



2018

Dussur
Annual Report





**KING SALMAN IBN ABD AL-AZIZ
AL S'AUD**

The Custodian of the Two Holy
Mosques



**HIS ROYAL HIGHNESS PRINCE
MOHAMMED IBN SALMAN IBN ABD
AL-AZIZ AL S'AUD**

Crown Prince, Deputy Premier,
and Minister of Defense

REALIZING THE KINGDOM'S VISION FOR THE FUTURE.



CONTENTS

CHAIRMAN'S MESSAGE	6
OUR VISION, MISSION AND VALUES	8
OUR SHAREHOLDERS AND CORE CAPABILITIES	10
GOVERNANCE	14
FINANCIAL STATEMENTS	22

CHAIRMAN'S MESSAGE



Mohammed Abunayyan

Chairman

2018 was an important year for Dussur. We have made great strides towards facilitating the development of a strong, globally competitive industrial sector in Saudi Arabia - one that will play a fundamental role in achieving the ambitions of Saudi Vision 2030 towards building and developing national industries that are established and are able to compete globally.

During this past year, we have reviewed the company's strategy in line with the significant development that the Government of Saudi Arabia has made towards the realization of Vision 2030. The most important changes that were incorporated in the updated plan are the outputs of the National Industries Development and Logistics Program (NIDL). This has been a goal that we have pursued since the beginning of the second session of the Governing Council earlier this year to ensure the full harmony between the company's efforts and those of the private and public sectors alike.

I would also like to commend the team at Dussur for their efforts in shaping the National Strategy of Industry, which was prepared in 2018 and the National Industry Development and Logistic Program (NIDL), yet to be launched in 2019.

Based on the update strategy, Dussur is set to devote its efforts in the coming period to consolidate its presence in three strategic sectors: Automotive, Downstream Chemicals and Industrial Metals. With the aim of increasing the contribution to the establishment of those vital industries that will support the national economy and

provide promising industrial investment opportunities that will ensure the transfer of knowledge and international expertise to the Kingdom, and ultimately creating sustainable jobs that meet the expectations of our nation.

Throughout 2018, we were able to consolidate the partnerships that we have built over the past years and build additional new ones. After implementing the "Strategic and Operational Plan for the Targeted Sectors" we were able to evaluate a larger number of investment opportunities which we will see its first fruits by the help of god in 2019.

This would not have been possible without the unlimited support of our partner shareholders. I would also like to thank the management team at Dussur and all its employees who have worked relentlessly to achieve the company's goal through the year.

As we enter a new year, I want to affirm that our vision has become clearer and the various industrial areas and opportunities that we are targeting over the coming five years have been identified and mapped, and we are set to utilize all our capabilities starting from our shareholders and our employees to achieve the national goals.

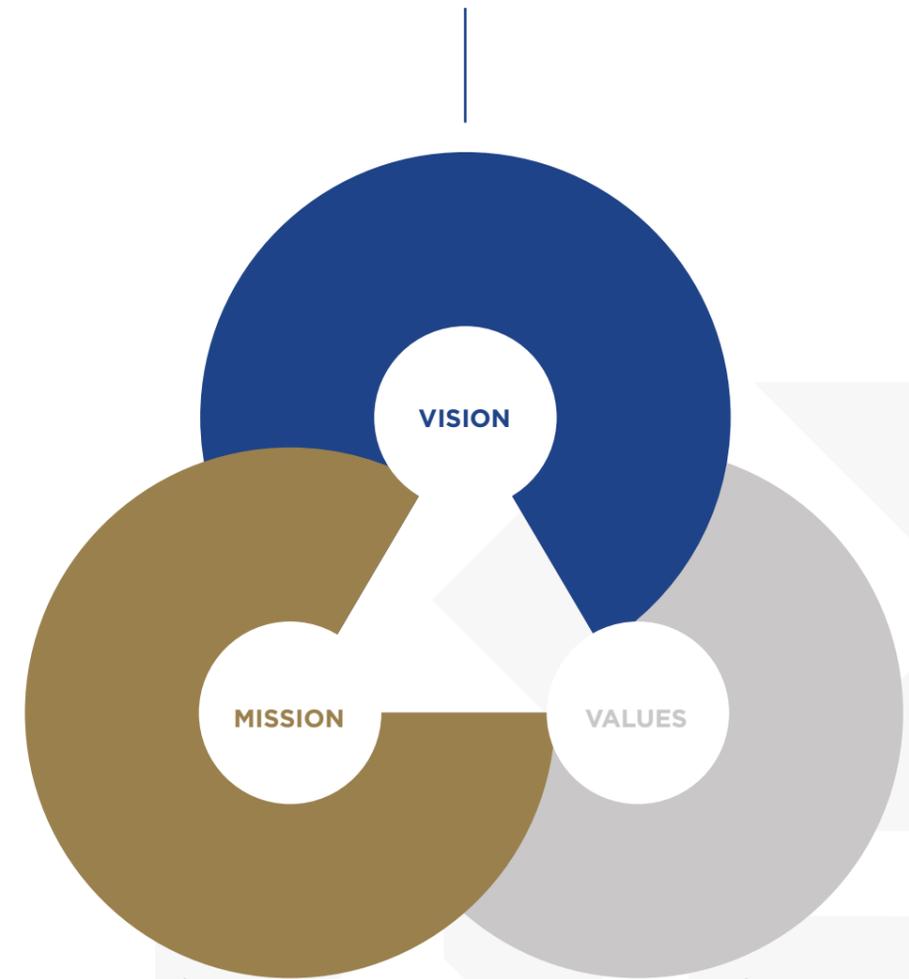
We will also continue our efforts to create investments in strategic industries that provide attractive future investment opportunities for the private sector, partner with sustainable and equally profitable companies and have a positive impact on the national economy.

God is the arbiter of success,

OUR VISION, MISSION AND VALUES



Dussur will be a key contributor in realizing objectives set out in Saudi Arabia's Vision 2030 via the company's investments that create value for its partners and shareholders.



Our mission is to accelerate industrial development in Saudi Arabia by actively investing in or creating profitable entities in strategic industrial sectors leading to increased competitiveness of the sectors and increased private sector participation.

Dussur is agile in changing market conditions to capitalize on emerging business opportunities in the Kingdom, taking advantage of unexplored opportunities, using initiative and a proactive approach to make the most of them. Dussur always maintains an open, honest, clear and direct dialog with Dussur's partners and business associates, and will strive to prove Dussur's worth in tangible ways that can be effectively measured and evaluated.

OUR SHAREHOLDERS AND CORE CAPABILITIES



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 KSA.

SAUDI ARABIAN PUBLIC INVESTMENT FUND (PIF)

For more than 46 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 development, while contributing to the establishment of many of the largest companies in KSA. Established in 1971 by virtue of Royal Decree, the PIF has throughout the years financed many key projects and companies and provided financial support to 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, the Fund is building a world-class, diversified portfolio through investments in attractive, long-term opportunities at both the domestic and international level.

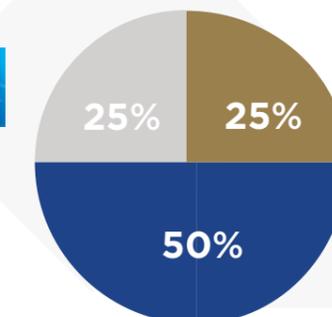
SAUDI ARAMCO

Saudi Aramco is the state-owned oil company of the Kingdom of Saudi Arabia and a fully integrated, global petroleum and chemicals enterprise. 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). Saudi Aramco's 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.

SABIC (SAUDI ARABIA BASIC INDUSTRIES CORPORATION)

Ranked among the world's largest petrochemicals 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% held by private investors in Saudi Arabia and other countries of the Gulf Cooperation Council. SABIC began in 1976 by 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 our stakeholders.

أرامكو السعودية
saudi aramco



سابك
SABIC



DUSSUR'S CORE CAPABILITIES

Dussur was born from the very same values that guide our country's Vision 2030. The mandate of Dussur is to invest in and grow viable and sustainable businesses that directly enable the development of strategic industrial sectors and their value chains in the Kingdom. These investments will bring further diversification to our economy and create numerous jobs for our people.

Additionally, Dussur enables and supports the private sector, and does not compete in areas where the private sector could invest alone. Instead, Dussur focuses on areas that the private sector is not necessarily attracted to, because of high cap ex, long-term horizons or a high level of complexity. In making these investments, Dussur will unlock other opportunities for the private, and small & medium organizations.

Dussur is dedicated to asserting long-term orientation in business decision-making and investing, resulting in better business outcomes and a greater business contribution to the public good. Dussur's core capabilities include:

- Industrial specialization and investment capabilities.
- Strong relationships with the value-chain ecosystem (e.g. local supply chain) bringing in the private sector wherever possible.
- Effective networking with stakeholders.

- An ability to enter new opportunities through a different ticket size, different cash horizon tolerance or through a different view on market, demand and regulatory development.
- Bringing in the private sector as co-investor whenever possible.

HOW DUSSUR VIEWS INVESTMENTS

Dussur is a commercial investor that operates in a developmental space, an alignment defined by national entities such as the Ministry of Energy. The company's 'value add' approach is unique and linked to Dussur's ability to unlock sectors. Dussur develops sectors through focused exploration, with a strong influence on its portfolio companies, entrusting day-to-day decisions to management.

The mandate of the company is to invest in and develop viable and sustainable businesses that directly enable the development and growth of strategic industrial sectors and their value chains in the Kingdom. Dussur will promote the economic diversification and localization of industrial value chains and manufacturing capabilities in the Kingdom through its investments, thereby stimulating the private sector and SME industrial investment activities. Dussur is aiming to create a significant number of quality jobs for the Kingdom's citizens through its investments in targeted industrial sectors.

DUSSUR'S INDUSTRIAL SECTOR FOCUS

Industrial investments, including investments in the manufacturing sector and other supporting fields, have significant potential for local value creation.

Dussur will focus throughout the next year on exploring opportunities in its targeted industrial sectors, which include automotive, downstream chemicals and industrial metals with the aim to localizing those vital industries that will support the national economy.

By exercising agility and long-term orientation in business decision-making and investing, Dussur demonstrates leadership in unlocking and developing the potential of industrial value chains and business ecosystems.

Dussur is actively involved in investments through a broad range of deal types and is keen to explore and pursue win-win partnerships.

Dussur's holistic approach ensures the entire company runs at full potential, whilst establishing the business as a catalyst of socioeconomic impact. Dussur is interested in working with international and local partners with an interest in forming large industrial companies inside the Kingdom of Saudi Arabia. These investments should be both strategic and transformative in their nature.

DUSSUR'S FUTURE PARTNERSHIPS

Dussur is mandated to develop industrial landscape of the Kingdom. Dussur's biggest value add is not to go deep and become an industrial operator, but rather unlock several sub-sector opportunities in the Kingdom.

Dussur's operating model has been to follow a strategic investor approach, playing an active role in managing its portfolio companies, with external industry experts and sufficient influence at board level to influence strategy and outcomes.

In the future, Dussur plans to move from the 'Strategic Investor' to the 'Strategic Architect' model for a limited number of 1-2 sub-sectors if the sub-sector is a long-term target with a potential deal flow for the next 10 years. This longer-term perspective will allow for the internalization of sub-sector expertise and regulatory shaping capabilities and the secondment of CXOs at portfolio companies.