



Overview of the GCC Cable Market



Presentation Structure

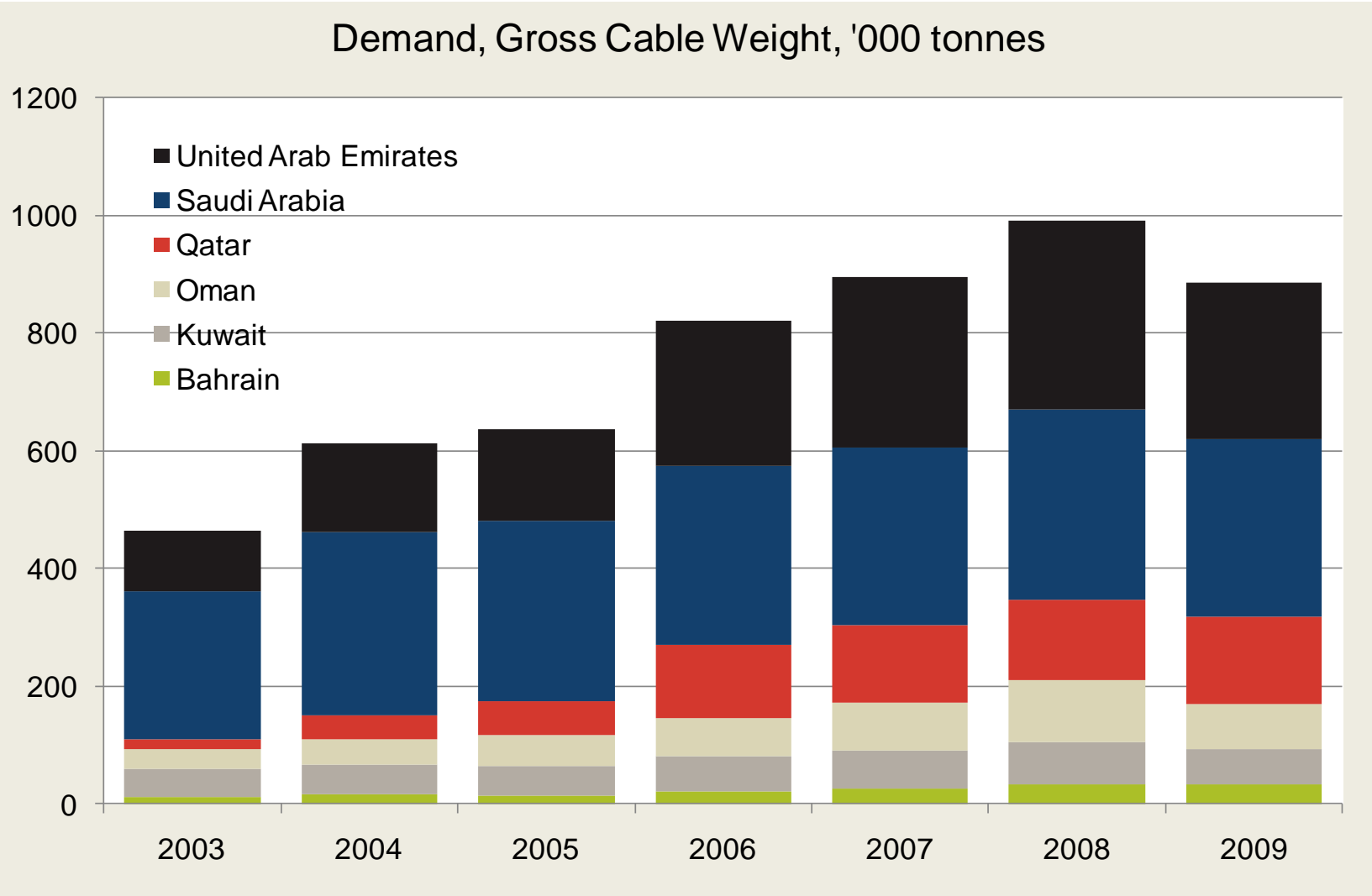
- Integer's Background
- Drivers of Wire & Cable Demand in the GCC
- Evolution of Wire & Cable Capacity in the GCC
- Implications for the Regional Market

About Integer

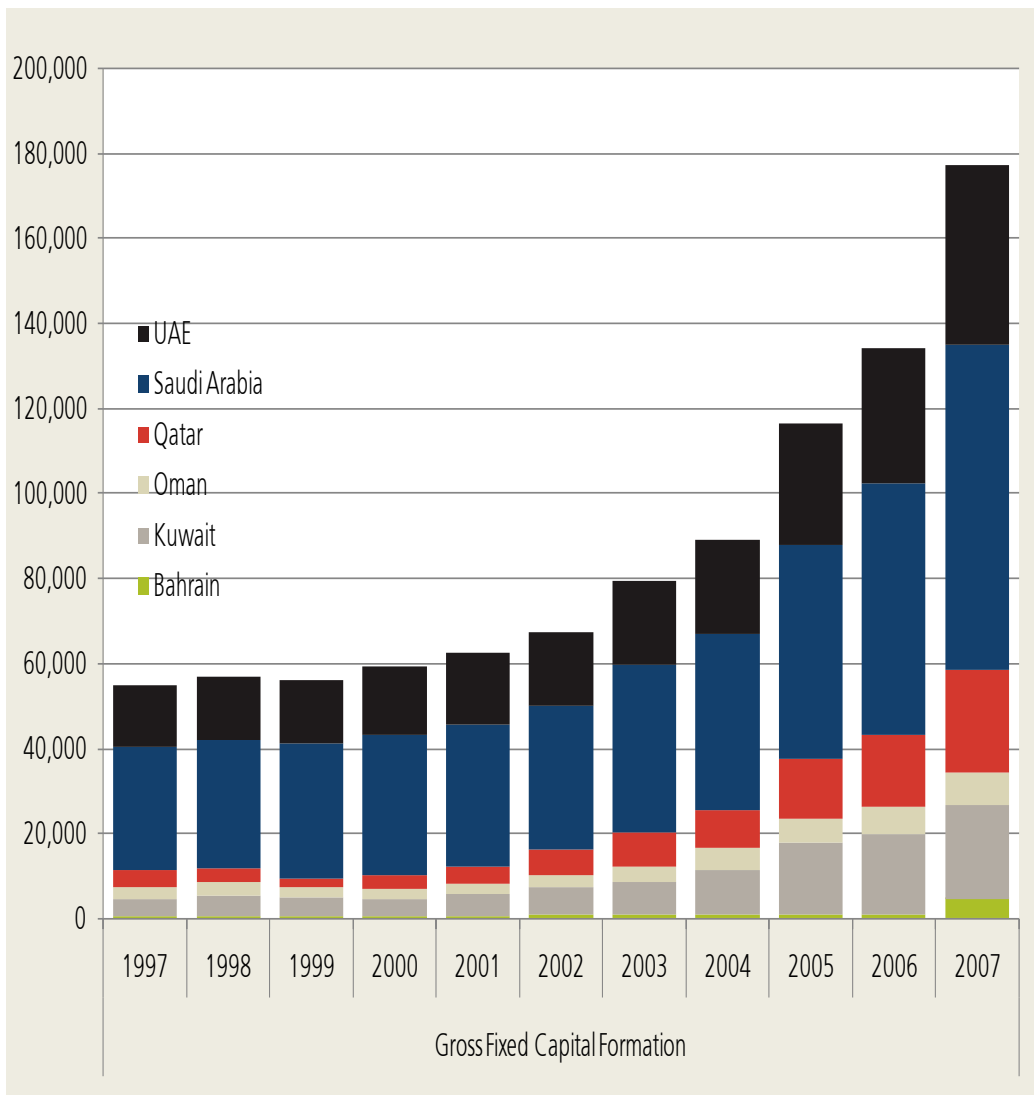
- Founded in 2002, 25 staff in 2010
- London based research, strategy consulting and publishing
- Database of global cable trade, production, and capacity data
- Wire & Cable, Steel, Aluminium, Fertilizers and Automotive Sector Research
- Europe, Asian & North American Blue Chip Customer Base

Drivers of Wire & Cable Demand in the GCC

Demand by Volume Increased Sharply Through 2008...



GCC Gross Fixed Capital Formation, US\$ million



GCC GFCF Overview

- Over the last three years GDP in US\$ terms has surged in the GCC.
- There has been even faster growth in GFCF (Gross Fixed Capital Formation, - investment in fixed assets), reflecting the high investment activity in the GCC.
- The chart shows cable apparent consumption by US\$ value. The decline in nominal market value in 2009 reflects the decline in copper and aluminium prices.
- We can see that the UAE has seen an absolute boom in demand for a range of wire and cable products. Not just building wire and power cable, but a mix of higher value telecom and data cables, which also ultimately have been consumed by the construction sector.
- Saudi Arabia the dominant regional player, and shows long run potential demand for a range of wire and cable products.

Dubai has been one of the fastest growing cities in the world in the last 20 years, rivalling the development of Shanghai



UAE Development – Sheikh Zayed Road

- The development in UAE has been difficult to comprehend for many leading cable makers. Progress from 1990 to 2003 was dramatic. 2003 through 2009 was at an even faster pace.
- Ducab Cable was completely overwhelmed with the increase in the market and the mix of products. National Cable built up a strong market position through Riyadh Cable (but has recently fallen foul of family feud), as did Tekab.
- Companies from around the world were exporting to Dubai, as new consumers (construction companies) emerged needing cable.
- Many new entrants emerged in Ducab, including speculative producer Electrocab Emarat (they also have/had plans for Yanbu in Saudi Arabia).
- Recent entrants include PowerPlus Cables, and many small building wire producers.

On the other hand, there are major investment plants along the Red Sea Coast north of Jeddah

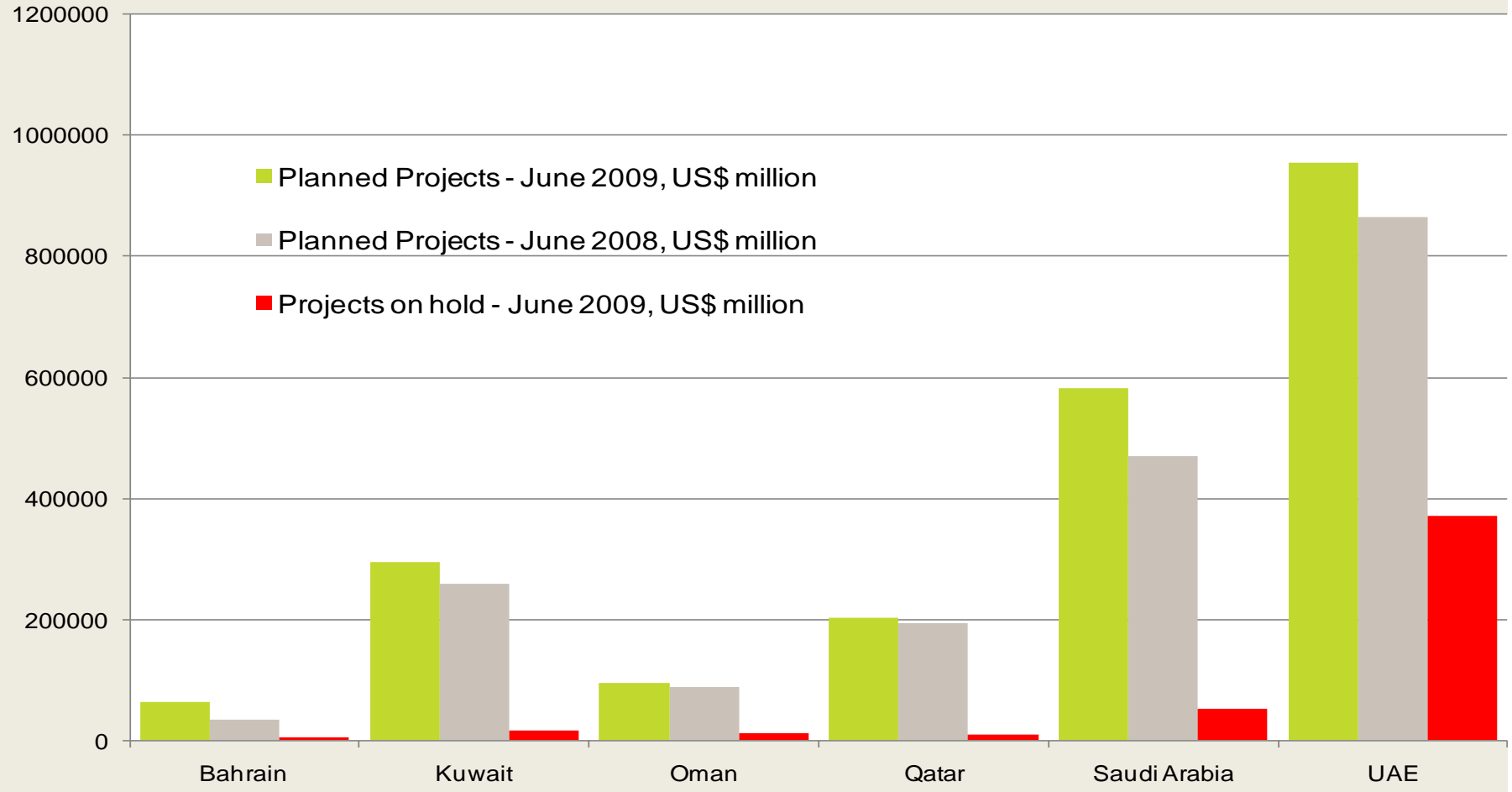


KAEC

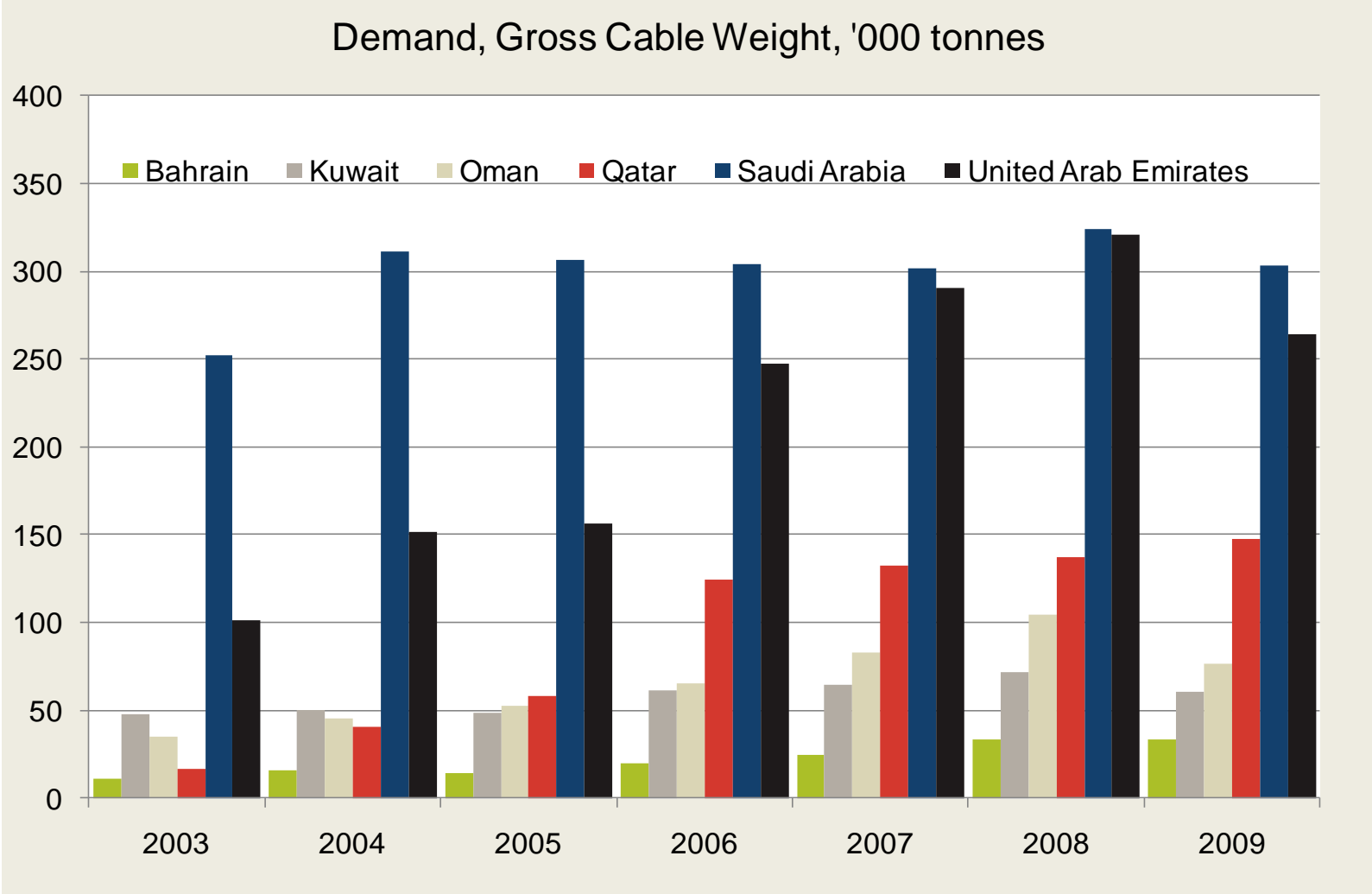
- King Abdullah Economic City (abbreviated as KAEC; pronounced CAKE) is a mega project revealed in 2005 by Abdullah bin Abdulaziz Al Saud, the king of Saudi Arabia.
- There are a number of other economic cities in Saudi Arabia, that have attracted the attention of a number of suppliers in the region. The city, along with other 5 economic cities, is a part of an ambitious "10x10" program to place Saudi Arabia among the world's top ten competitive investment destinations by 2010.
- These "mega" project, if they go ahead, will consume large quantities of cable over 3-5 years, but there is great uncertainty over their timing and breadth and depth, and speed of development.
- KAEC could cost more than US\$80billion, over 10 years, which would suggest cable demand of more than US\$500 per year. Bin Ladin Group – has won some of the larger construction packages, including 16 residential towers within Bay La Sun Village.

Construction seems to have stayed quite solid in the Region in 2009 outside the UAE

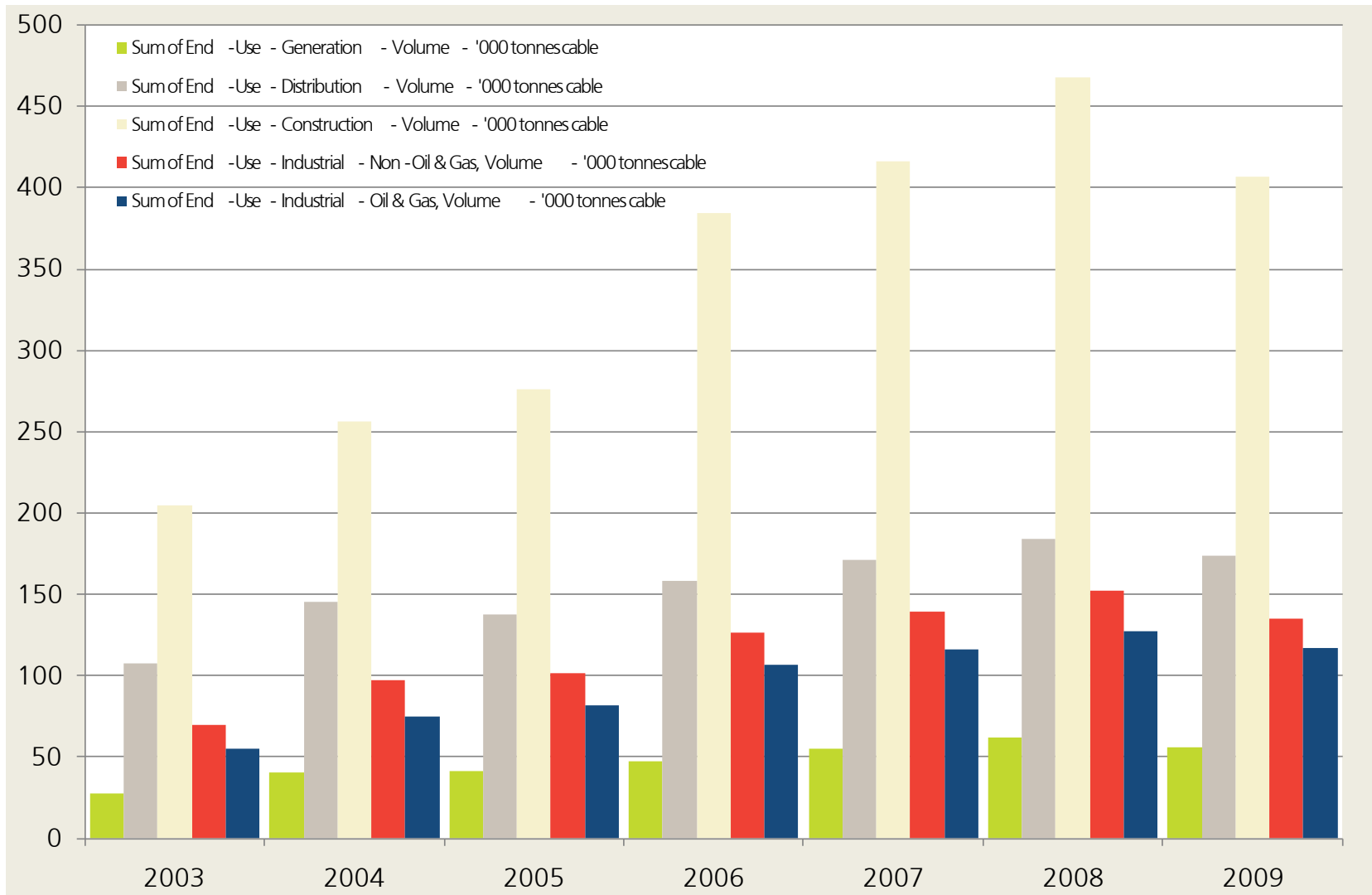
UAE - Dubai in particular has the largest amount of projects on hold in 2009



As the UAE overtook KSA in terms of cable demand, and Qatar is not far behind!

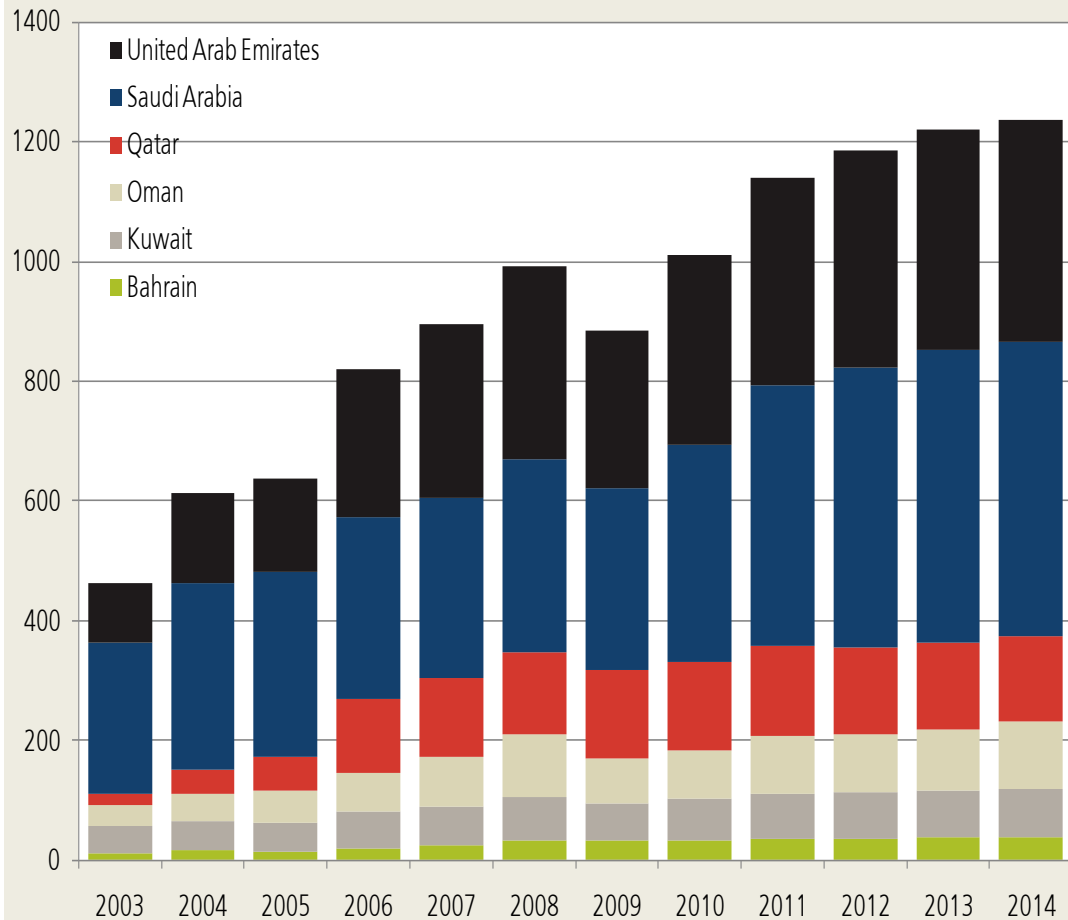


We can also see that the Construction Sector drove demand through 2006-2008



GCC Wire & Cable Overview

Demand, Gross cable weight, '000 tonnes

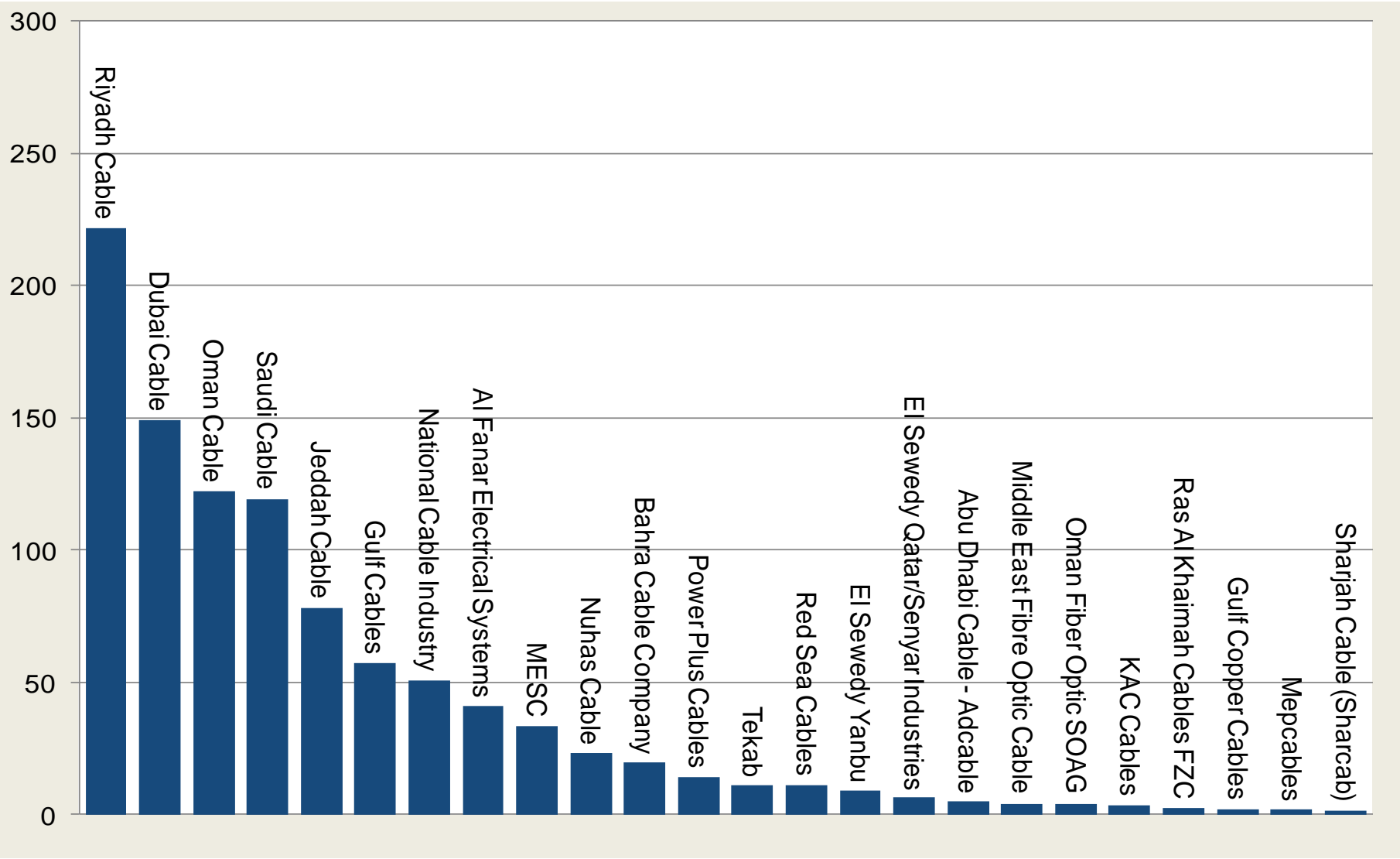


GCC Cable Overview

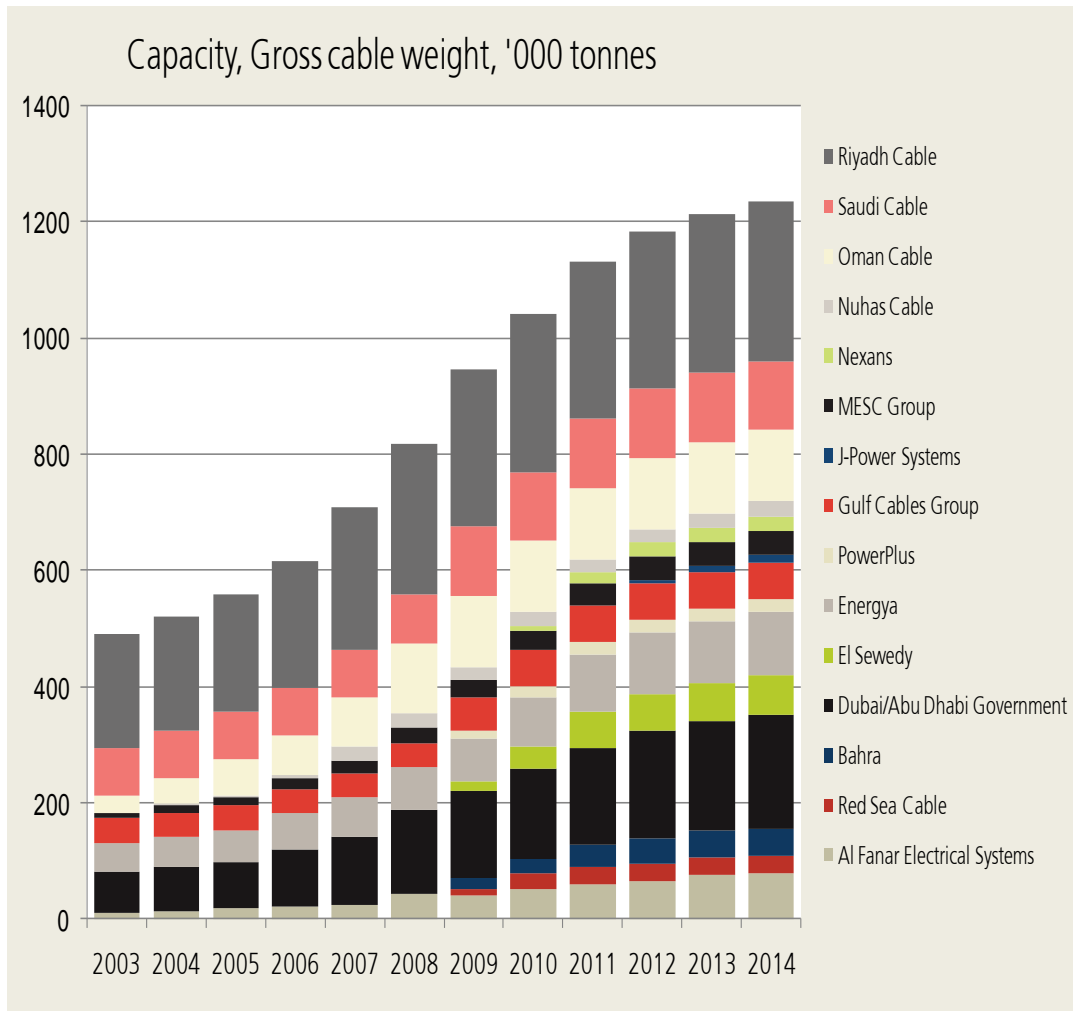
- In the GCC, demand for wire and cable had risen at historically high growth rates, from a little over 400k gross tonnes of cable in 2003, to almost 1 million gross tonnes of cable.
- This was one of the sharpest rises in consumption seen globally in the last 20 years, and matched previous development booms in China, parts of ASEAN, and Japan, Taiwan and South Korean through the 1970s and 1980s.
- The particular focus has been Dubai, which amongst the Emirates of the UAE had seen a spectacular property boom, which had not been seen elsewhere globally outside China in the last 10 years.
- The high oil price added further to the bubble in the UAE, but sustained demand growth from Bahrain, Qatar and Kuwait has also driven demand for cable. The key market long term will be Saudi Arabia. Last year demand in the UAE almost matched that of KSA, but in the long run, KSA will be a larger market than the UAE.

Evolution of Wire & Cable Capacity in the GCC

Integer Capacity Estimates by Company in 2009, '000 tonnes



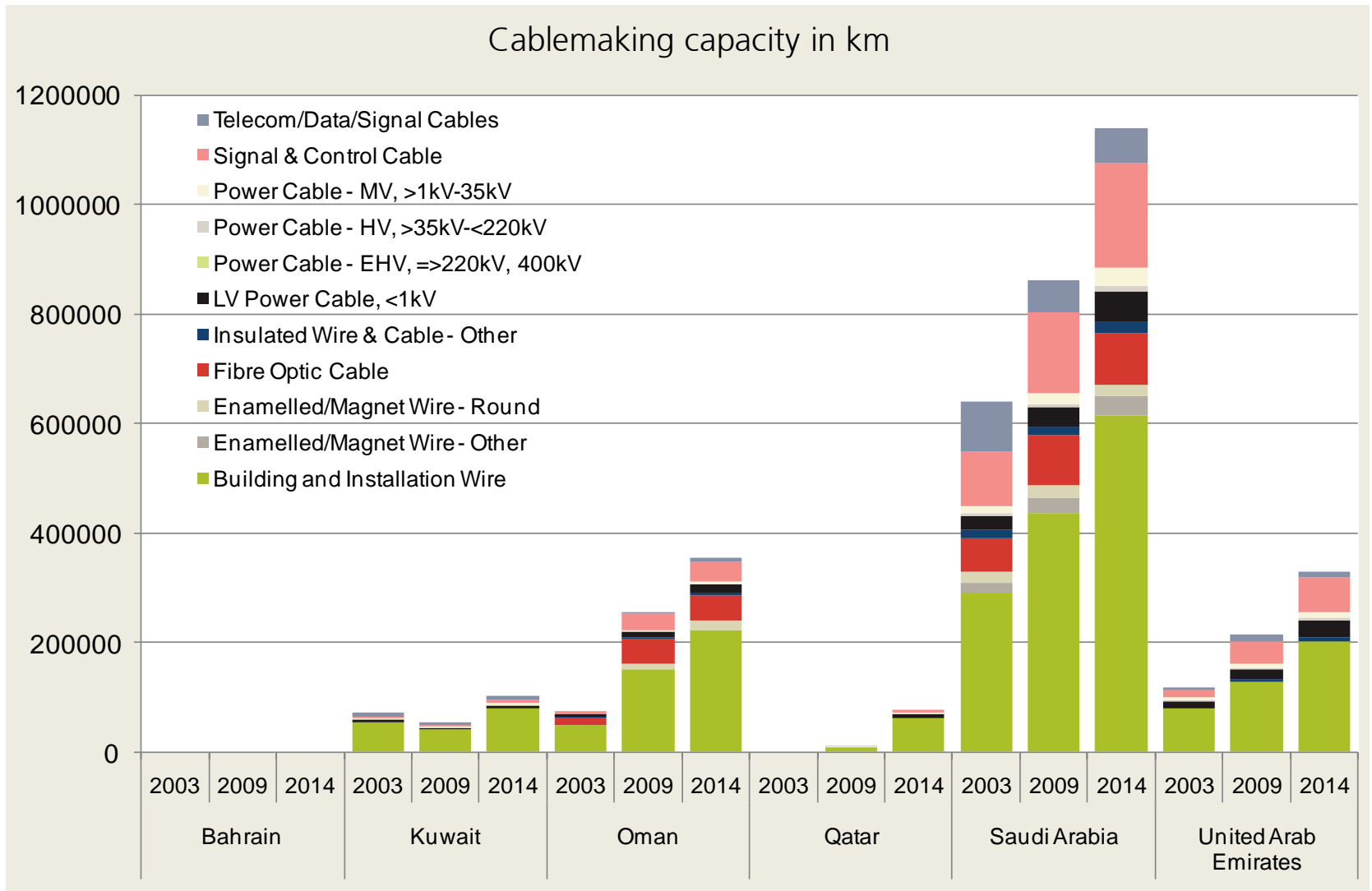
GCC Wire & Cable Capacity Split by Company



GCC Cable Capacity by Company

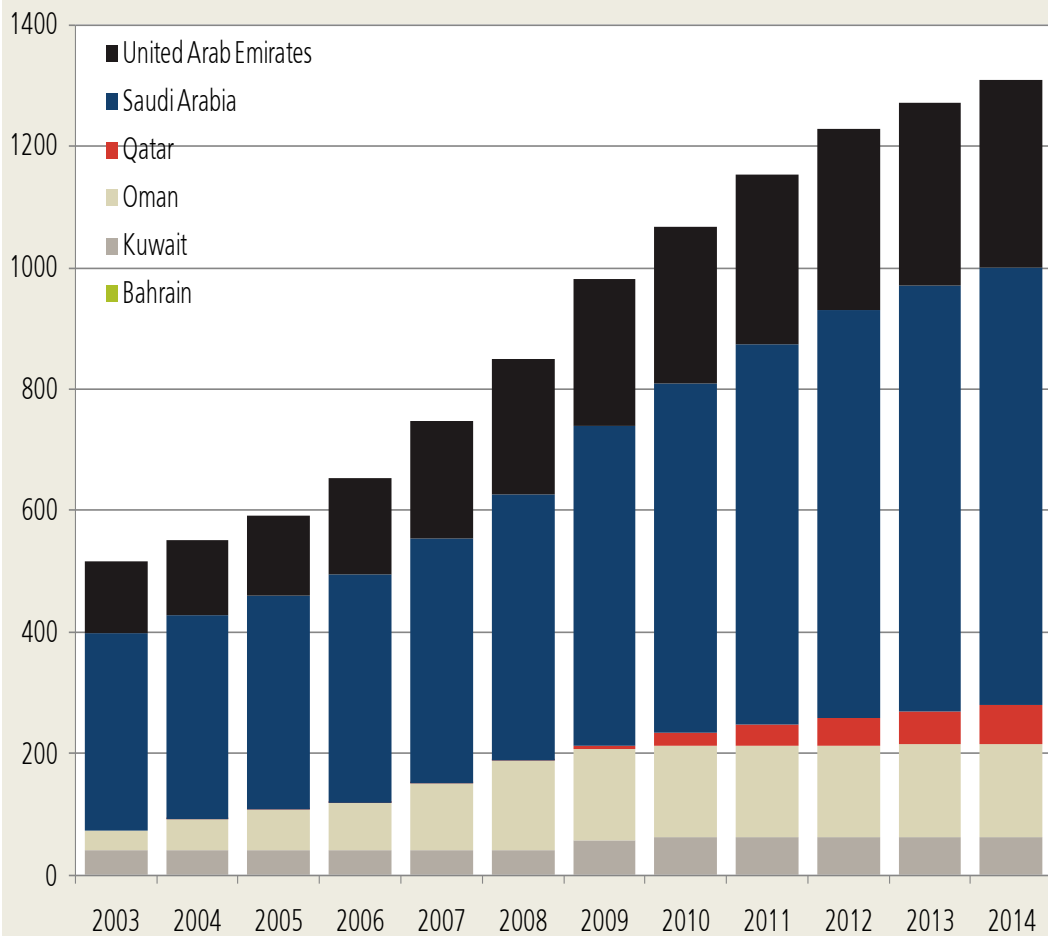
- Has been an increase in the number of cabled makers in the GCC. The existing players – Riyadh Cable, Oman Cable, Saudi Cable, Jeddah Cable and Ducab have all expanded capacity significantly.
- The main new company focus has been in Saudi Arabia and Qatar. In KSA, four new entrants – El Sewedy KSA & Red Sea Cables who are both in Yanbu (there is also a 3rd site in Yanbu – Al Jazeera Cables) and Bahra Cables near Jeddah, and potential new entrant J-Power Systems.
- Two companies setting up adjacent cable operations in Mesaieed, 40 km from Doha. El Sewedy setting up Doha Cables with local interests by Q4 2009, whilst Nexans may be onstream in Q3 2010.
- In Oman, Nuhas has also expanded into power cables.
- There is no insulated cabled making operation in Bahrain.

Integer Capacity Estimates by Product



GCC Capacities Continue to Increase Through 2014

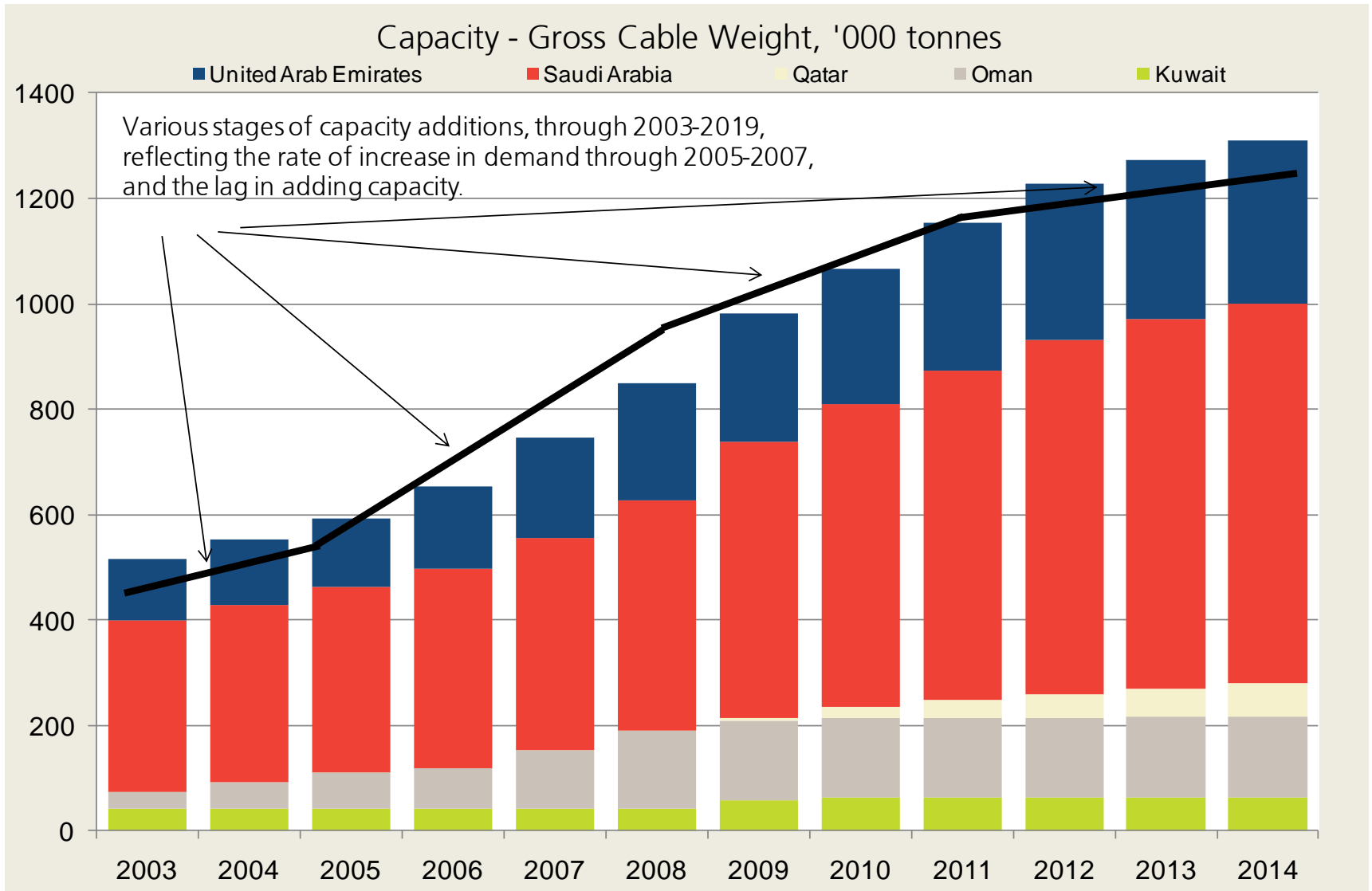
Capacity, Gross cable weight, '000 tonnes



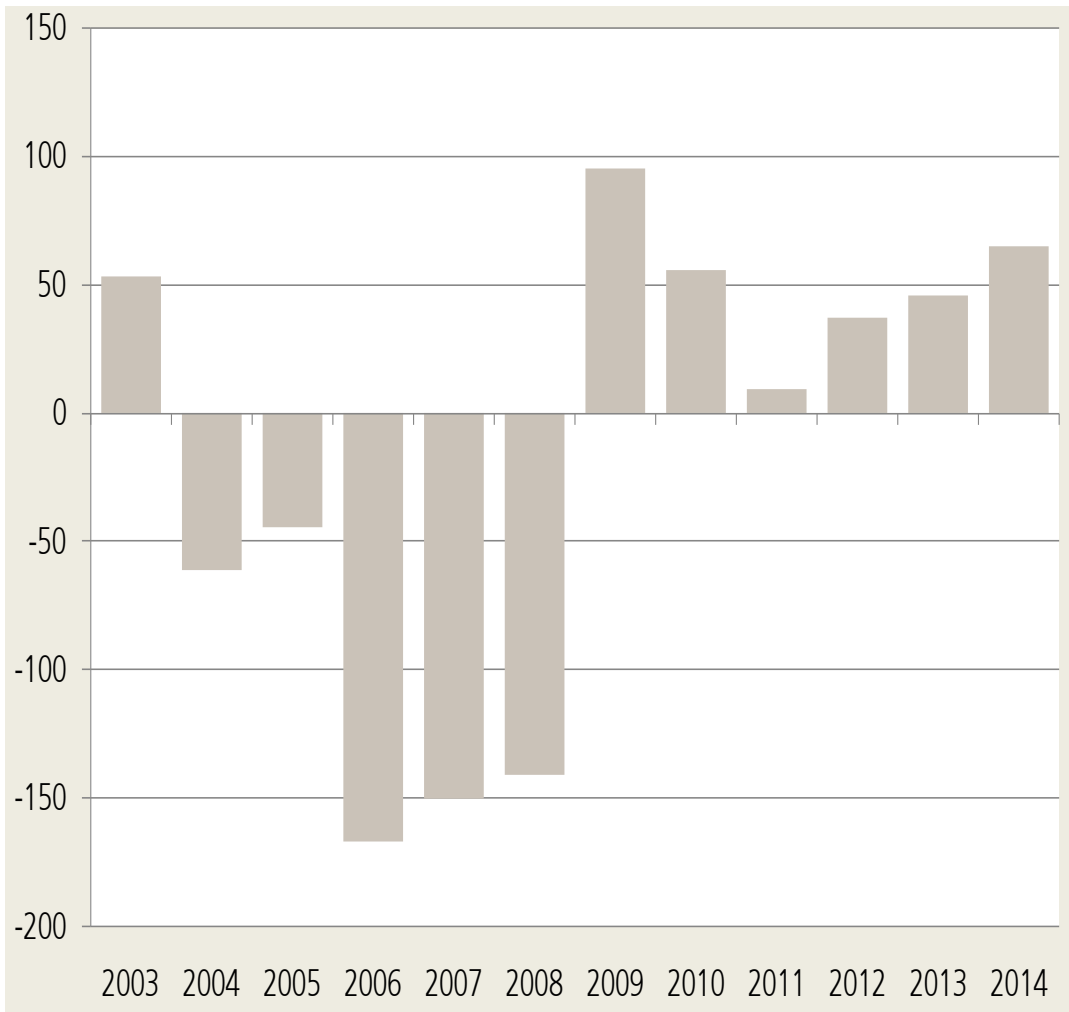
GCC Cable Capacities

- There was a sharp increase in capacity in the region between 2003-2009. The strong growth in demand from 2005 onwards sparked a wave of investment in the region.
- Initially Riyadh Cable and Saudi Cable were slow to add capacity, and their net additions were more cautious than might have been expected. However, both companies have been through previous cycles – so will have been naturally reticent to add too much capacity.
- Oman Cable has expanded capacity significantly, and Nuhas Oman has also installed a CCV line. In Kuwait, Gulf Cable has had modest expansion plans, and it has increased its investment and capacity in Jordan.
- In Qatar, the main additions are Nexans/QICC Cable and Doha Cables (EI Sewedy Qatar).

Rate of additions will slow beyond 2011



Regional Market Moves into Net Surplus in 2009

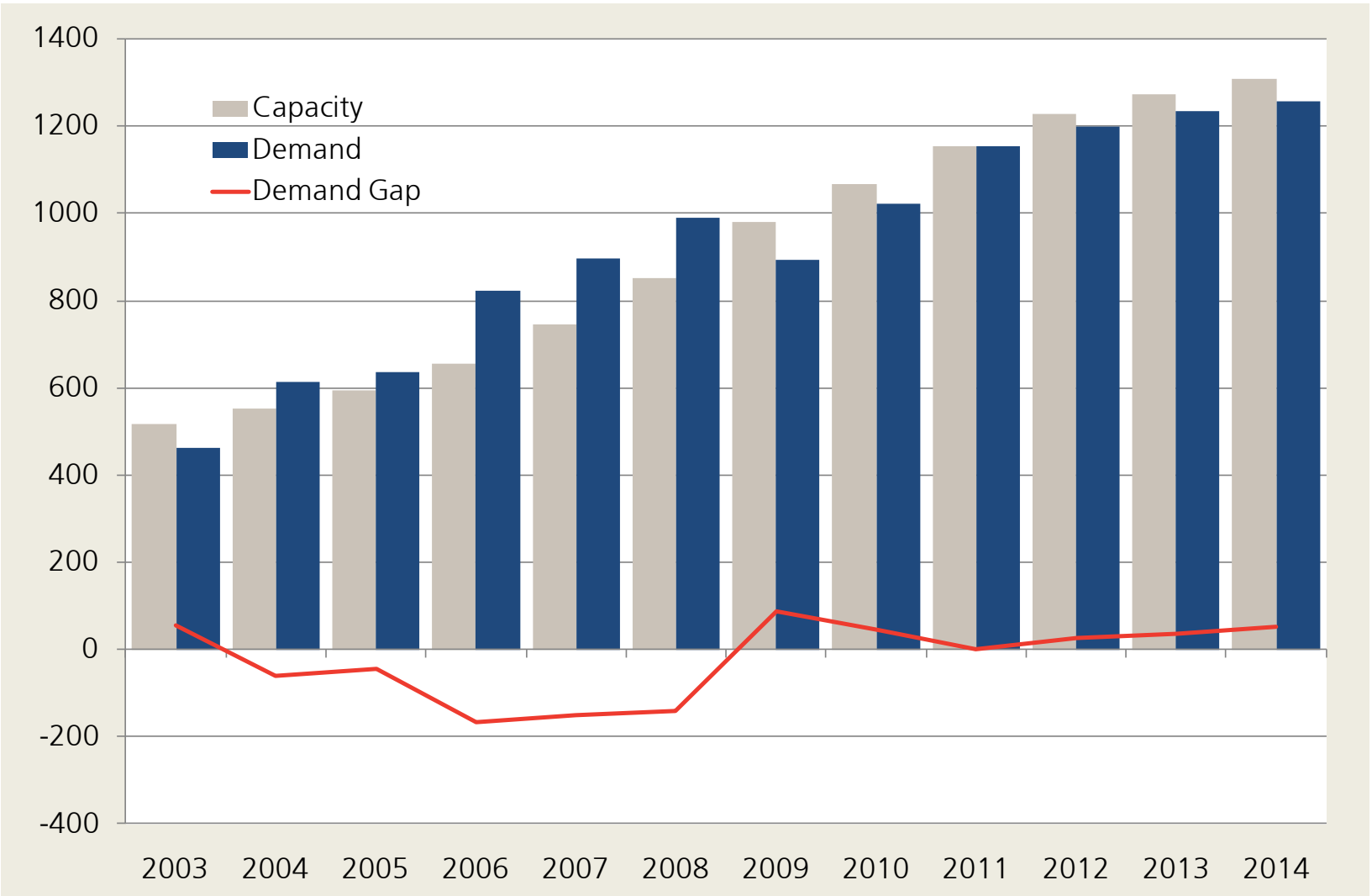


GCC Regional Review

- A large amount of capacity has been installed in the region in the last three years, and additional capacity is going into the region through 2011.
- At the same time, the demand for wire and cable in the region has slowed, or the growth rate has slowed.
- Certainly the demand for cable from the UAE and Saudi Arabia, Kuwait and Oman has fallen through 2009.
- Integer therefore sees the region moving from being a net importer of cable to an net exporter – although certain types of specialty cable and high voltage power cables will continue to be imported from Western Europe and North East Asia in the medium term.
- Oman and Saudi Arabia will remain net exporters of cable through the forecast period, but Qatar (with 2 new plant) and Bahrain (with no cable maker) remain in deficit.

Implications

The Installed and Projected Capacity Could be Enough to Satisfy GCC's Cable Demand, in Terms of Aggregated Volume ('000 tonnes)



Thank you

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