

Smart Water Meters

INVESTMENT OPPORTUNITY SCORECARD

Environment Services

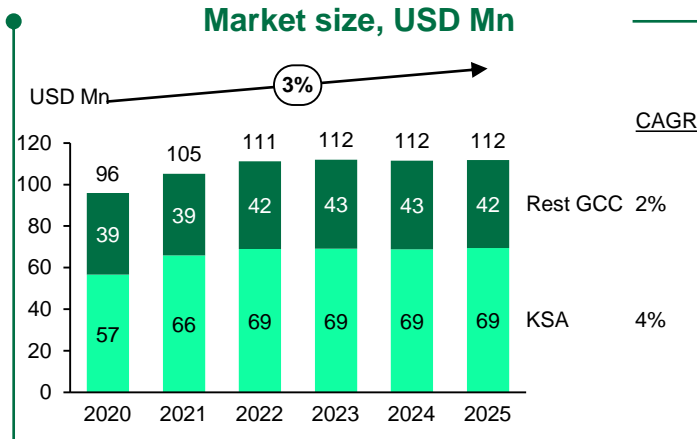
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Environment Services: Smart Water Meters

Opportunity description: Setting up a manufacturing and assembly plant for the production of smart water meters in KSA

Demand



Key demand drivers

- Expansion in transmission and distribution lines with **~1800 projects** and investments of **SAR 124 bn**
- Additional **1.9 m connections** of water and wastewater connections driving the need for smart meters to track the water distribution and collection
- Increase to **125,000 km** of distribution networks in KSA

Investment overview

Investment highlights

- Investment size:** TBD by investor
- Potential for **100% private investment** with an opportunity for organic growth or partnerships

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 and GCC for Smart Water Meters – WTTCO, NWC, Marafiq, Tawzea
- KSA offers low and competitive prices in the industrial cities for land & construction costs, wages, power and diesel

Market overview

Market readiness and competitor analysis

- Local manufacturing of smart water meters in KSA limited to ~5% of total supply volume in the market – Currently assembled by Saudi Meter Company

Competitor analysis

kamstrup

SIIC شركة العدادات السعودية
SAUDI METERS COMPANY

SENSUS
a xylem brand

三川智慧
SANCHUAN

Itron

Honeywell

Global trends

- Global trend to **accurately monitor the water network in real-time** by using smart meters
- Global shift towards the **enhancement of customer services** by using smart meters to improve accuracy and visibility on tariffs and consumption levels
- Global trend towards adoption of smart meters to **enhance leakage detection** across the network

Environment Services: Smart water meters

Supply

Scalability and localization

Grade Low Medium High

Manufacturing of smart water meters to be decoupled into **raw material which could be supplied locally:**

- **Polymers:** SABIC, SAPCO, Tasnee, Saudi Polymers, Sipchem
- **Copper, Zinc:** Maaden
- **Cast Iron, Brass:** Saudi American Glass, Saudi Modern Company For Metals, Cables and Plastic Industry Ltd
- **Bronze, Stainless steel:** MASABIK

Import dependency

- ~95% of smart meters are imported into KSA

Country	% of Saudi imports
China	20-30%
USA	15-20%
India	15-20%
Germany	10-15%
Others	10-35%

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 supporting industrial programs by covering ~50% of wages for Saudi employees
- 100% foreign direct ownership allowed

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

Value chain analysis

○ Low
● High



Localization potential



Current localization level

Raw materials: Local presence of some raw materials, (e.g., Polymers, Cast Iron)

Component manufacturing: Lack of current local capabilities to manufacture different technologies – current reliance on imported products

Assembly & integration: Limited localization of assembly activities; high volume of imported meters

Operations & maintenance: Operations and maintenance typically by local operators or OEMs

Key stakeholders



Definitions

#	Scorecard section	Definitions
1	Market size	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> A select number of factors that will influence future demand for the related product/service
3	Investment highlights	<ul style="list-style-type: none"> An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	<ul style="list-style-type: none"> Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	<ul style="list-style-type: none"> An overview of KSA market structure, market maturity and level of participation by local and global players
6	Competitor analysis	<ul style="list-style-type: none"> List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	<ul style="list-style-type: none"> Latest business developments within the sector/product category
8	Scalability and localization	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	<ul style="list-style-type: none"> Government Institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	<ul style="list-style-type: none"> Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	<ul style="list-style-type: none"> Key factors that position KSA as a competitive destination for investment in the region

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