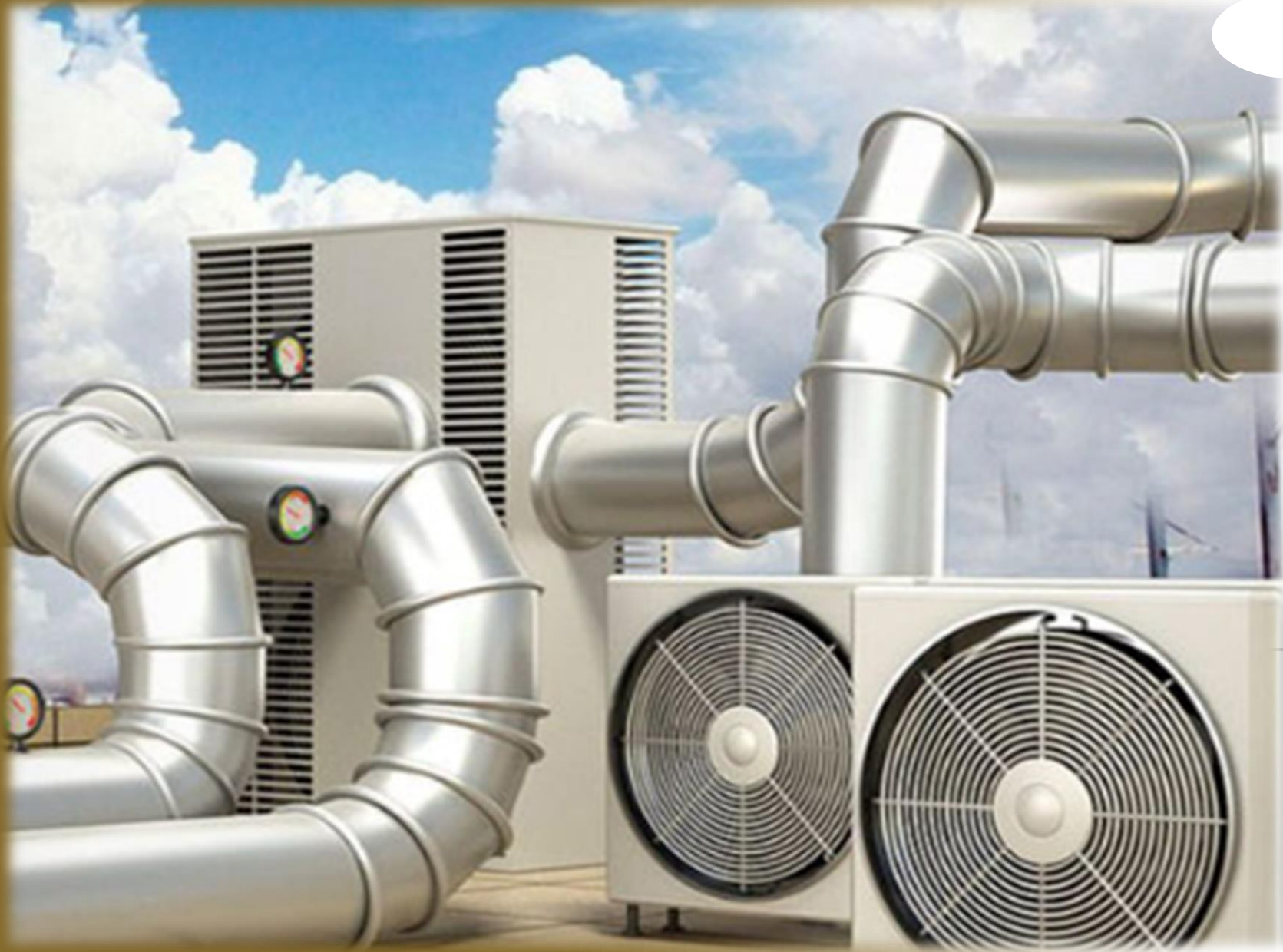




UNITED ARAB EMIRATES  
MINISTRY OF INDUSTRY  
& ADVANCED TECHNOLOGY

# Industrial Investment Opportunities

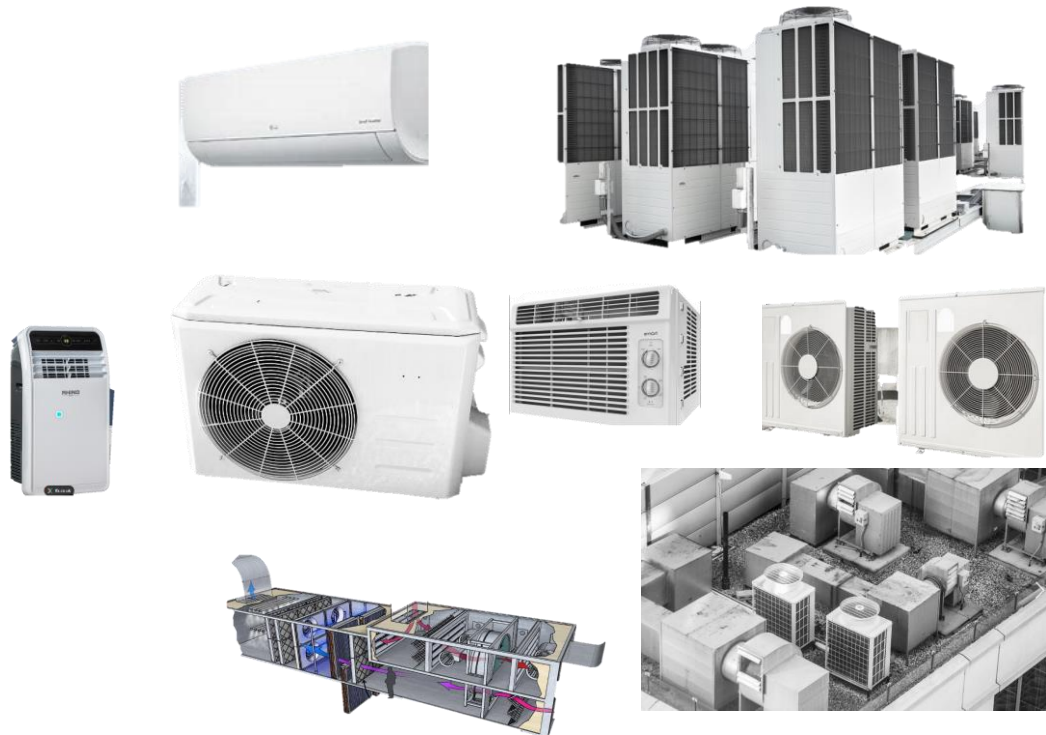


# HVAC Opportunity



# HVAC Opportunity

HVAC system products range from heating, ventilation to air conditioning products



## Product description

- HVAC system products are air-conditioning machines comprising:
  - a motor driven fan
  - elements for changing the temperature and humidity
- HVAC systems cover mainly three segments: residential, commercial and Industrial HVAC systems

## Main applications

Focus of opportunity  
assessment: Residential and  
commercial HVAC systems

Residential	Commercial	Industrial
<ul style="list-style-type: none"> <li>– Window Air Conditioners</li> <li>– Mini-splits</li> <li>– Free Standing Units</li> <li>– Cassette Type Units</li> <li>– Ceiling Mount.</li> </ul>	<ul style="list-style-type: none"> <li>– Unitary Products</li> <li>– Applied Products</li> <li>– Air Handling Units</li> <li>– Chillers</li> </ul>	<ul style="list-style-type: none"> <li>– Air Handling Units</li> <li>– Chillers</li> <li>– Heavy Duty Cooling Solutions</li> </ul>





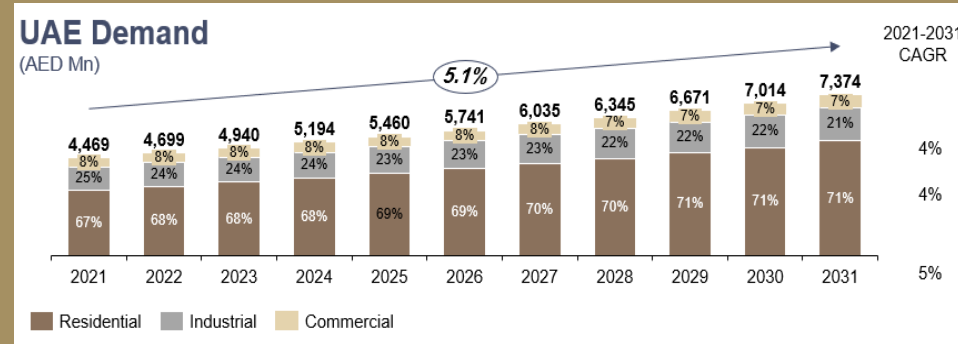
# HVAC system

HVAC system products range from heating, ventilation to air conditioning products

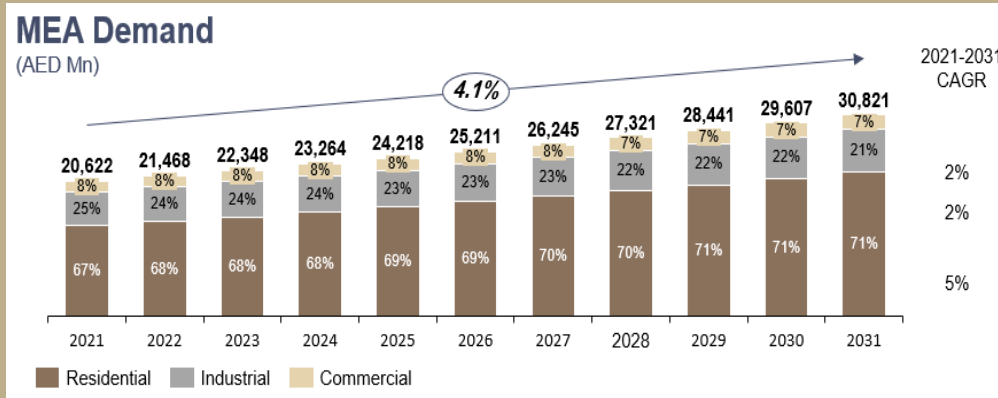
## Investment Case

- Setup Small to medium-sized facilities focused on manufacturing of HVAC systems (portable air conditioners, chillers, air handling units) to serve both residential and industrial market segments. Sourcing components (e.g., motors and heat exchangers) mainly from globally recognized OEMs (typically from US, Japan, Republic of Korea)
- **Investment Size:** AED 25 – 30 Mn
- **Plant Capacity:** 28,000 – 30,000 Air-conditioners/year.
- **Work Force:** 110 – 120 employees
- **Expected IRR:** 13%
- **Expected NPV (10 Yrs):** AED 65Mn
- **Payback Period:** 11 Yrs

The UAE demand for HVAC system products is expected to grow at 5.1% p.a.



The MEA demand for HVAC system products is expected to grow at 4.1% p.a.

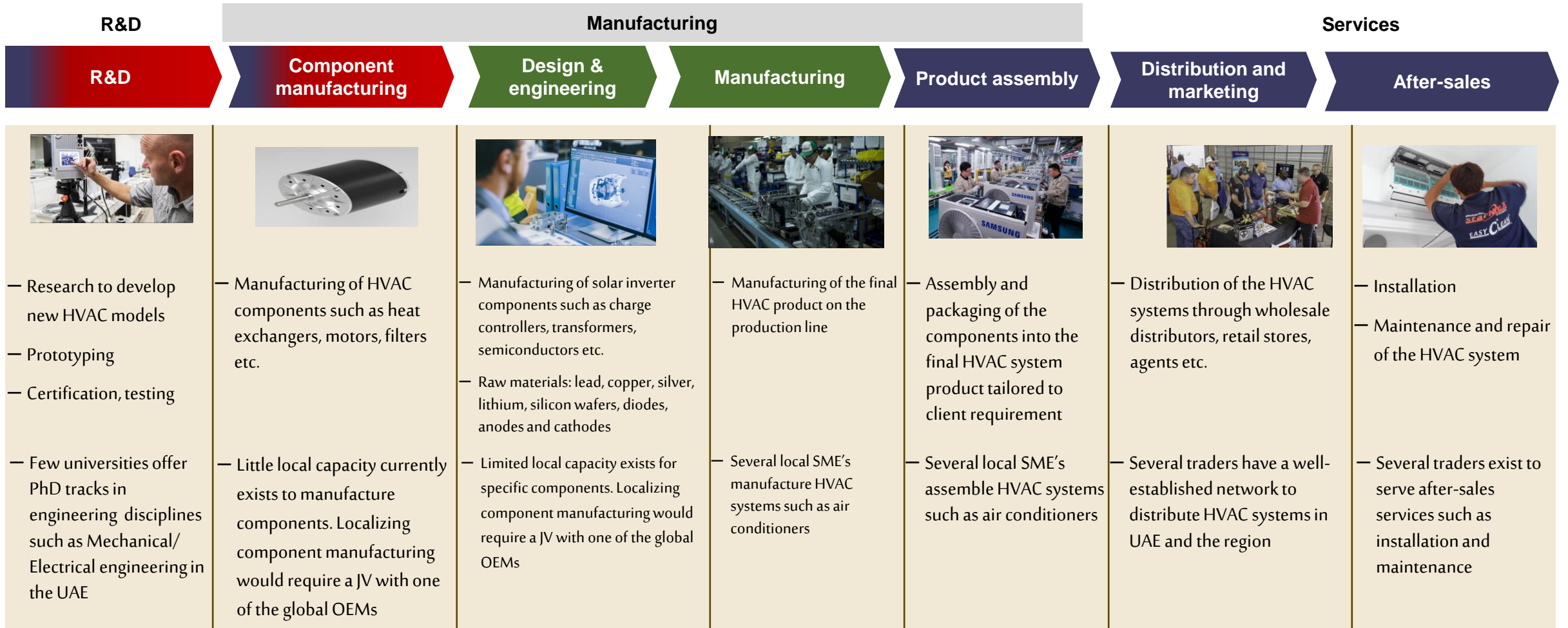


## Key market trends

- The biggest market for HVAC is residential systems which accounts for ~70% of the HVAC market
  - Residential HVAC is expected to be the largest growing sector
  - Increase in construction of residential towers and family villas drives the demand for residential HVAC
- Expanding non-residential construction sector in developing and developed countries has propelled growth in the HVAC market and increased consumer base
- Rising global temperatures have fostered growth in demand for HVAC systems that provide cooling and relief from rising temperatures

## HVAC systems (Aircon) Value Chain

UAE HVAC component manufacturing capabilities are low, however the final product manufacturing and assembly capabilities are high



High localization in UAE

Limited localization in UAE

Focus of manufacturing plant to set up

## Food ingredients and concentrates



### Value proposition

- Strategic location that can act as a dispatch hub for MENA
- UAE ranked 16<sup>th</sup> globally in Ease of Doing Business (WB)
- UAE ranked #10 globally for world class infrastructure in (LPI)
- High quality of life attractive for skilled talent
- 100% foreign business ownership and low VAT (5%)
- Competitive costs of licensing costs and work visas (under process)
- Strong logistics infrastructure - UAE has busiest ports in MENA region strategically located and enable seamless flow of trade across a region of more than 3.5bn.



### Enablers

- Up to 80% project financing by Emirates Development Bank
- 2-year grace periods and low interest-rate loans for CAPEX, working capital, and supply chain financing.
- Export credit and insurance via Etihad Credit Insurance and AD Exports
- Access to Free Trade Agreements with high-growth markets such as GCC, Arab countries, Egypt, India, Jordan, Israel, Indonesia, and others
- Customs exemptions for raw materials
- 53% of UAE's exports are to countries with no import duties (GCC countries and other GAFTA countries with FTAs)