

Engineered Metals Complex

INVESTMENT OPPORTUNITY

[Minerals and Metals]



[Minerals and Metals] [Engineered Metals Complex]

Public / متاح

High Potential

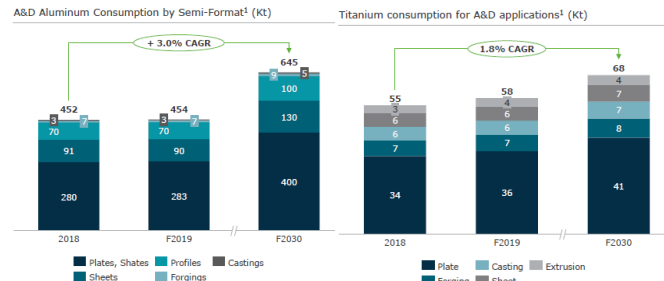
Moderate Potential

Low Potential

OPPORTUNITY DESCRIPTION: [Opportunity to develop an engineered metals complex (titanium, Aerospace grade Aluminum and super alloys) for the development of high value products for the aerospace, industrial, automotive, oil & gas for the local and export markets]

DEMAND

Engineered metals products figures (Kt and %)



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected Investment size of SAR (6,113)
- Plant capacity: 380 KTA
- Expected IRR: ~ 7%
- Job Creation: 2,032
- GDP Impact: SAR 10.3 B
- Location (Region): the project will be divided into two locations; Ras Al Khair Industrial City and Yanbu Industrial City

VALUE PROPOSITION

- The Complex can leverage various synergies across different metals in a single location
- End-to-end logistics connectivity to support investment development
- Availability of competitively priced aluminum and titanium sponge and a competitive cost structure
- Local content policies favoring Saudi based manufacturers
- KSA's geographical advantage and trade agreements with neighboring countries make exporting favorable
- KSA is working to develop sustainable and globally competitive value added semi-finished and finished metal industries (downstream) that support the Kingdom's goal of diversification

KEY DEMAND DRIVERS

- The products will serve local and export markets.
- Aerospace and defense markets are growing globally
- KSA future investments in aerospace and defense along with policies such as off-set program and local content are creating demand
- Local MRO operations

RAW MATERIALS

- Local raw materials (aluminum primary, aluminum scrap and titanium sponge).
- Current operations available in the KSA (such as AMIC Titanium complex).

MARKET OVERVIEW

GLOBAL TRENDS

- Major players are integrated across production lines and markets and some are multi-metal
- OEM requirements dictate the market positioning of specialty metal companies in the aerospace & defense market
- Global demand for titanium metals and alloys is expected to grow at 2.4% CAGR to reach 165 kt in 2030



[Sector] [Investment Opportunity Title]

Public / متاح

[Business Case]

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- The Complex will allow for the possibility of leveraging offsets, particularly in the defense industry and maximize the localization potentials

IMPORT DEPENDENCY

- The Complex will establish the foundations of a new value chain in the Kingdom, and in a key industry such as aerospace and defense
- OEMs have confirmed that offsets could play a decisive role in their procurement decisions

VALUE CHAIN

Upstream

Midstream

Downstream

Applications

[The process or activities that would potentially need to be carried out to deliver the underlying product or service]

- Alumina
- Titanium Slag

- Aluminum Ingots
- Titanium Sponge

- A&D Plate and sheets
- Hard Alloys Profile/extrusion
- A&D Slabs and billets

- Aerospace
- Defense
- Transportation

KEY STAKEHOLDERS

NIDC, MIMR, MISA, SIDF, ME, RCJY, Modon, LCGPA

ENABLING FACTORS

ENABLERS & INCENTIVES

- Secure international partnerships to access know-how and build customer relationships in local & export markets
- Continue to provide favorable energy prices to ensure competitive costs structure
- Identify and involve suitable technology partner(s)
- Achieve support and interest of main OEMs

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%

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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Sectors LOGOs (To be used)

