



# TOURISM & QUALITY OF LIFE HOME TERMINAL

Restricted / مقيد

High Potential

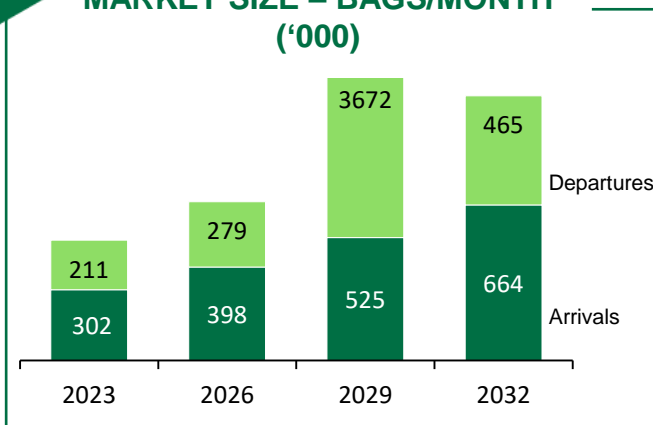
Moderate Potential

Low Potential

**OPPORTUNITY'S DESCRIPTION:** Opportunity to establish high-quality Home Terminal Company at or near airport terminals in Jeddah and Al Madinah

## DEMAND

### MARKET SIZE – BAGS/MONTH (‘000)



### INVESTMENT HIGHLIGHTS

- Investment Ticket: SAR 66,672,199
- IRR: 27.6%
- NPV: SAR 125,588,388
- Payback Period: 9.2 years
- ROI: 16.9%
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)

## INVESTMENT OVERVIEW

### VALUE PROPOSITION

- KSA government targets to host 30.0 million International Umrah Pilgrims under Vision 2030 initiative which will create opportunity to serve additional 20 million visitors in the upcoming 10 years
- Enriching Hajj and Umrah experience for visitors is one of the main goals set under Vision 2030 and the government has initiated several measures to support the stakeholders and prospective investors
- Pilgrims' journey mapping depicts that there is a latent need for end-to-end baggage service (extended baggage management including baggage collection, short and long-term storage, baggage wrapping and tagging, boarding pass issuance other services) allowing visitors to enjoy seamless and desirable customer experience

### KEY DEMAND DRIVERS

- With 12.2 million domestic pilgrim and 9.3 million International Pilgrims in 2019, religious tourism remains the main driver of Saudi Arabia's tourism.
- Expansion project of the two Holy Mosques, government investments in infrastructure and online visit visa issuance initiative will boost pilgrimage visits
- 96% of the total International Umrah Visitors arrive via Saudi and foreign flights and the remaining 4% via road or sea trips with an average 1.5 suitcase per visitor
- ~70% of the tourists arriving at International airports tend to use baggage handling services upon departure

## MARKET OVERVIEW

### MARKET READINESS AND COMPETITOR ANALYSIS

- Currently no such integrated service provided by any local/ global player at any of the major airports in the Kingdom
- New market entrant can leverage investment benefits of a typical green field opportunity at the moment

### GLOBAL TRENDS

- The global baggage handling system market reached USD 8.6 Bn in 2019 and projected to reach USD 14.8 Bn by 2027, exhibiting a CAGR of 7.2% between 2019-27
- Majority of the airport authorities across the globe are investing in renewing airport infrastructure to offer better comfort and baggage handling experience to the travelers
- Use of innovative technologies such as integrated RFID, AI developed robotic baggage handler and advanced luggage tagging are complimenting market demand



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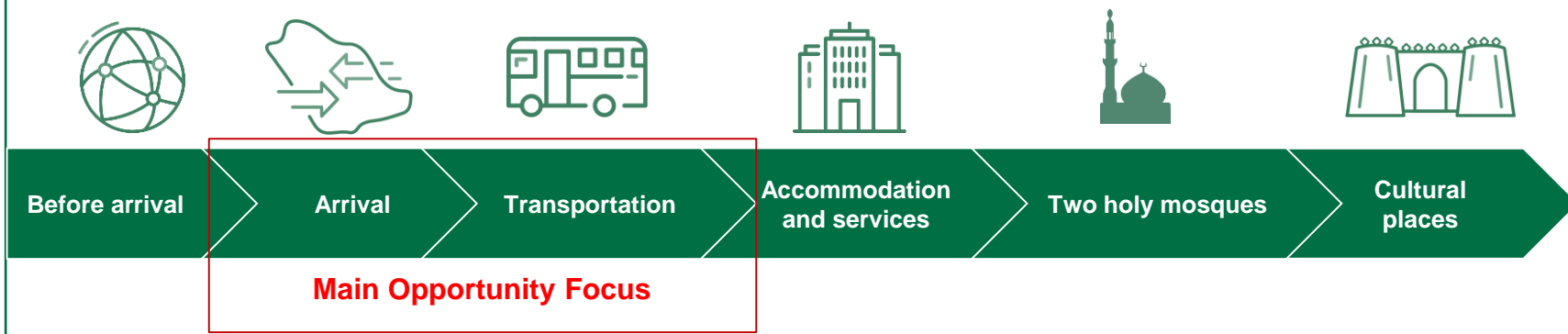
## SUPPLY

### SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- The magnitude of the overall gap is high in both Jeddah and Al Madinah since there is a need for the service and currently no supply – indicating higher investment potential
- While the initial customer target remains Hajj and Umrah visitors, the service offering can be potentially extended to the larger consumer base comprising of general tourists, business and family visitors, domestic travelers and elderly and physically disabled across all airports in the Kingdom
- KSA has low cost of business setup, labor wages and utility fees combined with availability of trained resources to support low capital and operating expense for the investor to maximize investment returns

### PILGRIM'S JOURNEY



### KEY STAKEHOLDERS



## ENABLING FACTORS

### ENABLERS

- The Ministry of Municipality and Rural Affairs has created supporting regulatory ecosystem for easy issuance of necessary permits
- Unification of the licensing authority for hotels and residential units in the two Holy Cities
- Establishing a unified center for investor services in Hajj and Umrah in cooperation with MISA

### COST OF DOING BUSINESS IN KSA

Factor	Ranking Amongst Regional Peers
Macroeconomic risk (100=high)	40
Productivity adjusted wages	\$3.3 /hour
Ease of getting credit (0 – 100)	50
Contract enforcement (0-100)	55
Construction Costs (Indexed to US, % 0 is cheapest)	74



Sources for Cost of Doing Business: EIU, World Bank

