

MANGANESE METAL

INVESTMENT OPPORTUNITY SCORECARD

MINING & METALS

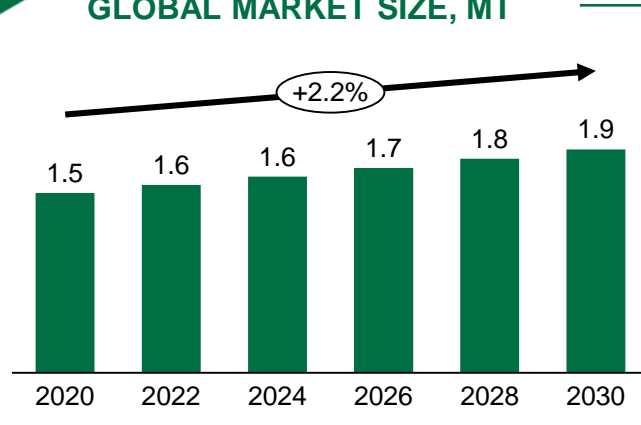


Manganese Metal

OPPORTUNITY'S DESCRIPTION: Opportunity to develop a 30 ktpa Manganese Metal manufacturing plant to supply the local and regional steel, aluminum and copper industries

DEMAND

GLOBAL MARKET SIZE, MT



INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 120 Mn
- Plant capacity: 30 ktpa
- Expected IRR: 16.5%
- Payback period: 11 years

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
- KSA has 10 Special Economic Zones (SEZ) and is planning to launch more, in line with the economic transformation agenda as a part of Vision 2030 program
- There are no local and regional producers of manganese, thereby providing first mover advantage to the potential investor

KEY DEMAND DRIVERS

- Current Global Manganese metal demand is 1.5 Mt, expected to reach 1.9 Mt by 2030 driven by growth in production of stainless steel, aluminum and lithium-ion batteries
- Global production of stainless-steel is predicted to register significant growth due to strong demand from the building and construction industry
- KSA's ambitious development plan to diversify the economy includes developing industrial and manufacturing sectors, focusing on developing sustainable and globally competitive metal industries, which includes supporting the localization of stainless-steel production

MARKET OVERVIEW

GLOBAL TRENDS

- The Stainless-steel industry accounts for about 76% of the world's manganese intake, thus the global stainless-steel industry is playing a crucial role in influencing the manganese demand
- China is the leading manufacturer of stainless steel, and hence the largest consumer of manganese. TMI in China accounts for 40% of global production & has considerable pricing power in the international market
- Opportunity to supply global market (US, Europe, Japan and China) which is forecasted to grow at a CAGR of 2.2% between 2020-2030 period.



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SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Low cost of construction, relatively lower labor wages and utility fees to support low capital and operating expense will enable the investor to extend geographic footprint
- End-to-end logistics connectivity exists in KSA to support investment development
- Local content policies to favor Saudi based manufacturers

IMPORT DEPENDENCY

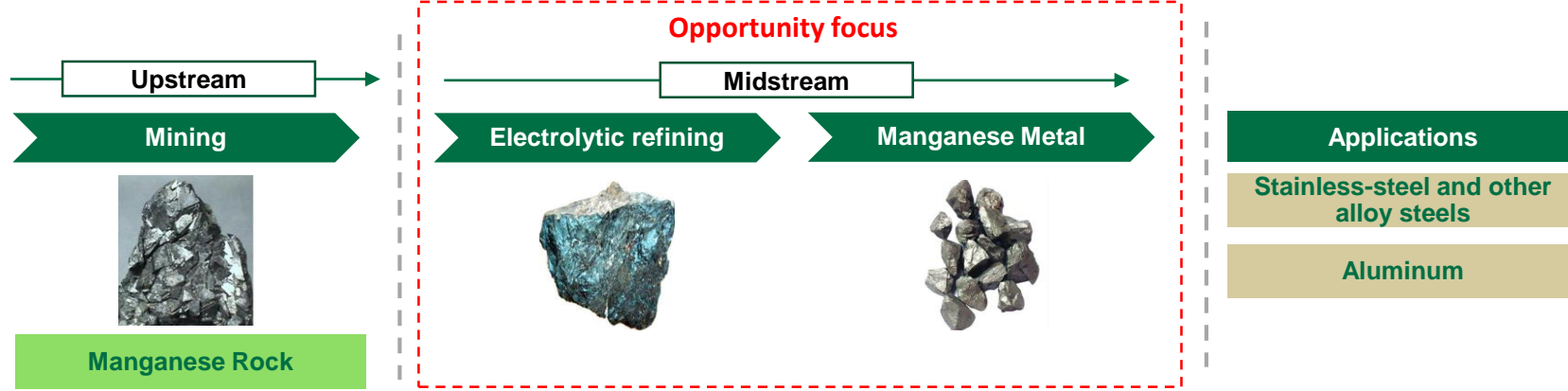
- Currently there is no import dependency as the end applications for Manganese mentioned below are not manufactured in KSA

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

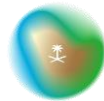
VALUE CHAIN ANALYSIS



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

KEY STAKEHOLDERS



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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