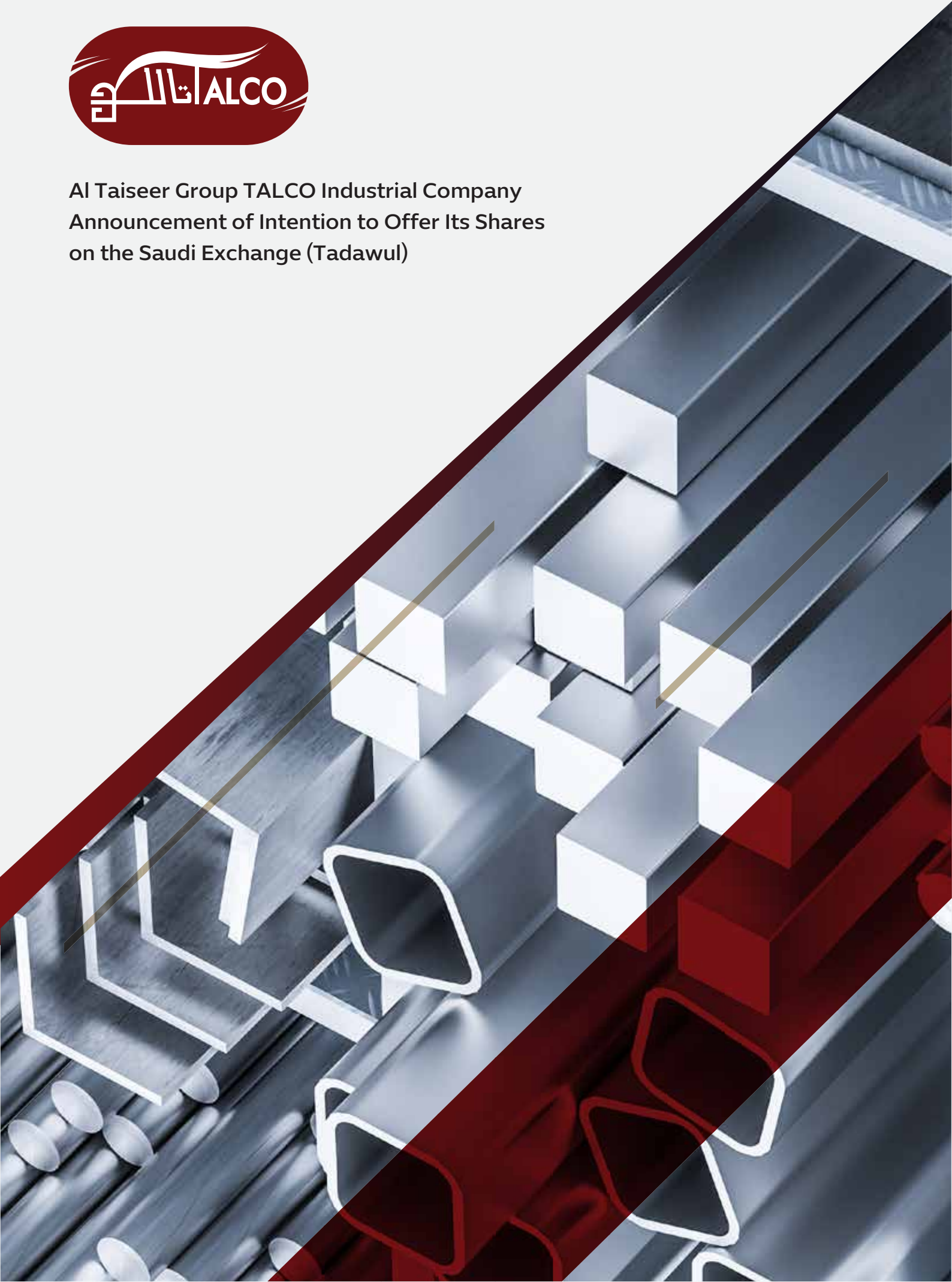




Al Taiseer Group TALCO Industrial Company  
Announcement of Intention to Offer Its Shares  
on the Saudi Exchange (Tadawul)





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## Al Taiseer Group TALCO Industrial Company

### Announcement of Intention to Offer Its Shares on the Saudi Exchange (Tadawul)

Riyadh, Kingdom of Saudi Arabia, May 16, 2024: Al Taiseer Group TALCO Industrial Company (“**TALCO**” or the “**Company**”), a leading producer of extruded aluminium, powder coating and aluminium accessories in the Kingdom of Saudi Arabia (the “**Kingdom**” or “**Saudi Arabia**”) announces today its intention to proceed with an initial public offering ( the “**Offering**”) and list its ordinary shares ( the “**Shares**”) on the main market of Saudi Exchange (Tadawul).

On 28 December 2023G, the Saudi Exchange (Tadawul) approved the Company’s request to list its Shares. On 31 December 2023G, the Capital Market Authority (the “**Authority**”) approved the Company’s request to register its shares and offer 12,000,000 ordinary shares (hereinafter referred to as (the “**Offer Shares**”), which represent 30% of the issued shares. The final offering price will be determined for all subscribers upon completion of the book-building process.



## Overview of the Company and Its Key Business

The Company is considered a regional leader in the aluminium production and finishing sector, boasting a market share of 23% of total production of the aluminium sector in the Kingdom in 2022G, as per the Market Report. Its commitment to developing cutting-edge technology for aluminium extrusion has allowed it to establish a strong presence in the market. In 1994G, the Company embarked on an ambitious plan to expand its product offering by introducing aluminium production lines, initially starting with one extrusion press and growing to six state-of-the-art extrusion presses from SMS Germany as of today. This expansion has increased its production capacity to 60,000 MT per annum. The Company adheres to the quality management system ISO 9001-2008, which was upgraded to ISO 9001-2015 within just six months, which enables it to efficiently apply international standards and classification, such as BSI, ASTM, EN and Saudi Standards (SASO).

The Company's three principal business segments consist of the following:

### Aluminium

The Company designs, manufactures and markets a diverse range of aluminium products to a broad range of clients. The aluminium products segment consists of sub-segments, such as aluminium extrusions (various aluminium alloys) mill finish, anodised aluminium, powder coated aluminium, anodic treatment - powder coated aluminium (seaside), PVDF coating (liquid coating), wood finished aluminium (real wood), wood finished aluminium (Effecta), wood finished aluminium (film sublimation) and thermal break products.

### Thermoset Powder Coating

The Company manufactures and markets an extensive range of thermoset powder coating products catering to a broad range of clients. The thermoset powder coating products segment consists of sub-segments, such as polyester powder, epoxy powder, super durable powder and metallic powder products.

### Accessories

The Company designs, manufactures and markets a wide variety of accessories to a broad range of clients. The accessories segment consists of sub-segments, such as weatherstrip, polypropylene yarn, strip brush/rubber, rubber gaskets from PVC and TPV, plastic injection moulded components, plastic bags and sheets and printing wrapping films products.



**Mr. Suliman Al-Oufi**

**CEO of Al Taiseer Group TALCO Industrial Company**

stated: Since our establishment in 1976, we have focused on innovation and excellence in the production of aluminium extrusion products. Our strategy is based on three foundational pillars: expansion into new markets, research and development, and business sustainability.

TALCO has witnessed rapid development in recent years, achieving a compound annual growth rate of 23% from 2020 to 2023, and its revenues reached 671 million Saudi riyals in 2023G with a net profit margin of 12%, which reflects the strength of its business model and operational efficiency. The Company holds a leading market share of 23% of the extruded aluminium production sector as of 2022, which reflects its leading position in all its sectors since the Company provides comprehensive solutions for all clients' needs for aluminium products.

Our participation in giga projects in the kingdom, such as NEOM and the Red Sea, the Diriyah Gate, Jabal Omar project, and King Salman Park is the best evidence of confidence in the quality of our products and our ability to meet the requirements of major modern projects. We are proud that TALCO is considered the first to introduce and apply the latest advanced European technologies in our industry. We are also the first company in the Middle East and Asia to obtain the C2C Silver Certification, which guarantees the efficient use of resources, the possibility of reusing or recycling them efficiently, and the reduction of harmful pollutants.

TALCO works to achieve a balance in its operations between societal, environmental and economic needs in its operations, with a focus on providing the best quality in the production of extruded aluminium.

As we approach a historical moment in our journey to tap the Saudi stock market, we affirm our commitment to the highest standards of transparency and best in class governance practices, which we do not consider as a legal obligation, but rather an integral part of our core values. Today, we look forward to building on our previous successes, expanding our presence in local and international markets, accelerating our plans for growth and innovation, and achieving a tangible contribution to the future of national sustainability.



## Competitive Advantages of the Company

The Company's strengths and competitive advantages are based on the following key pillars:

- The Company has gained a leading position in the aluminium market. According to the Market Report, it acquired a large market share exceeding 23 per cent. of the total production in the Kingdom for 2022G. In addition, the Company has bolstered its market position through its ability to keep pace with sectoral trends, technological developments and customer requirements, as well as enhancing the spread of its brands (TALCO, Alwan and Alfa), in addition to easy access to customers through a comprehensive distribution network throughout the Kingdom and abroad.
- Through its deep experience in the aluminium market, coupled with the firm commitment of its dedicated product development teams, the Company has succeeded in creating cutting-edge solutions precisely tailored to meet customers' changing needs. This focus on continuous innovation and constant pursuit of new product development has enabled it to strengthen its leading position in the aluminium market.
- The Company delivers comprehensive, integrated aluminium solutions for its customers, ensuring a seamless customer journey across all supply chain stages, from the manufacturing stage to distribution. This approach fosters customer loyalty and enduring partnerships, solidifying its position as a trusted partner for its customers.
- The Company presents itself as a global leader in the aluminium market. Guided by Vision 2030 and the "Made in Saudi" Programme, the Company has expanded its export business line to include regions outside the MENA region, including Europe and North America. It is worth noting that export customers contributed approximately 26 per cent. to total sales as of 31 December 2022G.
- The Company is actively implementing a set of measures focused on environmental protection and product sustainability to align with the interests of stakeholders in the aluminium market. This commitment to sustainability has allowed the Company to receive "Cradle to Cradle Certified®" silver certification from Cradle to Cradle Produces Innovative Institute, an independent non-profit organisation that works with aluminium profile manufacturers and rates their products based on environmental and social compliance across five main categories (health, material reuse, renewable energy and carbon management, water stewardship and social justice).
- The Company has achieved strong financial performance over the previous three financial years ended 31 December 2020G, 2021G and 2022G, and 2023G. During such period, net profit increased at a CAGR of 44.9 per cent, from SAR 35.5 million in the financial year ended 31 December 2020G to SAR 78.7 million in the financial year ended 31 December 2022G and SAR 39.8 million in the six-months period ended 30 June 2023G. The main drivers of this growth were increased production driven by the expansion of contracts and the Company's ability to meet the increasing demand in the markets in which it operates in addition to merging the business of Alwan Gulf Polyester Powder Coating ("Alwan"), which provides powder coating products, and Al-Fattouh Company for Alum. Accessories & Yarn ("Alfa") in August 2021G. Through its continuous commitment to innovation and the development of new products and services, the Company has maintained its position at the forefront of the aluminium market, thus ensuring an uninterrupted stream of business opportunities.

## Market Information

### The Kingdom of Saudi Arabia is the largest economy in the GCC region

In the GCC countries, the Kingdom accounts for 50.7 per cent. of the gross domestic product ("GDP") and 59.4 per cent. of the population. In addition, it possesses 17.2 per cent. of the world's proven oil reserves and is the largest exporter of crude oil. The Kingdom's economy experienced a rebound in 2018G, driven by a surge in energy prices and the implementation of reforms under the framework of the Kingdom's Vision 2030. However, growth slowed down in 2019G due to global economic challenges and oil production cuts. Fuelled by the global recovery from the COVID-19 crisis and resurgent oil prices, growth surged to 3.9 per cent. in 2021G. As a result, real GDP grew by 8.7 per cent. in 2022G due to economic recovery and job growth, leading to an increase in GDP per capita.

### Strong growth of the aluminium market in the GCC region

The GCC aluminium market, which was estimated at 460 thousand tonnes in 2022G, is anticipated to expand at a CAGR of 3.9 per cent. between 2023G and 2028G, reaching 580 thousand tonnes, primarily driven by the building and construction sector. Emerging industrial and automotive sectors may contribute further to such growth. The UAE and the Kingdom are expected to lead the growth in demand for aluminium in the Middle East, through ambitious projects such as the USD 500 billion NEOM megacity. The region is also witnessing an increase in residential, industrial and commercial construction activities.

### The building and construction sector is at the forefront of demand for aluminium extrusion products

Demand for aluminium extrusion in the Kingdom was estimated at about 180 thousand tonnes for 2022G, with the building and construction sector accounting for more than 89 per cent. of such demand. The tourism sector is recognised as one of the priority sectors within the economic diversification of the Kingdom's Vision 2030. The Government plans to increase demand for extrusion products to 40 per cent. by 2028G. The demand for aluminium in the Kingdom is mainly due to growth in the construction market, industrial diversification plans and

huge investments in automotive and infrastructure projects. Residential, industrial, commercial and infrastructure sectors are the main demand drivers. The automotive industry is expected to support the Kingdom's Vision 2030, leading to increased demand for aluminium in the long term. Vision 2030 targets the production of over 300,000 vehicles in the Kingdom by 2030G, aiming to attract three to four original equipment manufacturers across electric and internal combustion engine vehicles, with a gross domestic value added of 40 per cent.

### The company's leading market share in the aluminium extrusion, powder coating and aluminium accessories markets

The Company holds a leading market share in the aluminium extrusion market, capturing 23 per cent. of production in 2022G, as per the Market Report. The Company has bolstered its market position through its ability to keep pace with sectoral trends, technological developments and customer requirements, as well as enhancing the spread of its brands (TALCO, ALWAN and ALFA), in addition to easy access to customers through a comprehensive distribution network throughout the Kingdom and abroad.

Regarding the powder coating sector, the company leads the market share in the GCC countries with 21% of the market size. The GCC powder coating market, which will be worth US\$378 million in 2022, is expected to grow significantly due to construction, energy, utility and general engineering needs. The Kingdom dominates the market with 52% of revenues, followed by the United Arab Emirates with 31% and the rest of the Gulf Cooperation Council countries with 17%. Regarding the weatherstrip sector, the Company holds a leading market share in the GCC weatherstrips market, with a market share of 60 per cent. Since 1992G, the Company has been providing rubber and weatherstrips products, consistently adhering to ISO 9001 standards, incorporating recyclable materials and maintaining a rigorous quality management system. The GCC weatherstrips market is expected to witness a CAGR of 5 per cent. between 2022G and 2028G, driven primarily by increased demand from investments in the GCC manufacturing and automotive sectors.



## Subscription to Offer Shares

The Offering will consist of twelve million (12,000,000) Offer Shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share. The Offer Shares represent 30 per cent. of the Company's share capital.

The Offering is restricted to the following groups of Investors:

### Tranche (A): Participating Parties

Comprising the parties entitled to participate in the book-building process as specified under the Instructions for Book-Building Process and Allocation Method in Initial Public Offerings, issued pursuant to CMA Board Resolution No. 2-94-2016, dated 15 Shawwal 1437H (corresponding to 20 July 2016G), as amended, including investment funds, companies, qualified foreign investors, GCC corporate investors and certain other foreign investors pursuant to swap agreements) (collectively referred to as the "Participating Parties" and each a "Participating Party"). The number of Offer Shares to be provisionally allocated to the Participating Parties is twelve million (12,000,000) Offer Shares, representing 100.0 per cent. of the Offer Shares. The final allocation for the Participating Entities will be made upon the expiry of the Individual Investors' subscription period, using the discretionary allocation mechanism. As a result, some of the Participating Parties may not be allocated any Offer Shares. If there is sufficient demand by Individual Investors, the Bookrunner in coordination with the Company shall have the right to reduce the previously allocated Offer Shares to Participating Parties to ten million and eight hundred thousand (10,800,000) Offer Shares, representing 90.0 per cent. of the total Offer Shares. Initially, three million six hundred thousand (3,600,000) ordinary shares will be allocated to the public funds tranche, representing thirty per cent. of the total number of Offer Shares, in the event that there is sufficient demand from the public funds tranche, noting that in the event that there is sufficient demand from Individual Investors in the Offer Shares, the Bookrunner has the right to reduce the number of shares allocated to public funds to three million two hundred and forty thousand (3,240,000) ordinary shares as a minimum, representing twenty-seven per cent. of the total number of Offer Shares after completing the Individual Investors process.

### Tranche (B): Individual Investors

Comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons, in each case who have a bank account with a Receiving Agent and the right to open an investment account with a capital market institution (the "Individual Investors" and each an "Individual Investor"). A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of one million and two hundred thousand (1,200,000) Offer Shares, representing ten per cent. of the total Offer Shares shall be allocated to Individual Investors. If the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Bookrunner in coordination with the Company may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed by them.



## Key Dates and Subscription Procedures

Bidding and Book-Building Period for Participating Entities	Commencing on Monday 12 Thul-Qi'dah 1445H (corresponding to 20 May 2024G), until the end of Thursday 15 Thul-Qi'dah 1445H (corresponding to 23 May 2024G).
Deadline for Submission of Subscription Application Forms Based on the Number of the Offer Shares Provisionally Allocated for the Participating Entities	Wednesday 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G).
Subscription Period for Individual Investors	A period of two (2) days starting on 20 Thul-Qi'dah 1445H (corresponding to 28 May 2024G) till 4 pm in 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G).
Deadline for Payment of the Subscription Amount by Participating Entities Based on their Provisionally Allocated Offer Shares	Wednesday 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G).
Deadline for Submission of Subscription Application Forms and Payment of the Subscription Amount by Individual Investors	4 pm on Wednesday 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G).
Announcement of the Final Allocation of the Offer Shares	On or before 25 Thul-Qi'dah 1445H (corresponding to 02 June 2024G).
Refund of Excess Subscription Monies (if any)	On or before 25 Thul-Qi'dah 1445H (corresponding to 02 June 2024G).

## Contact Information

Company	Name	Email	Position
	Albaraa Al-Salamah	a.alsalamah@altaiseer.com	Issuer
	Ahmed Almulhim	Talco-IPO@alinma.com	Financial Advisor, Lead Manager, Bookrunner and Underwriter

### Receiving Agents







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those expressed or implied by any such forward-looking statements or contained in projections, including, among other things, risks specifically related to the Company and its operations, the development of global economic and industry conditions, and the impact of economic, political and social developments in the Kingdom. These factors will be described in more detail in the Prospectus. Forward-looking statements speak only as of the date they are made. Each of the Company, the Financial Advisor and its respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

There is no guarantee that the Offering will occur and you should not base your financial decisions on the Company's intentions in relation to the Offering at this stage. This announcement does not constitute a recommendation concerning the Offering nor any declaration or undertaking by any means. Acquiring Offer Shares to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested.

Persons considering investment should consult an investment advisor or an authorized person specializing in advising on such investments.

The Financial Advisor is acting exclusively for the Company and no-one else in connection with the Offering. It will not regard any other person as its client in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

The contents of this announcement have been prepared by and are the sole responsibility of the Company. Neither the Financial Advisor nor any of its affiliates or respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the Offering, the Financial Advisor and any of its affiliates, may take up a portion of the Offer Shares in connection with the Offering as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such Offer Shares and other securities of the Company or related investments in connection with the Offering or otherwise.

Accordingly, references in the Prospectus, once published, to the Company's shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Financial Advisor and any of its affiliates acting in such capacity. In addition, the Financial Advisor and any of its affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which the Financial Advisor and any of its affiliates may from time to time, acquire, hold or dispose of securities. The Financial Advisor does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.



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