrical Motor market overview

AC Motor market size

352M
SAR

Today, the market serviced mainly by imports, with little local production



Brine Commercialization

SWCC Brine Contains :

Mineral	Red Sea Brine	Gulf Sea Brine	Total Brine Tons / year
Chloride CL mg/L	33, 750	35,500	62
Sodium Na mg/L	16,480	18,990	30
Sulphate SO4 mg/L	4,690	49,13	9
Magnesium Mg mg/L	1,977	2,264	4
Calcium Ca mg/L	603	715	1

Findings:

- Salts and magnesium compounds are currently techno economically feasible and candidates for by-product commercialization.
- Growing desalination industry globally driving technology innovation leading to growing focus on brine management (near ZLD) and by-product commercialization, with early indications of trending lower costs, lower energy requirements, and higher recovery of water and other resources.

Examples of SWCC Plants Produce Brine:

No	Plant(s) Name	Phase	Location	Water m3/day	Brine m3/day
1	Ras Alkhair	Ras Alkhair RO	RAS ALKHAIR	310,656	621,312
2		Ras Alkhair		740,656	2,221,968
3	Jeddah	Jeddah 4	Jeddah	221,575	664,725
4	Yanbu 3	Yanbu Expansion	Yanbu	68,190	204,570

The requirements: Commercialization Proposal of the Brine in PPP Investment model

4

Reasons to invest in Water & Water treatment sector in KSA



Large and growing desalination industry



Increasing privatization and localization opportunities



Access to large regional markets



Well developed ecosystem in place

Three key factors make exports to neighboring countries favorable

Details on next slides



Geographical advantage

- KSA is located at a close proximity to GCC, African, Asian and European countries and thus has a logistical advantage (i.e., lower transportation cost, shorter delivery time) over several other countries



Trade agreements with other Arab countries

- Following GAFTA¹ – Goods produced in any of the GAFTA member countries shall be exempted from duty in any other member country



Favourable trade regulations on industrial goods

- KSA has set favourable trade regulations on the export of industrial products/equipment



Access to a vast number of consumers within 7 hours of air transport



Reaching new markets is supported by a mature logistical infrastructure



10 main harbors

- Largest marine network in the Middle East region
 - 6 leading container ports
 - Over 240 million tons of cargo handled in 2017
- King Abdullah Port at KAEC with 4 million TEU² annual capacity
 - Fastest growing port in world
 - Port throughput increased by 14% in first half of 2017



27 airports

- Connecting KSA with 81 airports in 45 countries
- 1.2M tons of cargo crossing the airport facilities in 2015
- King Abdulaziz International Airport in Jeddah the third largest airport in the Middle East by passenger traffic
- *The number of airports is expected to boom as new airports are being built (e.g., Taif and Jeddah new airport) and existing ones are being expanded (e.g., Riyadh airport)*



>1,700 km of rails

- Cargo line: 556 km starting at King Abdul Aziz Port in Dammam and ending in Riyadh
- Branch lines: 486 km connecting industrial sites and facilities
- Approx. 700 thousand containers handled every year
- Additional 1,500 km are to be added in the upcoming years



>200,000 km of roads

- 66,000 km of roadways connecting major cities and providing access to railways, ports and airports
- >140,000 km of dirt roads
- 12,000 km of roads connecting Saudi Arabia's regions to international borders

4

Reasons to invest in Water & Water treatment sector in KSA



Large and growing desalination industry



Increasing privatization and localization opportunities



Access to large regional markets



Well developed ecosystem in place

Investor-centric Ecosystem is established by the government for private sector investors



Clear governance
and regulatory framework



Incentives and competitive prices
to attract private sector investors

Clear Allocation of roles along the value chain

Sector Role Allocation

	Sector owner	Sector Planner/ promoter	Sector Regulator	Licenses issuer	Funder /Investor
Developers/ OEMs	Ministry of Environment, Water and Agriculture (MEWA) 	Saline Water Conversion Corporation (SWCC) المؤسسة العامة لتطلية المياه المالحة Saline Water Conversion Corporation 	Electricity & Cogeneration Regulatory Authority (ECRA) 	Ministry of Commerce & Investment وزارة التجارة والاستثمار Ministry of Commerce and Investment 	Saudi Industrial Development Fund (SIDF) صندوق التنمية الصناعية السعودي Saudi Industrial Development Fund 
		National Water Company (NWC) 	Saudi Standards, Metrology and Quality Organization (SASO)* 	General Investment Authority 	Other key government supporting entities 
		Saudi Water Partnership Company 			

SAGIA acts as the one stop shop to facilitate investors interactions with government entities

Saudi offers low and competitive prices in the Industrial cities



Land cost



Average industrial land for lease starting from 0.26 USD per sqm per month



Construction cost



Standard cost of construction of 650 USD/sqm



Wages



Operator wage: 3 USD per hour
Technical wage: 7 USD per hour
Supervisor wage: 10 USD per hour



Power



0.048 USD per kWh for the industrial sector



Natural gas



1.75 USD per MMBTU



Ethane



1.75 USD per MMBTU



Diesel



14 USD per barrel



In addition, water R&D capabilities currently exist in the kingdom

Non-Exhaustive



SWCC Desalination Technologies Research Institute

- Desalination technologies
- Intake and pre-treatment technologies
- Water chemistry
- Materials selection and applications



KACST Water Research Institute

- Desalination seawater
- Water treatment
- Treatment of sewage water
- Chemical solvents



KAUST Water Desalination and Reuse Center

- Seawater reverse osmosis pilot facility
- Absorption desalination pilot facility



Saudi Offers A Wide Range of Investor-centric Incentives



Custom duty exemption



Customs duty exemptions for primary raw materials, manufacturing equipment, and spare parts (not available in KSA)



Custom duty drawback



Refund to importers/ exporters of raw material imports that are processed in Saudi Arabia and re-exported as more finished products



Loans



Up to 75% of project financing through soft loan by SIDF



Land incentives



Land for lease starting from \$ 0.26 per sqm



Nationalization incentives



Up to 15% (for male) and 20% (for female) of the monthly salaries of KSA nationals employees to be covered by HRDF



Ownership



100% foreign direct ownership allowed



Repatriation of capital



No restrictions on repatriation of capital

Thank you

Water segment contact information:
Water@sagia.gov.sa