

CHEMISTRY THAT MATTERS™



VISION 2030 AND PROCUREMENT – ENABLING EXTENDED VALUE CREATION THROUGH LOCAL CONTENT

JUBAIL PROCUREMENT CONFERENCE
SABIC – LOCAL CONTENT AND BUSINESS DEVELOPMENT

Jubail Procurement Conference, Jubail, KSA, October 30-31, 2019



VISION 2030 REPRESENTS THE NATION'S SHARED GOAL OF DEVELOPING AND FUTURE PROOFING THE LOCAL ECONOMY AND WORKFORCE



A vibrant society...



A thriving economy...



An ambitious nation...



Economic diversification
and prosperity



Public sector
development



Technology and R&D



Investment, export and
GDP growth, job creation



Saudi skills and
workforce development

THESE OBJECTIVES WERE TRANSLATED INTO WELL-DEFINED TARGETS IMPACTING GDP, EMPLOYMENT, SME CONTRIBUTION AND LOCALIZATION

KINGDOM of SAUDI ARABIA'S (KSA) VISION 2030 – OBJECTIVES AND TARGETS

1



Increase Private Sector contribution to GDP

~2,200 Bn SAR

additional GDP from private sector

2



Increase SME Contribution to GDP

~1,250 Bn SAR

additional GDP from SMEs

3



Decrease Unemployment Rate

~2.3 Mn

new jobs required

4

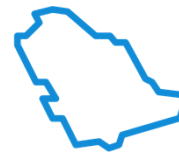


Increase Export Contribution to Non-oil GDP

~1,350 Bn SAR

increase in non-oil exports

5



Increase Localization in O&G Sector

~60 Bn SAR

increase in O&G local procurement

2015

40%

20%

11.6%

16%

40%

2030

65%

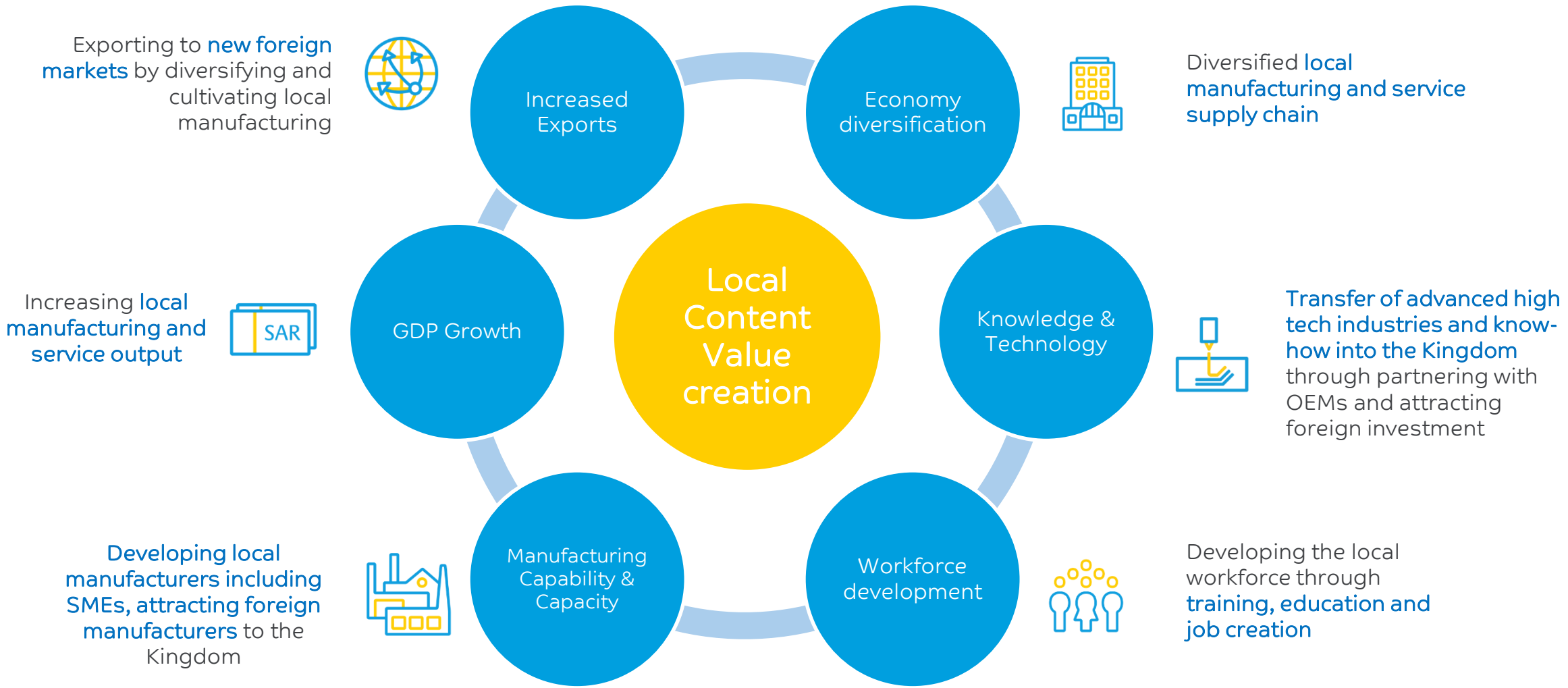
35%

7%

50%

75%

PROCUREMENT LIES AT THE HEART OF THE TRANSFORMATION – LOCAL CONTENT ENABLES VALUE CREATION BEYOND COST REDUCTION



IN ADDITION TO ENABLING EXTENDED VALUE CREATION, LOCALIZATION ALSO HAS A PROFOUND IMPACT ON KEY PROCUREMENT METRICS

1 Total cost of ownership



Potential short term
TCO increase



Medium/long term cost
decrease and improved
cost competitiveness of
local suppliers

2 Surety of supply



Increased supply
security through a
broader, local supply
chain



Reduced logistics,
product transfer and
regulatory risks

3 Working Capital



Reduced inventory
through shortened lead
times and improved
supply security



Reduced currency
exchange risk

4 Quality & maintenance



Availability of trained
local staff improving
overall service quality



Improved product
quality

5 Lead times



Improved lead times
through reduced long
haul shipments and
eliminations of customs
clearance requirements

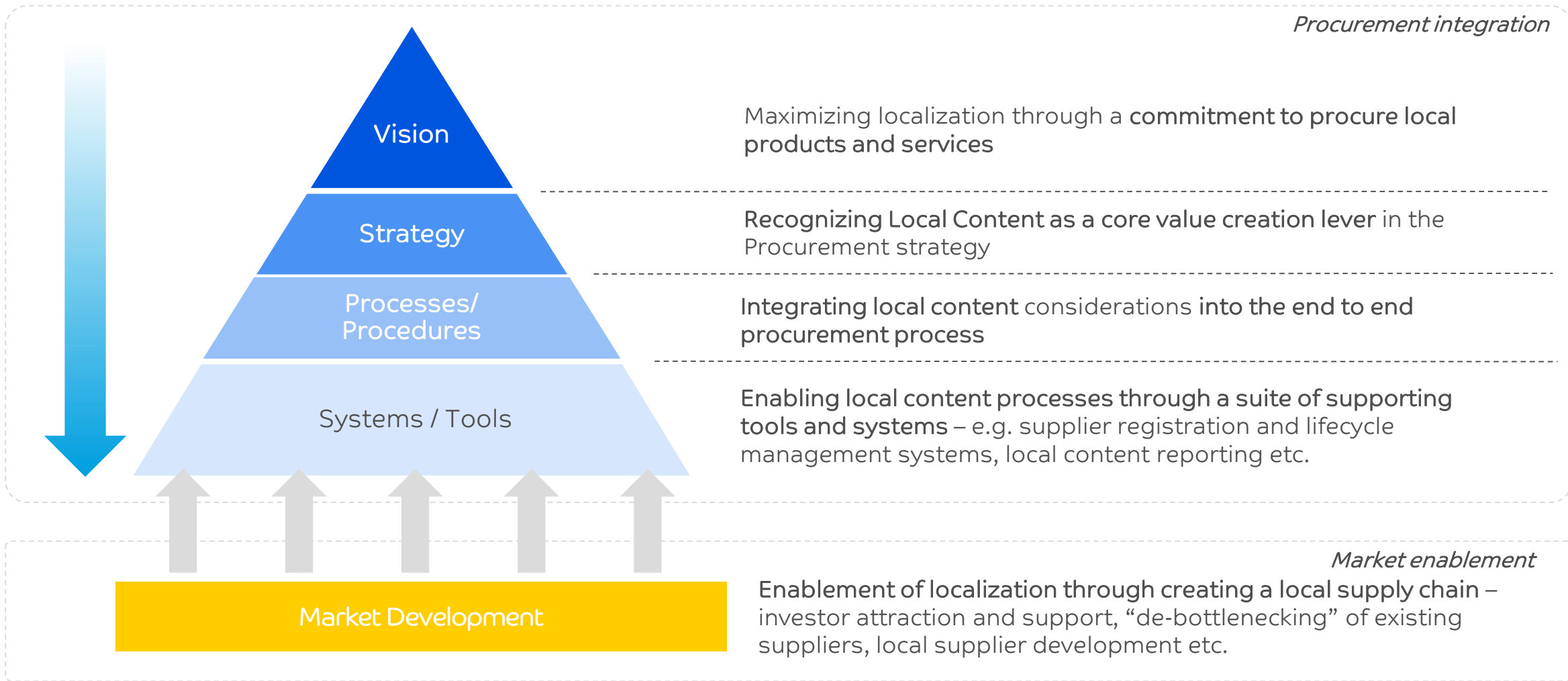
6 Sustainability



Improved supply chain
sustainability through
using local materials
and services

TO UNLOCK THE VALUE OF LOCALIZATION, PROCUREMENT NEEDS TO EMBED LOCAL CONTENT IN IT'S VISION, STRATEGY, PROCESSES AND SYSTEMS

Integration of Local Content into Procurement

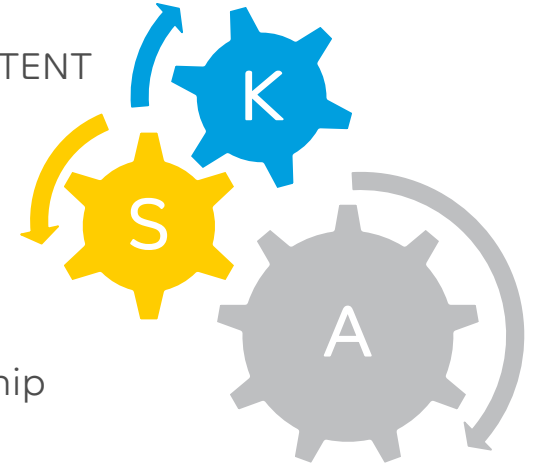


DRIVEN BY SABIC LCBDU, NUSANED™ IS A STRUCTURED PROGRAM CONTRIBUTING TO VISION 2030 GOALS BY DELIVERING ON 4 FRONTS



STRUCTURED PROGRAM FOR MAXIMIZING LOCAL CONTENT DEVELOPMENT THROUGH

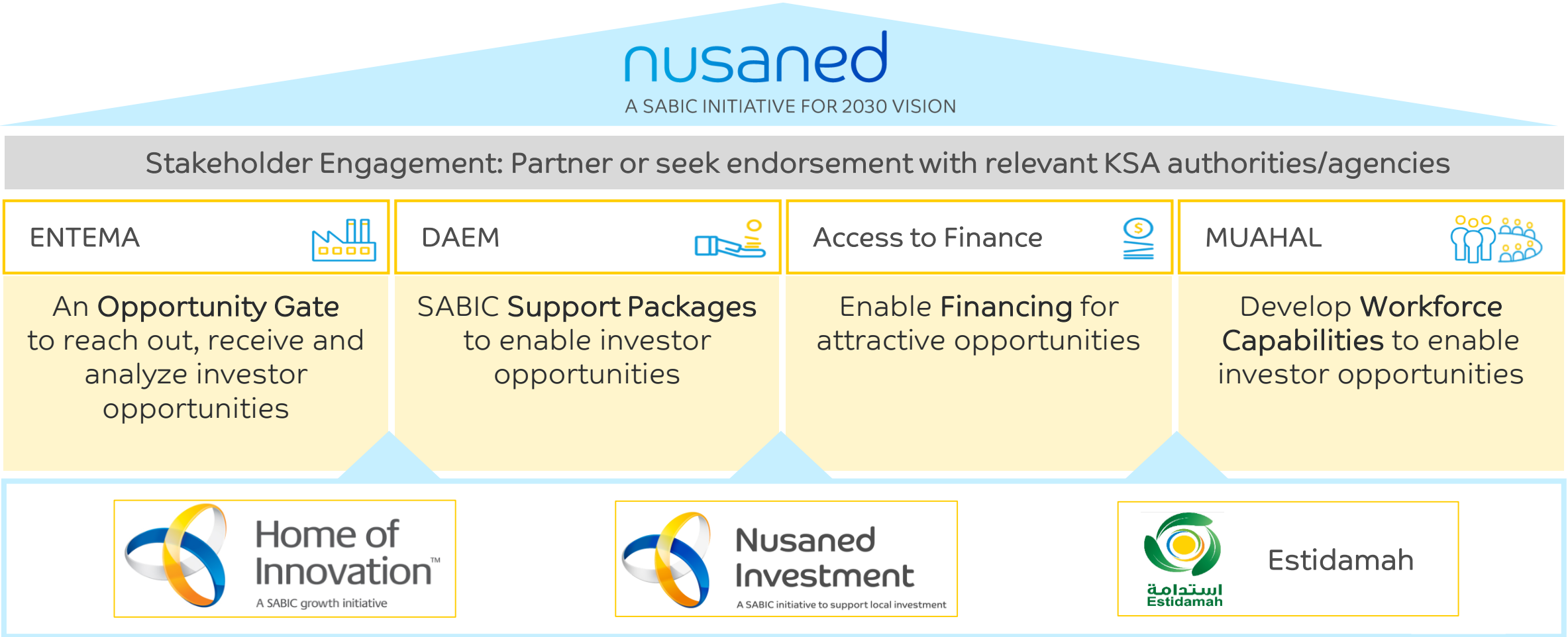
- Promoting the **localization of materials and service**
- Creating **business opportunities in downstream**
- **Developing workforce** – training and entrepreneurship
- **Attracting and Enabling Foreign Investment in KSA**



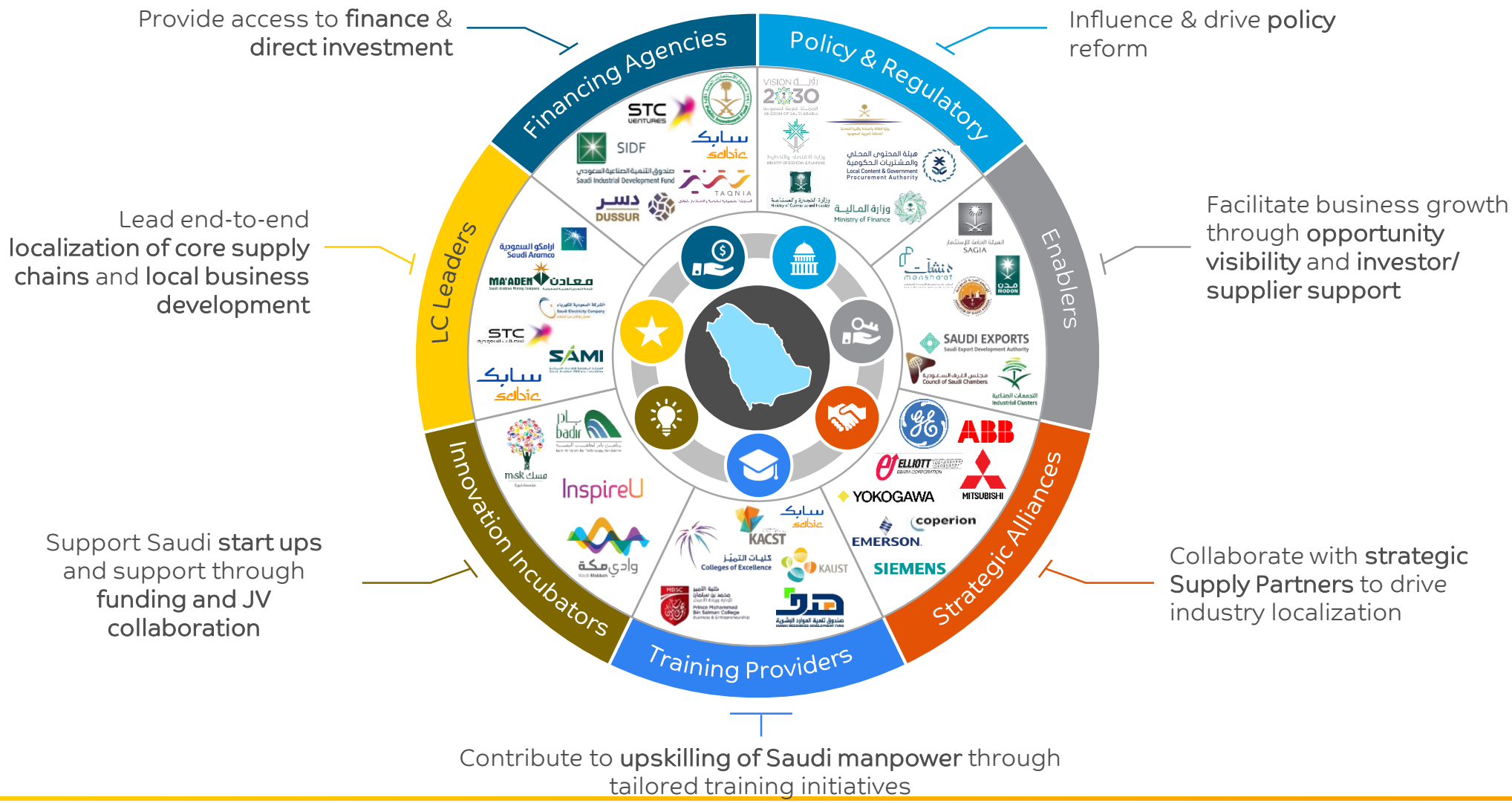
TO CREATE A VALUE ADDED **LOCAL MANUFACTURING BASE** ,
DIVERSIFY NATIONAL ECONOMY , **CREATE JOBS** AND **MINIMIZE**
IMPORTS DEPENDENCY



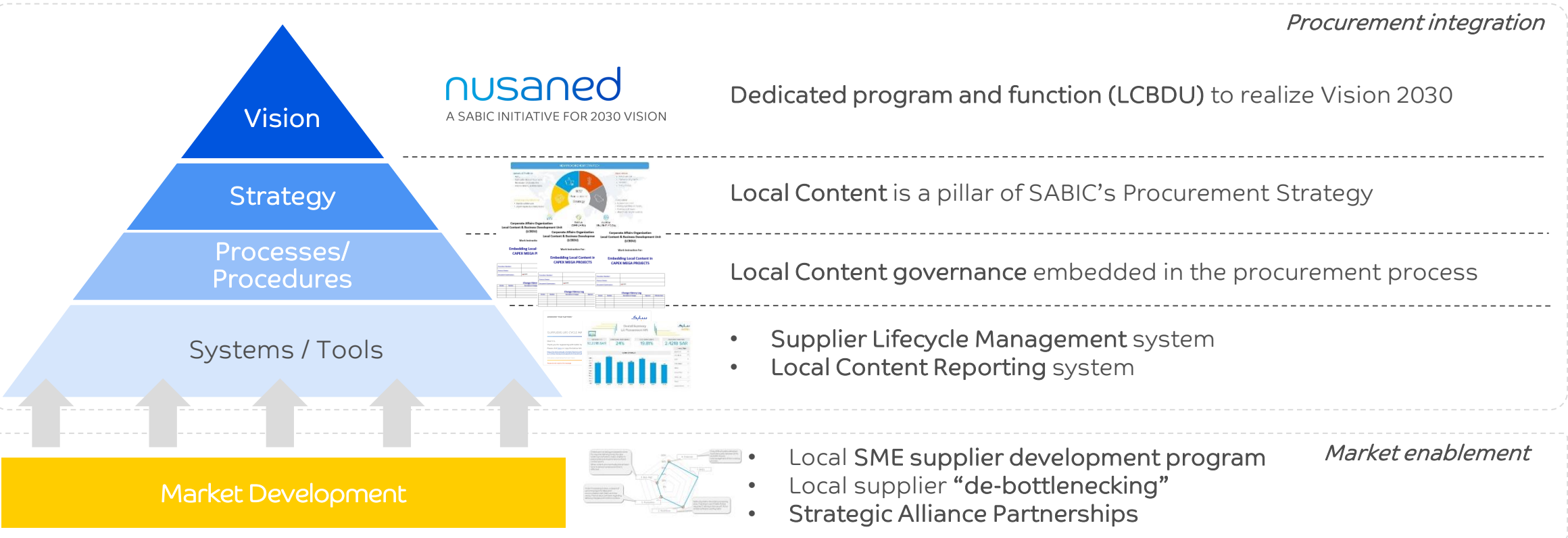
NUSANED™ VIA ITS CORE PILLARS AND KSA STAKEHOLDER ENGAGEMENT OFFERS A HOLISTIC PLATFORM FOR ENABLING NEW INVESTMENTS AND SMES IN KSA



SABIC IS ALSO INTEGRATED IN THE AN END-TO-END BUSINESS ECOSYSTEM THAT SUPPORTS SUPPLIERS AND INVESTORS IN EXECUTING THE VISION



SABIC HAS SUCCESSFULLY EMBEDDED LOCAL CONTENT IN THE END-TO-END PROCUREMENT AGENDA



Local Content enables Procurement to extend its value creation beyond cost reduction – realizing the importance and embedding local content in Procurement is critical to enable the 2030 Vision



THANK YOU

