

# Street Lights Manufacturing

## INVESTMENT OPPORTUNITY SCORECARD

### ENERGY & WATER

March 2021

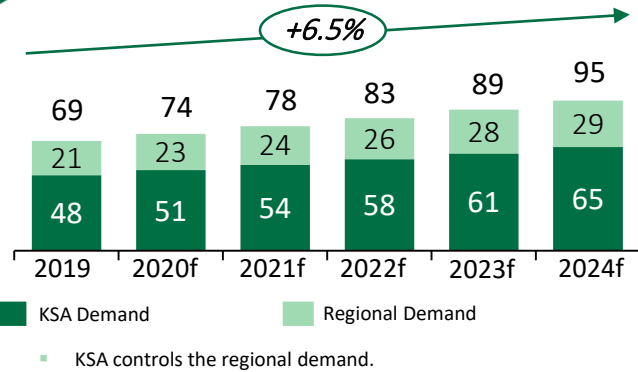


# Street Lights Manufacturing

**OPPORTUNITY'S DESCRIPTION:** Establish assembly facility for street lights to achieve KSA's target to retrofit street lights, and to close KSA import gap and satisfy part of the regional demand.

## DEMAND

### MARKET SIZE, USD MN



## INVESTMENT OVERVIEW

### INVESTMENT HIGHLIGHTS

- Estimated investment size of \$ 5-10 Mn
- Opportunity to consider different operating models – pure private sector model or joint venture with local player
- Expected timeline to setup the manufacturing and assembly plant ~ 3-4 months
- Expected IRR – 15%

### VALUE PROPOSITION

- The lights market in KSA is highly regulated, ensuring competitiveness for a high-quality LED manufacturers.
- The National Energy Services Company, 'TARSHID' will stimulate the development of the Energy Efficiency industry in the Kingdom by providing financial support.
- KSA market provides strong potential for exports through high regional demand and government support to export Saudi goods.
- KSA's geographical location counts as an advantage that enables local manufacturers to establish energy network linkages with neighboring countries, in addition to the GCC and Arab countries agreements.
- KSA is committed to raise awareness on Energy Efficiency through the establishment of Saudi Energy Efficiency Center (SEEC).

### KEY DEMAND DRIVERS

- The increasing cost of electricity across commercial and industrial facilities in KSA will lead to increasing demand for Energy Efficiency solutions.
- Government has established national ESCO TARSHID to implement many energy efficiency solutions including replacing street lights.
- Over 3.1 M streetlight poles presents an opportunity for energy efficiency solutions, in addition to the potential demand increase based on cities expansion & the game changing projects such as NEOM, Qiddiyah & Red Sea.
- 200,000 KM of roads, making Saudi Arabia the 19<sup>th</sup> largest network in the world.

## MARKET OVERVIEW

### MARKET READINESS AND COMPETITOR ANALYSIS

- Main local players



### COMPETITOR ANALYSIS

- Leading global players Street Lights Manufacturing market



### GLOBAL TRENDS

- Global market for energy efficiency investments reached \$250 Bn in 2019 across the buildings, transport and industry sectors.
- Street lights Market size will reach USD 7.9 billion with CAGR of 4.47% in 2023.
- Solar Street lights Market size was valued over \$ 3 Bn in 2017, and its expected to reach \$ 5 Bn by the end of 2024.
- Annual revenue from smart street lights will grow at CAGR 31% to reach \$1.7 Bn in 2026.
- Most of the countries are heading to implement smart street lights, at least 50 M street lights will be connected by 2023.
- Asia Pacific region is the market leader in terms of usage and manufacturing.

# ENERGY & WATER

## Street Lights Manufacturing

Public / متاح

### SUPPLY

#### SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- There are multiple local suppliers providing (LED PCB Boards, LED Drivers, Chassis) required for street lights production.
- Suppliers for LED drivers include GLINTY, RAND TECH.
- Suppliers for LED Chassis include Ma'aden, Saudi Plastic Factory Co., ALUPCO, Saudi Top Plastic Factory.
- Suppliers for Aluminium include Alsafa Alminium Saudi Co., Maaden.
- Potential partners to supply PCB boards and materials to produce PCB Boards & Lenses in KSA: Fiberglass, Copper, and Bulk Chemicals supplied by SABIC, Pioneers Factory, AMIANTIT, and Ma'aden.
- potential partners to supply Polycarbonates include Shamal Plastic Industries & Al Barrak company.

#### IMPORT DEPENDENCY

- In 2019, the imported lamps were estimated to be more than 50% of Saudi Arabia's demand, which valued by ~ USD 35.2 Mn.

Country	% of Saudi imports
Italy	28%
China	19%
Hungary	15%

### ENABLING FACTORS

#### ENABLERS

- 100% foreign direct ownership to motivate private sector participation in KSA energy sector.
- Funding Energy Efficiency project development, and building capabilities of traditional ESCOs through TARSHID (Super ESCO).
- Preferential treatment for national products in Saudi government procurement.
- Pre/Post-shipment loans to exporters/importers of Saudi goods.
- Low-cost land options with more than 32 industrial cities and four economic cities.

#### VALUE CHAIN ANALYSIS

##### Raw materials

- Glass.
- Aluminum.
- Polycarbonates.
- Polysilicon.
- synthetic sapphire.
- Indium.
- gallium (semiconductor).

##### Material Manufacturing

- LED chips (Semiconductors), packages and modules (LED semi-finished goods)

##### Component Manufacturing

- LED carrier.
- Solar panels.
- Aluminum or Polycarbonates case.
- screws & assembly material.

##### End product assembly

- Street lights.

##### Testing

- Accredited testing centers.
- Standardized labels

#### KEY STAKEHOLDERS



#### 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
Customs Clearance Index (1 – 5)	2.7
Ease of getting credit (0 – 100)	50

# 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	Demand 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	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	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
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region

# DISCLAIMER

- This report must be used only to access information, and the information must not be construed, under any circumstances, explicitly or implicitly, as an offer to sell or a solicitation to buy or sell or trade in any opportunity herein mentioned.
- Ministry of Investment (MISA) has no undertaking to update these materials after the date, with the understanding that such information may become outdated or inaccurate.
- Mentioned information in this report is obtained from reliable sources but its accuracy and reliability are in no way guaranteed. No guarantee of any kind is tacit or explicit when projections of future conditions are attempted. MISA has used public/or confidential data and assumptions and has not independently verified the data and assumptions used in the analyses. Changes in underlying data or operating assumptions will clearly impact the analyses and conclusions.
- The financial evaluations, projected market and financial information, and conclusions contained in these materials are based upon standard methodologies, are not definitive projections, and are not guaranteed by MISA
- The content of this report must not be construed as an implied promise or guarantee for profit or limited loss express or implied by or from MISA or any of its officers, directors, employees and affiliates. All mentioned investments in this report are subject to risk, which should be considered prior to making any investment decisions
- MISA shall have no liability whatsoever to any third party, and hereby any third party waives any rights and claims it may have at any time against MISA with regard to this report, any services or other materials, including the accuracy or completeness thereof.

**CONNECT WITH US FOR MORE DETAILS:**

**[Energy&Water@misa.gov.sa](mailto:Energy&Water@misa.gov.sa)**

investsaudi.sa



@investsaudi

