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# HAIL END OF LIFE VEHICLES TREATMENT FACILITY

# INVESTMENT OPPORTUNITY

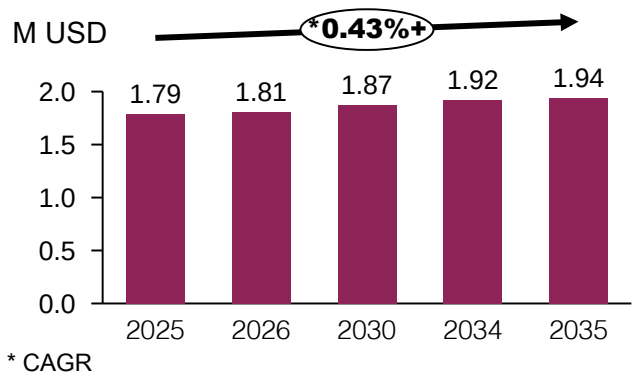
## **Environmental services (Recycling sector)**

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# Environmental services (Recycling sector)
# Hail End of Life Vehicles treatment facility

**OPPORTUNITY DESCRIPTION:** The aim of this opportunity is to create a waste vehicles treatment facility for the entire Hail Cluster.

## DEMAND




## INVESTMENT OVERVIEW

### INVESTMENT HIGHLIGHTS PROPOSITION

- Expected Investment size: 4MUSD*
- Plant capacity: 19,000 tons of waste per year
- Expected IRR: 10.90%
- Payback period: 8.04 years
- GDP Impact: 69M USD
- Location (Region): Hail Cluster

Figures in real terms (not adjusted for inflation)

### VALUE

- The high level of economic and population growth in the KSA is expected to generate significant increase in consumption over the coming years, thus creating an opportunity for an end-of-life vehicle treatment facility operator to enter an attractive market
- The Kingdom is placing a significant focus on the waste management sector as part of the Vision 2030 and the project can expect high level of engagement from the relevant authorities

## MARKET OVERVIEW

### KEY DEMAND DRIVERS

- The rise in personal wealth and transforming consumer behavior in the Kingdom (increasing digitization, increasing personal consumption etc.) are increasing vehicle consumption requiring uplift in waste treatment solutions
- Waste management sector transformation driven by the Vision 2030 and initiatives to increase private sector participation require innovative, and sustainable solutions in KSA

### RAW MATERIALS

- The operation would require a stable input of end-of-life vehicles from producers for processing and transfer along the further waste treatment value chain

### GLOBAL TRENDS

- Global automobile sales began to recover from their pandemic drop, reaching 66.7 M units sold in 2021. It is expected to decline in 2022, with a 2023 still below 2019



*Total investment size is calculated based on the estimated lifetime CAPEX commitment for the project

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## SUPPLY

### SCALABILITY AND LOCALIZATION

**Grade:** Low | Medium | **High**

- The project would be a waste management solution, aiming to offer services to Hail cluster
- The projected increase in economic activity and change in consumption habits in Hail can potentially have significant potential increase in scale and opportunity across the waste management value chain
- Local training and employment of Saudi nationals is projected to be engaged in the project

### IMPORT DEPENDENCY

- The establishment of the treatment facility would be dependent on the import of the machinery and equipment used in its operations
- The project operations would have a limited dependency on import market beyond an initial setup

## ENABLING FACTORS

### ENABLERS & INCENTIVES

- Approval and adoption of a unified Hail waste management approach and alignment policy requirements with relevant enablers
- Increasing the demand for recycled material and byproducts

### VALUE CHAIN

**Generation** | **Collection and transportation** | **Treatment** | **Disposal**

- The opportunity would offer a treatment infrastructure for End-of-Life Vehicles
- The center would produce reusable vehicles parts and recyclables ELV that can be sold on the market, while process residues would be transferred to downstream facilities for treatment and disposal
- ELV treatment facility x1 (capacity: 19,000 t/yr)

### COST OF DOING BUSINESS IN KSA Factor

Ranking amongst regional peers

| | | | | |
|---|---|---|---|---|
| Electricity tariffs for industrial players | | | $48 MWh/ | |
| Productivity adjusted wages | | | | $3.3 hour/ |
| Logistics Performance Index (1-5) | | | 3.2 | |
| Construction Costs (Indexed to US, % 0 is cheapest) | | | 74 | |
| Ease of getting credit (0-100) | | | | 50 |
| | Bottom 25% | Top 75% | Top 50% | Top 25% |

### KEY STAKEHOLDERS

National Center for Waste Management (MWAN)

Amanah/Industries/ Privates

# Definitions

| # | SCORECARD SECTION | DEFINITIONS |
|---|---|---|
| 1 | Market size | Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources |
| 2 | Business drivers | A select number of factors that will influence future demand for the related product/service |
| 3 | Investment highlights | An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size |
| 4 | Value proposition | Summary of key differentiators that position KSA as a strategic choice over other regional/global peers |
| 5 | Market readiness | An overview of KSA market structure, market maturity and level of participation by local and global players |
| 6 | Global trends | Latest business developments within the sector/product category |
| 7 | Scalability and localization | Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components |
| 8 | Import dependency | An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports |
| 9 | Value chain analysis | The process or activities that would potentially need to be carried out to deliver the underlying product or service |
| 10 | Key stakeholders | Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service |
| 11 | Enablers | Factors that enable investment in the underlying opportunity |
| 12 | Cost of doing business in KSA | Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of $1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance |

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Waste.management@misa.gov.sa

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