

INVESTMENT OPPORTUNITY

PROJECT NAME	OPPORTUNITY SECTOR
Semiconductors Manufacturing	<i>ICT</i>

Opportunity Background:

Semiconductor manufacturing is high tech industry that we have identified as a core industry to attract investment for. Building a Semiconductor plant (Fab) not only results in knowledge transfer and creation of jobs in that plant, but also it is a catalyst to build a cluster of other supporting industries around this Fab. There are not many Fabs around the world and the effort it requires to attract a company to build one here is expected to be enormous. Companies usually look for:

- 1) the availability of talent
- 2) Government incentives and support
- 3) Availability of fund in the forms of grant and loans
- 4) Link to universities
- 5) Supporting Infrastructure.

Value Proposition:

- The semiconductor market value is expected to continue its strong growth. The global demand for semiconductors is driven by technological advancements, new consumer applications and declining costs for integrated circuits.
- Investors will be attracted by the government's incentive in KAEC to compensate 50% of all R&D expenditure. This results in a 7.5% increase of net income. In addition, there are other tax incentives linked to the employment and training of Saudis in such projects.
- The low cost of utilities will contribute to lower operational costs. Compared to utility prices in the US the advantage is 3.5% of net income.
- KAEC will offer an attractive lifestyle for skilled workers, including high quality housing, a wide variety of leisure activities, and region-leading schools and universities close by. These educational facilities can also train the highly skilled workers that the industry requires. The government's CADRE initiative for the Economic Cities will guarantee the availability of skilled labor for semiconductor manufacturing, should that be required.
- The geographical advantages and logistical focus of KAEC – with the lower transportation costs they bring – create the opportunity to serve the broader Middle East region, Europe, Asia and Africa. This is not only an advantage for semiconductor manufacturing in the Kingdom, but also for semiconductor related assemblies which could further attract investment.
- Saudi Arabia is not only rich in oil but in cash as well. Investors would be attracted to form joint ventures and companies with Saudi businessmen and investing groups or organization that can support the large amount of equity required to build Fabs (usually between \$2-\$5 billion USD)
- Saudi Arabia announced its first sovereign wealth fund; Sanabel. It aims to invest in knowledge based industries and attract them to Saudi Arabia.

Project/Investment Characteristics:

Investment location: <i>KAEC</i>	Project Timeline:	Potential Job Creation: <i>3000 (full fab operation)</i>
Investment Size: <i>2-4 billion USD</i>	Estimated Turnover: <i>Pay Back Period = 10 years (estimate)</i>	

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COST OF DOING BUSINESS

Major reduction in: utilities contributing 3.5% to net profit, R&D expenditure contributing +7.5% to net profit, and land rent.

Target Investors criteria

Multinational semiconductor manufacturers such as: Intel, AMD, Samsung, and TSMC.

Project Leader:

Abdullah Taha

Status: