

# ALUMINUM EXTRUSION

INVESTMENT OPPORTUNITY SCORECARD

MINING & METALS

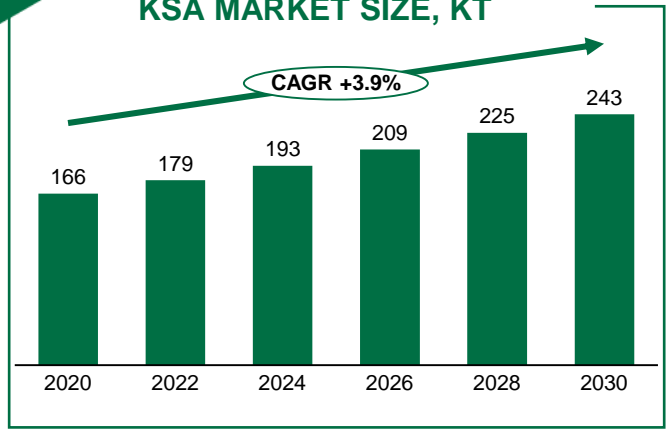


## Aluminum Extrusion

**OPPORTUNITY DESCRIPTION:** Opportunity to develop a 10 ktpa Aluminum Extrusion plant to cater the domestic and regional market

### DEMAND

#### KSA MARKET SIZE, KT



#### INVESTMENT HIGHLIGHTS

- Expected investment size of USD 25 Mn
- Plant capacity: 10 ktpa
- Expected IRR: 17.4%

### INVESTMENT OVERVIEW

#### VALUE PROPOSITION

- Mining and Metals industry set to become the “third pillar” of the Saudi industrial base due to KSA’s rich deposits of minerals
- 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 goals of diversification
- Opportunity to cater demand created through giga projects in KSA
- In line with Saudi Vision 2030, KSA aims to maximize local production of aluminum and supply primary raw material to the local aluminum-based industries

#### KEY DEMAND DRIVERS

- Demand for aluminum extrusion is mainly driven by three factors – growth in construction market, industrial diversification plans and large-scale investments in automotive, infrastructure-based projects including railways
- Construction industry in KSA is the largest in the GCC region, with more than USD 825 Bn worth of planned and unawarded projects as of 2020
- Upcoming auto cluster in short-medium term is expected to propel demand for aluminum extrusions in KSA. Demand will also come from the proposed marine cluster in KSA

### MARKET OVERVIEW

#### GLOBAL TRENDS

- Global aluminum extrusion market size was valued at USD 57.3 Bn in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 7.8% from 2021 to 2028
- Asia Pacific dominated the global aluminum extrusion market and accounted for the largest revenue share of over 74% in 2020. The region is expected to retain its dominant position over next few years due to growth in the manufacturing, automotive and construction sectors in countries, such as China, India, Vietnam and South Korea



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## SUPPLY

### SCALABILITY AND LOCALIZATION

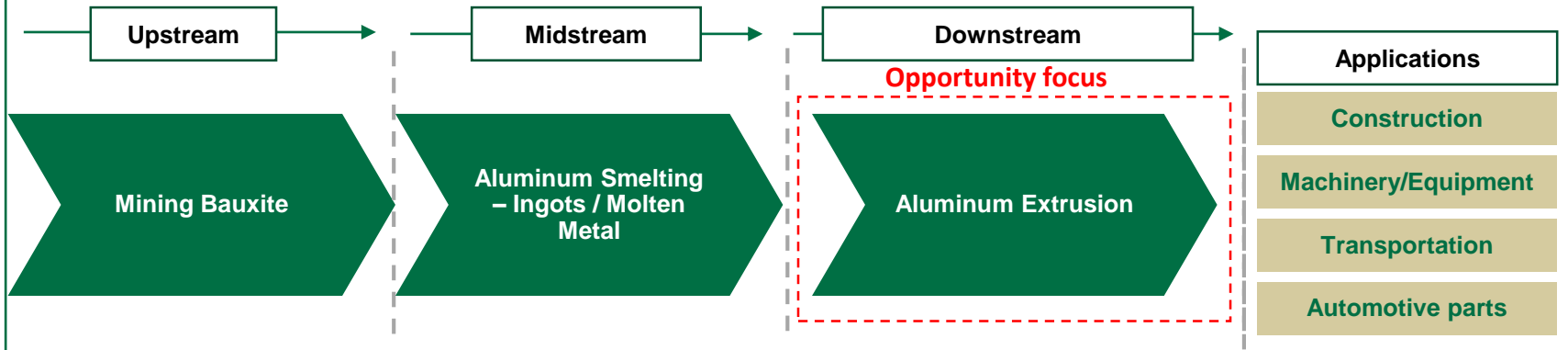
Grade: Low Medium High

- Low cost of construction, labor wages and utility fees to support low capital and operating expense for the investor and enable extending geographic footprint
- Easy availability of primary raw material, aluminum billet, in KSA
- End-to-end logistics connectivity exists in KSA to support investment development
- Local content policies to favor Saudi based manufacturers

### IMPORT DEPENDENCY

- In 2019, KSA imported ~30 KT (~18% of the total demand of 160 KT) of Aluminum Extrusion

### VALUE CHAIN ANALYSIS



### KEY STAKEHOLDERS



## ENABLING FACTORS

### ENABLERS

- Up to 75% of project financing by Saudi Industrial Development Fund (SIDF) and 2-year grace period for the repayment of loans
- 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

### 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	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. 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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