



ANNUAL  
REPORT  
2019

دسر  
DUSSUR



# Realizing the Kingdom's vision for the future

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**KING SALMAN BIN ABDULAZIZ AL-SAUD**

The Custodian of the Two Holy Mosques



**HIS ROYAL HIGHNESS PRINCE MOHAMMED BIN SALMAN BIN ABDULAZIZ AL-SAUD**

Crown Prince, Deputy Prime Minister and Minister of Defense of the Kingdom of Saudi Arabia



**Mr. Mohammed Abunayyan**  
Chairman

During 2019, the Kingdom of Saudi Arabia made tangible progress towards realizing its vision of building a diversified and flourishing economy. Moreover, Dussur has worked - since its inception - towards being a key contributor to this vision. Since its launch in 2017, Dussur spared no effort to deliver on its mandate of building the Kingdom's industrial landscape and supporting the pillars of our economy in line with "Vision 2030".

Dussur's talented and specialized team focused on structuring and executing impactful investments targeting the development of transformational industries. Dussur aims to enable the private sector, technology transfer, create sustainable jobs for the nation's youth, and make a tangible contribution to the Kingdom's GDP.

We strive to continue our journey and develop new strategic partnerships founded on our principal approach of creating added value to our national economy, forging strong partnerships, and investing in transformative industries in the key sectors charted in our strategy: industrial metals, specialty chemicals, automotive manufacturing, and power.

This approach stems from our conviction and belief that such sectors will have the utmost impact in supporting and enabling transformative industries in the Kingdom.

During 2019, Dussur was successful in adding another key investment to its existing investment portfolio through our investment in establishing the Saudi Engine Manufacturing Company (SEMCO) in partnership with Hyundai Heavy Industries (HHI), and Saudi Aramco, to manufacture two-stroke and four-stroke marine and Electric Power Plant (EPP) engines, and marine pumps. These products will be used in propelling commercial sea vessels, electric power generation, cargo oil pumps, and offshore rig pumps. This new addition will mark Dussur's second investment following its distinguished partnership with General Electric in the area of gas-powered electric power generation turbines.

Despite its short tenure, Dussur has developed significantly since its inception, giving us an exemplary and unique operating model. This is evident in our highly capable management team with extensive knowledge and experience in the industrial investment arena, in addition to the significant support it enjoys from its key international and highly reputable shareholders, namely, the Public Investments Fund, Saudi Aramco, and the Saudi Basic Industries Company (SABIC).

Notwithstanding the significant challenges the global economy faces after the outbreak and repercussions of the COVID-19 pandemic, we are fully confident that we will continue our march towards achieving our mandate with the unparalleled support we are getting from our wise Government Leadership. In fact, the recent developments only stand to show the importance of achieving self-sustainability for key supplies.

Although this pandemic created numerous challenges in the business environment, it also presents new opportunities which we intend to carefully study and take advantage of through intelligent and coordinated planning with our partners.

Finally, I would like to extend my sincere thanks and appreciation to the Kingdom of Saudi Arabia's visionary leadership for their continued support to investors, in general, and to the industrial investment sector specifically with due care and guidance. This is evident in the recent government support initiative announced in the first quarter of the fiscal year 2020 to support the private sector in Saudi Arabia, providing a clear indication of the attractiveness of the investment environment in the Kingdom. Appreciation is also due to our shareholders for their continued support, my colleagues on the Board of Directors, and all Dussur team members who exerted distinguished efforts in 2019. I look forward to continuing our journey to new achievements and successes in 2020.

**DUSSUR IS BUILDING THE KINGDOM'S  
LANDSCAPE AND SUPPORTING THE PILLARS  
OF OUR ECONOMY.**



**Dr. Raed Al-Rayes**  
Chief Executive Officer

Since its inception in 2017, the shareholders of Dussur and its leadership paid great attention in laying the foundations of success for this thriving organization that carries a pivotal mandate of developing the transformational industries in the Kingdom; an industrial segment that is considered a key bottleneck in localizing the value chain in numerous critical and strategic industries.

In 2019, we exerted great efforts on all fronts to ensure that our strategy and goals are aligned with and complementary to the Kingdom's "Vision 2030". We also instituted a working model that is based on the best practices in the area of industrial investment both regionally and globally. This is what places Dussur today in an advanced position and fully prepared to play the role of the strategic investor that enables the transformational industries in the Kingdom.

Our key strength is embodied in our strategic investment approach, our highly capable human capital, our portfolio size, and our international partnership network that is supported by the size and power of our shareholders.

The efficacy of our strength stems from our focus on a specific mandate of executing value-added investments in the transformational industries, in the areas of industrial metals, such as, steel, aluminum, and titanium, and the areas of specialty chemicals, automotive manufacturing, and power. In carefully utilizing these abilities, we contribute towards supporting local efforts to build a resilient and diversified national economy that complements the global economy.

During the past year, we worked on enhancing Dussur's operational model and restructuring the governance function in the organization. The company embarked on forming a fully-fledged Enterprise Risk Management (ERM) function which will provide a comprehensive risk management framework for Dussur and proactively manage operational and strategic risks, in addition to enhancing compliance with both internal and external regulations.

In addition, in 2019 we focused on building and enhancing our distinguished human capital through several key strategic initiatives to improve the working environment and Dussur's appeal to national talent seeking opportunities to enhance their skills and capabilities, and the joy of success and appreciation for achievements.

Moreover, in spite of the enormous challenges facing the global economy in light of the COVID-19 pandemic, Dussur's team is working diligently and purposefully to increase our institutional readiness to study all investment and operating risks, and reprioritize our work to find the best fitting opportunities in the current economic climate.

Moving forward, we will continue with our local and international partners to enable the development of industrial metals, specialty chemicals, automotive manufacturing, and power sectors,

striving in the process to contribute to the industrial goals stated in "Vision 2030", and outlined in the National Industrial Development and Logistics Program (NIDLP). We will move forward diligently to develop vital industries that will support the national economy, provide promising industrial investment opportunities, and create thousands of sustainable jobs.

Finally, I would like to emphasize that our success in achieving the mandate bestowed upon us would not have been possible with the valuable support we receive from our Board, our shareholders, and the efforts and capabilities of our team, whom I thank for their continued dedication to the vision of Dussur and effecting its contribution to our national economy.

**WE WILL MOVE FORWARD DILIGENTLY TO DEVELOP VITAL INDUSTRIES THAT WILL SUPPORT THE NATIONAL ECONOMY.**

# Shareholders

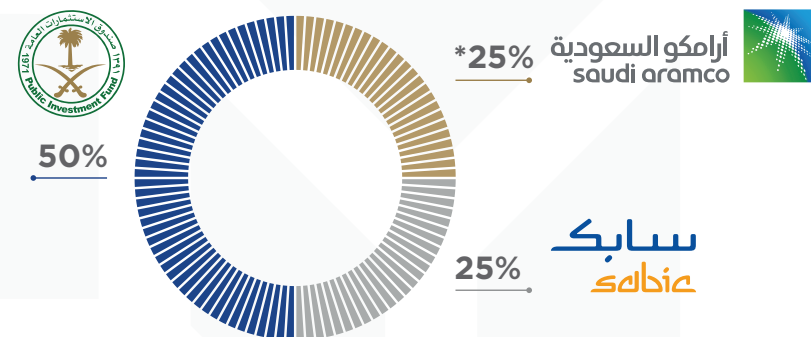


**ABOUT OUR SHAREHOLDERS**

Over many decades, Dussur's shareholders have been at the core of Saudi Arabia's industrialization journey, playing a critical role in the economy and creating countless employment opportunities. They have unparalleled experience of successfully working with international partners to create world-class joint venture companies.

Each founding shareholder offers exceptional value to Dussur beyond financial strength, with their expertise, experience, insights, and networks, giving the company a head-start in its mission to support the development and diversification objectives in Saudi Arabia.

**OVER MANY DECADES, DUSSUR'S SHAREHOLDERS HAVE BEEN AT THE CORE OF SAUDI ARABIA'S INDUSTRIALIZATION JOURNEY.**



\*Saudi Aramco Development Company (SADCO), a wholly-owned subsidiary of Saudi Aramco, holds a 25% shareholding in Dussur.



**PUBLIC INVESTMENT FUND**

For more than 48 years, the Public Investment Fund (PIF) has been a leading economic player and has contributed to the development of national investment entities constituting the foundation for overall national development, while contributing to the establishment of many of the largest companies in Saudi Arabia. Established in 1971 by virtue of a Royal Decree, the PIF has, throughout the years, financed many key projects and companies and provided financial support for projects of strategic importance to the national economy. The Public Investment Fund seeks to become one of the largest sovereign wealth funds in the world. To achieve this goal, the Fund is building a world-class diversified portfolio of investments in attractive and long-term opportunities at both the domestic and international levels.

\*Saudi Aramco Development Company (SADCO), a wholly-owned subsidiary of Saudi Aramco, holds a 25% shareholding in Dussur.

أرامكو السعودية  
saudi aramco



**SAUDI ARAMCO\***

Saudi Aramco is a fully integrated, global petroleum and chemicals enterprise in Saudi Arabia. Over the past 80 years, it has become a world leader in hydrocarbons exploration, production, refining, distribution, shipping, and marketing, and the world's top exporter of crude oil and natural gas liquids (NGLs). In 2019, Saudi Aramco offered 1.5% of its equity to be publicly held making it the world's largest company by market capitalization reaching in excess of USD 2 trillion. Its oil and gas production infrastructure leads the industry in scale of production, operational reliability, and technical advances. Its plants and the people who run them make Saudi Aramco the world's largest energy company.

سابك  
SABIC

**SABIC (SAUDI BASIC INDUSTRIES CORPORATION)**

Ranked among the world's largest petrochemical manufacturers, SABIC is a public company based in Riyadh, Saudi Arabia. 70% of the company's shares are owned by the Saudi Arabian government, with the remaining 30% is publicly held through its listing on the Saudi Stock Exchange (Tadawul). In 2019, Saudi Aramco and PIF entered into an agreement for Aramco to acquire the government's stake of 70% in SABIC. SABIC was established in 1976 by virtue of a Royal Decree and today has operations in over 50 countries with a global workforce of over 35,000 talented individuals. SABIC's mission is to responsibly provide quality products and services through innovation, learning, and operational excellence while sustaining maximum value for its stakeholders.

## BOARD OF DIRECTORS



**Mr. Mohammed Abunayyan**  
Chairman of the Board



**Mr. David Bartholomew**  
Member



**Mr. Fahad Al-Semari**  
Member



**Eng. Walid Abukhaled**  
Member



**Eng. Fuad Mosa**  
Member



**Mr. Waleed AlSaif**  
Member



**Mr. Abdullah Al Kobraish**  
Member



**Mr. Turki Al Mady**  
Member



**Mr. Hisham Attar**  
Member



The capital and financial center of Saudi Arabia, Riyadh



### OUR MANDATE

Dussur works through an effective and robust investment model with our partners in line with the best governance practices and standards on executing strategic industrial projects that contribute towards accelerating the localization of the value chains of key industrial sectors. These sectors include industrial metals, specialty chemicals, automotive manufacturing, and power industries, as well as, other industries that Dussur aims to use to create sustainable jobs for our nation's youth, facilitate technology transfer, and increase the private sector participation in the Kingdom's GDP in line with Vision 2030 that aims to diversify the local economic base.

### OUR VALUES



FAIRNESS



RESPECT



EXCELLENCE



PARTNERSHIP



New Dussur Office, Riyadh Front

# Investment Thesis

Dussur occupies a unique strategic position in the Kingdom of Saudi Arabia as a long-term investor in industrial projects, that realize the ambitions of Vision 2030 with the backing of distinguished shareholders and other government stakeholders. Dussur aims to develop industrial projects that will contribute to the economic growth and diversification of the Kingdom's industrial base.

Dussur's investment philosophy is to develop sustainable industrial capabilities while adhering to strict commercial discipline in four key sectors: industrial metals, downstream chemicals, automotive manufacturing, and power.

By investing in these sectors and building technical capabilities, we aim to create companies that catalyze the development of the industrial ecosystem and capitalize on the key competitive advantages of the Kingdom. We also aim to facilitate knowledge transfer, bring global skills to the local workforce, create high-quality jobs, spur innovation and research, and deliver value to our shareholders.

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# Sectorial Focus

**Saudi Arabia**  
The heart of the Arab and Islamic worlds  
The investment powerhouse  
The hub connecting three continents

# Industrial Metals

The Kingdom is blessed with a rich endowment of metals and minerals that can spearhead the development of competitive value chains serving a multitude of advanced industries. Building on the Kingdom's mining strategy, Dussur aims to complement existing upstream capabilities by filling gaps, creating competitive advantages, and enabling strategic sectors in specialty metals and base metals. The value chain focus is in mid-stream, downstream,

secondary upstream, and metal recovery, aiming to both localize and integrate targeted investments in the global supply chain and bring leading technologies and capabilities to support Vision2030 industrial diversification. Focusing on titanium, aluminum, specialty steel, zinc and copper, and high value alloy agents, Dussur will play a critical role in further developing long term sustainable high-value industries such as aerospace, conventional power, renewables, automotive, and oil and gas, among others.



# Downstream Chemicals

The chemicals sector is already a mega-sector within the Kingdom with a complex value chain. In the downstream chemicals sector, Dussur is targeting investments in detergents and surfactants, polymer additives, polymer processing, and CASE (Coatings, Adhesives, Sealants, and Elastomers). These investments aim to fill gaps in industries such as electronics, aircrafts, healthcare, packaging, construction, and pharmaceuticals.

Dussur will seek to partner with existing facilities within the value chain for potential synergies, evaluate opportunities to create industrial clusters, and collaborate with the private sector to build on existing capabilities and extend the value chain offering.



# Automotive

To support the Kingdom's vision to establish an automotive manufacturing capability in Saudi Arabia, Dussur targets investing with partners to manufacture special purpose vehicles, buses, trucks, and vans, in addition to localizing cross-segment OEMs, and supply base subsectors. Balancing its investment view between conventional and emerging technologies, Dussur will seek to capitalize on opportunities across the automotive value chain in both manufacturing and

non-manufacturing areas. Specifically, Dussur will focus on raw materials, parts and systems, vehicles, and application building for private vehicles, special purpose vehicles, and buses.

# Power

Saudi Arabia has one of the largest installed generation capacity globally with approximately 77 Giga Watts of installed base, and has recently revalidated its commitment to increase capacity to reach more than 115 Giga Watts of conventional generation by 2030. Heavy duty gas turbines are the most essential power production units within the combined cycle power plants most commonly used in Saudi Arabia.

Dussur is investing in gas turbine components manufacturing, finishing, assembly, testing, and services. Saudi Arabia is a large and growing gas turbine market. Dussur aims to develop the manufacturing and services industry with strategic investments across the value chain and integrate the services and component manufacturing. Hence, Dussur's strategy for the power sector represents forward integration and increased in-Kingdom value creation.

# Investment Portfolio



## GESAT Factory, Dammam

From left to right: Eng. Fatimah Alibrahim, Lead Materials Planning & Execution Specialist; Ahmed Alabdulaziz, Store Keeper; Eng. Ibrahim Alshuwaier, Operations Leader.



# Dussur's Joint Ventures (JVs)



## GENERAL ELECTRIC SAUDI ADVANCED TURBINES (GESAT)

Aiming to satisfy the Kingdom of Saudi Arabia's growing electricity demands, GE Saudi Advanced Turbines (GESAT) is a joint investment by Dussur and General Electric (GE) to manufacture heavy duty gas turbines and components in the Kingdom. Established in June 2017, GESAT aims to satisfy Saudi Arabia's annual demand for gas turbines. Under the agreement, GE and Dussur are strengthening 'Made in Saudi' capabilities by expanding manufacturing processes specifically around gas turbine component technology, including GE's H-class heavy duty gas turbines, enabling operational efficiency and flexibility.

## SEMCO

### SAUDI ENGINE MANUFACTURING COMPANY (SEMCO)

Dussur, Saudi Aramco, and Hyundai Heavy Industries (HHI) signed a joint venture in July 2019 to establish the first marine engine manufacturing facility in the MENA region. The venture will manufacture 2-stroke and 4-stroke marine and Electric Power Plant (EPP) engines, as well as, marine pumps that powers vessels, auxiliary equipment, generators, and propulsion systems. The engines manufactured will also be used in commercial vessels propulsion, electrical power generation, cargo oil pumps, and offshore rig pumps. Located at Ras AlKhair in the Kingdom's Eastern Province, the manufacturing facility will benefit from the Kingdom's strategic geographic location at the crossroads of important international trade routes between three continents and represents another step to cement the Kingdom's position as a unique regional logistical hub for global seaborne trade. The venture is expected to create over 720 jobs and will encourage the transfer of knowledge and industry know-how to Saudi Arabia. The joint venture was signed with Saudi Aramco Development Company (SADCO) set to own 55 percent of its shares, while Dussur will own 15 percent, and Korea Shipbuilding & Offshore Engineering (KSOE) is to own 30 percent (KSOE is a sub-holding company under Hyundai Heavy Industries (HHI) Holding).

# Dussur's Partners



## SAUDI ARAMCO

Based in Dhahran, Saudi Arabia, Saudi Aramco is the leading producer of energy and chemicals in the world.



## GENERAL ELECTRIC (GE)

An American multinational conglomerate and a world leader in power generation and water technologies for utilities, independent power producers, and industrial applications.



## HYUNDAI HEAVY INDUSTRIES CO, LTD

Founded in 1972, HHI is the world's largest shipbuilding company. Its headquarters are in Ulsan, South Korea.

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