

Jordan Semiconductor Investment

Summary



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A PREMIER DESTINATION

JORDAN

A PREMIER DESTINATION FOR SEMICONDUCTOR INVESTMENTS

The International Finance Corporation (IFC) and IBM Consulting's Plant Location International (PLI) have conducted a comprehensive analysis of Jordan's semiconductor industry, highlighting its unique selling points. This study emphasizes Jordan's strategic advantages in the global semiconductor industry, setting it apart from its competitors.

METHODOLOGY

The methodology mirrors the corporate decision-making process, ensuring a realistic investor perspective. PLI developed a prototype project profile for a semiconductor assembly, packaging, and testing (ATP) facility, gathering data on key location requirements. Jordan was benchmarked against regional and global competitors through qualitative and quantitative assessments, producing a detailed cost-quality analysis.



KEY FINDINGS

EXCEPTIONAL PROFITABILITY

Jordan leads in profitability, surpassing all competitors due to its highly competitive labor, utility, location, Free Trade Agreements, and transportation costs.

Profitability index

comparison for all locations

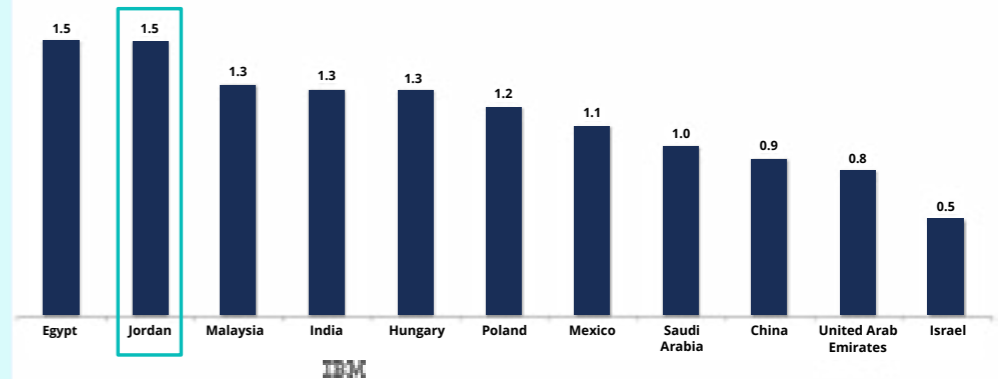
Note: a higher profitability index positively impacts a location's proposition

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Profitability assessment based on the present value (PV) of 10-year cash flows and required investment expressed as a PI - profitability index (discounted cash flows versus investment with a value >1 indicating a profitable/feasible investment)

This multiyear calculation includes an assessment of the impact of forecasted wage growth as well as the impact of corporate taxation.

Overall profitability is the highest in Jordan (with Egypt at the same level), followed by Hungary, India and Malaysia. Profitability in China, Israel, Saudi Arabia and UAE are below the overall level of feasibility (i.e. PI<1) which in the case of China is explained entirely by US import duties.



High-Quality Environment: Jordan offers a stable and safe operating environment, with supportive regulatory frameworks and excellent energy sustainability potential. **%27 of Jordans energy is renewable.** The country's low competition for technical skills effectively addresses global semiconductor talent shortages.

KEY FINDINGS

EXCEPTIONAL PROFITABILITY

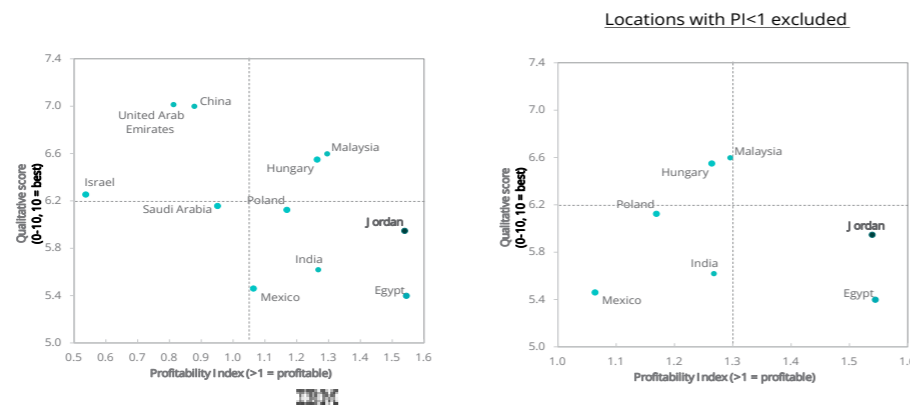
Cost- quality map

Jordan's competitive position

Note: for an ATP facility the top right quadrants expected to be the most favorable for short list selection

Jordan combines the highest profitability among all locations assessed with a stronger / lower risk operating environment compared to a number of key competitors. When the focus is purely on locations offering a favorable profitability, Jordan becomes a realistic option for short list selection.

Key competitors include Hungary/Malaysia as well as Egypt.



COMPETITIVE LANDSCAPE

Jordan was evaluated against several key competitor locations:



Strategic Market Access: Jordan's geographical position provides advantageous market access, proximity to the EU and free trade agreements with the US, EU, Canada, UK, Singapore and Arab Countries.

DISTINCT ADVANTAGES



SKILLED WORKFORCE

Skilled Workforce: Jordan boasts a significant number of qualified engineers and a large pool of STEM graduates.
1 in 40 Jordanians is an engineer.



COST EFFICIENCY

The country offers the lowest operational costs in labour, utilities, and transportation among assessed locations.

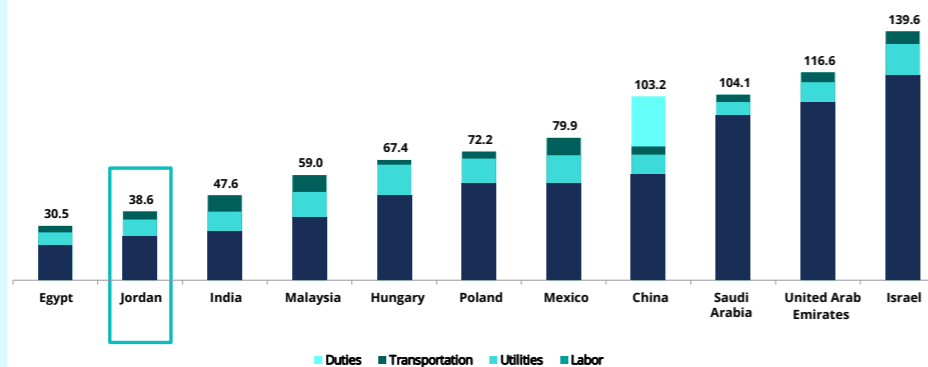
Operating costs

comparison for all locations; in million USD; Year 1

Note: a lower operating cost positively impacts a location's proposition

- Labor costs are based on gross annual wages and social security contributions.
- Utility costs are based on internationally comparable rates for industrial users.
- Transport costs take into account relevant point-to-point commercial rates as required under the market assumptions in the project profile.

Operating costs in Jordan are competitive across all three major cost components with only Egypt offering a lower cost profile.



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- **Jordan is offering the location at the economic zone at the airport**
- **Stable and Secure Environment:** Jordan is characterized by minimal natural disaster risk and robust regulatory support.
- **Sustainability Leadership:** Jordan is a leader in energy sustainability and green initiatives.

ADDRESSING IDENTIFIED WEAKNESSES

- **Talent Pool Size:** While smaller, Jordan's talent pool is sufficient for the modelled ATP facility. Efforts are underway to enhance technical education and align it with industry needs.
- **Supplier Access:** Local suppliers are increasingly aligning with industry requirements, and air connections with key supplier origins are being improved.
- **Industry Presence:** Steps are being taken to attract electronics and semiconductor industry clusters to Jordan.
- **Logistics and Connectivity:** Ongoing efforts to develop dedicated logistics services and improve air connectivity are a clear indication of Jordan's commitment to meeting investor needs and fostering growth in the semiconductor industry.
- **Cybersecurity:** Recent legislative measures have significantly enhanced national cybersecurity standards.
- **Water Supply:** Initiatives to develop new water sources are in place, ensuring industrial water needs are met.

STRATEGIC GOVERNMENT SUPPORT

- The Jordanian government plays a pivotal role in addressing operational challenges and creating a conducive environment for investors in the semiconductor industry. These strategic initiatives, backed by the government, will further enhance Jordan's attractiveness as a premier location for semiconductor ATP facilities.

CONCLUSION

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Jordan's exceptional profitability, high-quality environment, and strategic market access set it apart as an ideal destination for semiconductor investment. The ongoing government support and improvements further solidify Jordan's standing, making it a compelling choice for industry leaders.

CONTACT

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