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# Saudi Arabia Advanced Battery Market - Strategic Insights and Forecasts (2026-2031)

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## Abstracts

The Saudi Arabia Advanced Battery market is forecast to grow at a CAGR of 13.4%, reaching USD 1.5 billion in 2031 from USD 0.8 billion in 2026.

Saudi Arabia's advanced battery market is undergoing a period of transformative and strategically driven growth, anchored by the Kingdom's Vision 2030 programme, which is systematically redirecting the national economy away from hydrocarbon dependency toward diversified, clean energy-led development. The market's expansion is simultaneously driven by three structurally reinforcing forces: the rapid buildout of utility-scale renewable energy capacity requiring grid-scale battery storage, government-supported electric vehicle adoption accelerating demand for automotive battery systems, and growing industrial and commercial electrification across mining, logistics, and manufacturing. Two landmark transactions concluded in early 2025 have elevated Saudi Arabia to global significance in utility-scale battery storage: BYD Energy Storage's deployment of 15.1 GWh of battery systems across five grid sites in partnership with Saudi Electricity Company, representing the world's largest grid-scale energy storage initiative at the time of announcement, and Hithium's 4 GWh supply contract for utility-scale projects in the Tabuk and Hail regions valued at over USD 362 million. These transactions signal that Saudi Arabia has transitioned from a market of nascent potential to one of active, large-scale deployment.

Market Drivers

Vision 2030 and the National Renewable Energy Programme are the overarching policy frameworks generating structural demand for advanced batteries across all segments. Saudi Arabia has set a target of 50% renewable energy by 2030, requiring the deployment of large-scale solar and wind capacity whose intermittency can only be

managed through substantial battery energy storage system integration. As solar capacity expands across the Kingdom's sun-abundant geography, the requirement for dispatchable, grid-stabilising battery storage becomes operationally non-negotiable. ACWA Power, one of the Kingdom's largest renewable energy developers, is actively integrating large-scale energy storage into its project portfolio, directly translating Vision 2030 targets into battery procurement demand. The February 2025 BYD–SEC agreement, deploying BYD's Blade battery technology across five transmission-connected sites by 2027, concretely demonstrates the scale at which utility battery storage is being mandated to support the Kingdom's renewable integration agenda.

Electric vehicle adoption supported by government financial incentives and charging infrastructure development is the primary driver of automotive battery demand. Saudi government policies including EV purchase subsidies and tax breaks are stimulating consumer and fleet uptake, while the electrification of public transportation including buses and taxis is creating institutional demand for high-capacity battery systems. The entry of international EV manufacturers including BYD and Tesla into the Saudi market is broadening consumer choice and accelerating the transition. NEOM's ambition to become a fully sustainable city powered entirely by renewable energy represents an extreme-case driver of integrated EV and energy storage battery demand within a single development ecosystem.

Industrial demand from mining, logistics, and manufacturing sectors represents a third and growing demand stream, as autonomous machines, electric forklifts, and warehouse robotics increasingly adopt advanced battery power systems to improve energy efficiency and reduce operational emissions in alignment with national sustainability objectives.

Market Restraints

Import dependency for critical raw materials remains the most persistent structural challenge. Saudi Arabia has no significant domestic reserves of lithium, cobalt, or nickel, creating full reliance on global supply chains concentrated in Australia, Chile, and the Democratic Republic of Congo for the essential inputs to lithium-ion battery production. Price volatility in these commodities, compounded by geopolitical risks and trade disruptions, creates cost uncertainty for battery manufacturers and project developers. The government is actively exploring domestic mining opportunities and local manufacturing incentives to mitigate this dependency over the medium term, including the Hithium–MANAT joint venture to construct a 5 GWh BESS factory within the Kingdom as part of Vision 2030's industrial localisation agenda.

Technological transition barriers and the competitive pressure of established international battery manufacturers represent secondary constraints. The Saudi market remains heavily reliant on proven lithium-ion chemistry, and the transition to next-generation technologies such as solid-state batteries requires sustained R&D investment and infrastructure development that will take time to mature. Simultaneously, the growing presence of global leaders including LG Energy Solution, BYD, CATL, and Tesla in the Kingdom intensifies competition and raises the bar for domestic players seeking to establish market share.

Technology and Segment Insights

By technology, lithium-ion batteries dominate across all application segments, underpinned by their superior energy density, long cycle life, and established commercial availability at scale. LFP chemistry, as demonstrated by BYD's Blade battery selection for the SEC grid-scale project, is gaining particular prominence in utility storage for its thermal stability and longevity under demanding desert operating conditions. Flow batteries are a growing niche for long-duration grid storage applications. Solid-state and sodium-ion batteries are at an early commercial stage but are monitored closely by Saudi R&D institutions for next-generation deployment.

By application, energy storage systems constitute the largest and fastest-growing segment by value, led by utility-scale deployments directly linked to the Kingdom's renewable energy programme. Automotive applications are the most dynamic consumer-facing segment, with EV battery demand growing rapidly from a low base. Industrial motive power and stationary applications contribute steadily growing demand. By capacity, high-capacity systems above 200 Ah dominate by value across utility and automotive applications.

Competitive and Strategic Outlook

NEOM Investment is positioning itself as a domestic leader in next-generation battery and energy storage technology, integrating advanced battery systems into its flagship sustainable city infrastructure and driving demand for both EV and grid-scale storage solutions. ACWA Power's large and growing renewable energy project portfolio makes it one of the most consequential institutional battery procurement entities in the Kingdom. SABIC and Albilad Battery Manufacturing Co. represent the domestic industrial and manufacturing dimension of the competitive landscape. Internationally, BYD has secured the most strategically significant supply relationship through its SEC partnership, while LG Energy Solution maintains a strong presence across both EV and ESS segments. Hithium's entry via the Tabuk and Hail supply contract and its domestic manufacturing joint venture with MANAT signals deepening Chinese battery industry commitment to localisation in Saudi Arabia.

Key Takeaways

Saudi Arabia's advanced battery market is entering a phase of large-scale, policy-driven deployment that is repositioning the Kingdom as one of the most consequential battery storage markets in the Middle East and globally. The convergence of Vision 2030 renewable energy targets, record-scale BESS procurement contracts, accelerating EV adoption, and active industrial localisation investment creates a durable and multi-dimensional growth environment through 2031 and beyond.

Key Benefits of this Report

Insightful Analysis: Gain detailed market insights across regions, customer segments, policies, socio-economic factors, consumer preferences, and industry verticals.

Competitive Landscape: Understand strategic moves by key players to identify optimal market entry approaches.

Market Drivers and Future Trends: Assess major growth forces and emerging developments shaping the market.

Actionable Recommendations: Support strategic decisions to unlock new revenue streams.

Caters to a Wide Audience: Suitable for startups, research institutions, consultants, SMEs, and large enterprises.

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Report Coverage

- Historical data from 2021 to 2025 and forecast data from 2026 to 2031
- Growth opportunities, challenges, supply chain outlook, regulatory framework, and trend analysis
- Competitive positioning, strategies, and market share evaluation
- Revenue growth and forecast assessment across segments and regions
- Company profiling including strategies, products, financials, and key developments

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## Contents

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**10. COMPETITIVE ENVIRONMENT AND**



**11. COMPANY PROFILES**



**12. APPENDIX**

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