

# DISSOLVED AIR FLOTATION (DAF) SYSTEMS

## INVESTMENT OPPORTUNITY SCORECARD

### Environment Services

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## DISSOLVED AIR FLOTATION (DAF) SYSTEMS

Public / متاح

High Potential

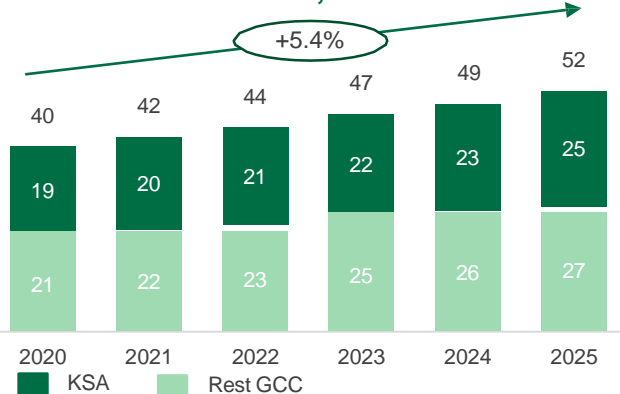
Moderate Potential

Low Potential

**OPPORTUNITY'S DESCRIPTION:** Setting up a manufacturing and assembly plant for the production of Dissolved Air Flotation (DAF) in KSA.

### DEMAND

#### MARKET SIZE, USD MN



#### INVESTMENT HIGHLIGHTS

- Investment size of USD 29-40 Mn
- Investment model: JV or 100% private investment
- This opportunity is expected to create 110 jobs
- Expected IRR: More than 7%

### INVESTMENT OVERVIEW

#### VALUE PROPOSITION

- KSA's geographical advantage, trade agreements with other Arab countries and trade regulations on industrial goods make exports to neighboring countries favorable
- Large potential customers in KSA for DAF systems in multiple sectors due to its wide range of applications – Almarai, Nadec, SWCC, Marafiq, NWC and Saudi Aramco
- KSA offers low and competitive prices in the industrial cities for land & construction costs, wages, power and Diesel

#### KEY DEMAND DRIVERS

- 25+ new RO-based plants are planned in KSA by 2030 transitioning away from MSF1 based technology
- A capacity of 5.5 million m3 daily water desalination is coming online by 2025 to cover the water demand shortfall
- Water Treatment in KSA is expected to grow by a CAGR of 7.5% with about ~17% of the treated water are being re-used (agriculture, industrial) and target to reach ~70% by 2030.
- DAF applications across multiple sectors – Water & wastewater treatment, Pulp and paper, Petrochemicals, Food & beverage and Meat, poultry, and fish processing

### MARKET OVERVIEW

#### MARKET READINESS AND COMPETITOR ANALYSIS

- Evoqua and Fluence are two of the leading global players providing DAF systems services and their presence in the GCC is limited to sales offices
- These global players work with local EPCs to provide support with installation, operations, and maintenance / aftersales services

#### COMPETITOR ANALYSIS



#### GLOBAL TRENDS

- Global market size of DAF systems will reach \$120 Mn by 2024, growing at a CAGR of 1.8% over the period 2019-2024
- North America, Europe and Asia-Pacific are occupying 80.64% of the global consumption volume due to the bigger demand of downstream applications industries that need more DAF systems products, therefore DAF systems have a huge market potential in the future
- Population growth and water scarcity are expected to continue increasing the demand for water desalination regionally
- Growing awareness on potable water and its demand in emerging markets

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### SUPPLY

#### SCALABILITY AND LOCALIZATION

Grade: Low Medium High

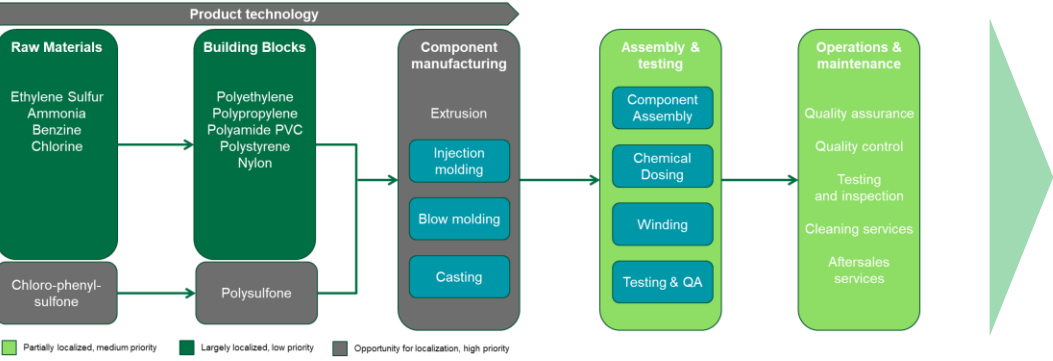
- For primary raw materials, all materials are available within the Kingdom, except for Chlorophenyl Sulfone and for Building blocks the Kingdom has materials available except Poly-sulfone
- Major customers include SWCC, Marafiq and Saudi Aramco as well as GCC water utilities (for export)
- Opportunities to invest across key components and equipment (such as module making, spiral element test benches, water filters, chemical dosing, circulating & high-pressure pumps, etc.)

#### IMPORT DEPENDENCY

- In 2019, ~\$170m is imported which is Equivalent to ~60% of total market imported with rest being covered by local assembly)

COUNTRY	% OF SAUDI IMPORTS
USA	32%
Japan	15%
Italy	7%
Germany	7%

#### VALUE CHAIN ANALYSIS



#### KEY STAKEHOLDERS

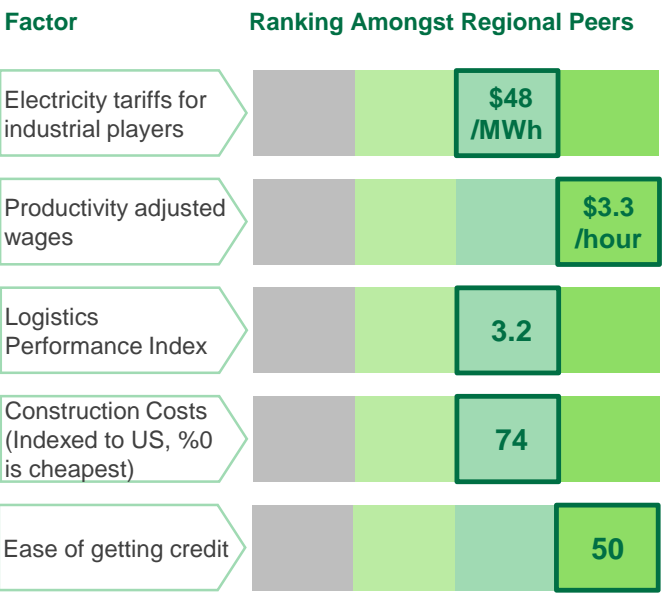


### ENABLING FACTORS

#### ENABLERS

- Market is supported by a mature logistical infrastructure
- Saudi Arabia is a leader in water desalination R&D
- Up to 75% of project financing through soft loan by SIDF

#### COST OF DOING BUSINESS IN KSA



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	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

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