

HIGH PRESSURE PUMPS

INVESTMENT OPPORTUNITY SCORECARD

Environment Services

OCTOBER 2020

Environment Services

HIGH PRESSURE PUMPS

High Potential

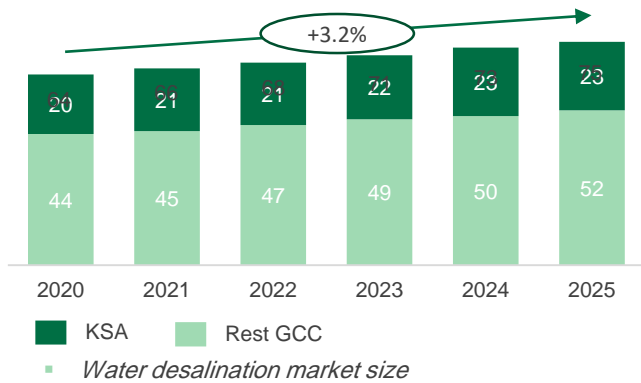
Moderate Potential

Low Potential

OPPORTUNITY'S DESCRIPTION: Setting up a manufacturing and assembly plant for the production of High Pressure Pumps (Rotary Positive Displacement Pumps and Centrifugal Pumps) in KSA.

DEMAND

MARKET SIZE, USD MN



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 19-56 Mn
- Investment model: JV or 100% private investment
- This opportunity is expected to create 150-200 jobs
- Expected IRR: More than 9%

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
- Major off-takers of HP pumps in KSA include SWCC, Marafiq, Saudi Aramco and SABIC
- KSA offers low and competitive prices in the industrial cities for land & construction costs, wages, power and diesel

KEY DEMAND DRIVERS

- HP pumps are used in a variety of industrial applications such as wastewater, desalination, industrial chemicals, oil and gas
- Increased desalinated water demand due to vision 2030 initiatives and mega projects and growth in residential, commercial and industrial sectors in KSA
- 25+ new RO-based desalination plants are planned in KSA by 2030
- 3,168 KM total length of water transmission lines with capacity of 4.5 MCM to be installed by 2026

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Leading global pump manufacturers have limited presence in GCC
- Pump manufacturers carry out machining, assembly, and integration activities. They also provide support with installation, operations, and maintenance / aftersales services

COMPETITOR ANALYSIS

GCC presence with assembly/ manufacturing	SULZER
GCC presence with service center	EBARA
GCC presence through a sales office	Danfoss, GRUNDFOS, KAMAT, GEA, URACA

GLOBAL TRENDS

- HP pumps global market size is projected to reach \$2.8 Bn by 2027, growing at a CAGR of 1.9% over the period 2020-2027 due to high investments in the oil and gas and water treatment industries and increasing power generation capacity globally
- China, Japan and Canada, each forecasted to grow at 3.7%, 0.3% and 1.4% respectively over the 2020-2027 period

Environment Services

HIGH PRESSURE PUMPS

Public / متاح

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

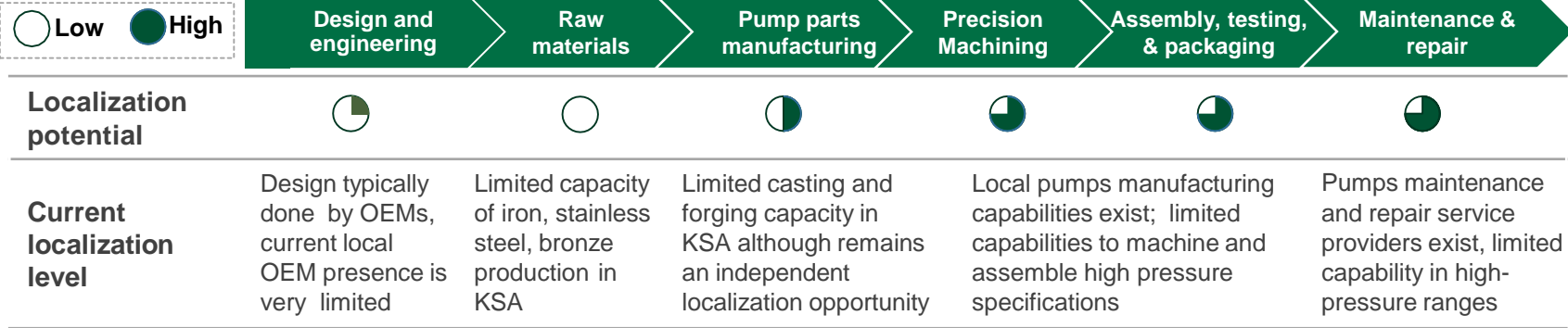
- High potential localization opportunities exist across the HP pumps value chain including design and engineering, manufacturing and after-sales services
- Several HP pumps components are manufactured locally in KSA including Gaskets, Seals and Casings – Gulf Gasket Factory, John Crane, AESSTEAL, EagleBurgmann, Saudi Mechanical Industries Co. and Fonderia Gelli (non- exclusive)

IMPORT DEPENDENCY

Country	% of Saudi imports
Germany	15.6%
United States	14.7%
Italy	10.9%
India	9.8%
Others	49.0%

2018 imports data which includes Rotary Positive Displacement Pumps and Centrifugal Pumps

VALUE CHAIN ANALYSIS



KEY STAKEHOLDERS

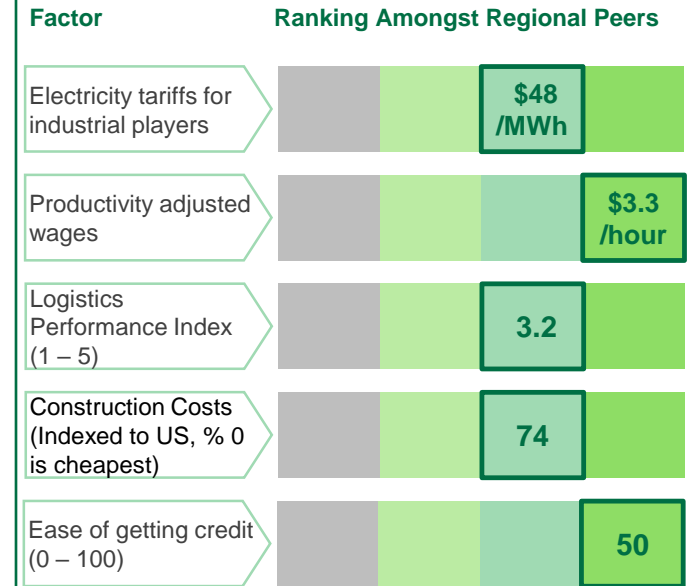


ENABLING FACTORS

ENABLERS

- Custom duty drawback & exemption
- Up to 75% of project financing through soft loan by SIDF
- Land for lease starting from \$ 0.26 per sqm
- HRDF covers monthly salaries for 30-50% of Saudi employees (extra 10% for females) for 2 years, provided it does not exceed USD 4,000
- 100% foreign direct ownership allowed

COST OF DOING BUSINESS IN KSA



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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