

# NICKEL FeNi – NPI

## INVESTMENT OPPORTUNITY SCORECARD

### MINING & METALS

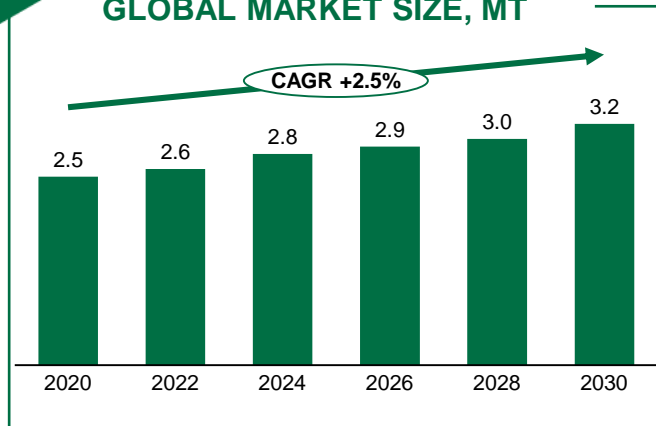


## NICKEL Feni – NPI

OPPORTUNITY’S DESCRIPTION: Develop a 15 ktpa Nickel FeNi – NPI (nickel pig iron) plant to cater the domestic and regional demand

### DEMAND

#### GLOBAL MARKET SIZE, MT



#### INVESTMENT HIGHLIGHTS

- Expected investment size of USD 450 Mn
- Plant capacity: 15 ktpa
- Expected IRR: 4.8%
- Payback Period: 10+ 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
- First mover advantage given non-existent local production of Nickel FeNi and lack of competition from any major global/local player
- KSA is the world’s 15th largest net importer of Steel

#### KEY DEMAND DRIVERS

- Nickel plays a crucial role in the manufacture of stainless steel. It is one of the major commercial grades of alloys used in stainless steel production
- Anchor projects envisioned in KSA (automotive, energy goods and services, military, appliances, etc.) will demand high quality steel
- In line with Saudi National Mining Strategy 2030, KSA plans to double the production of steel to meet full long steel demand

### MARKET OVERVIEW

#### GLOBAL TRENDS

- Over the medium term, the growth of the nickel market is likely to be driven by the increasing demand for nickel in stainless steel alloys. Currently, about two-thirds of nickel sold each year goes into stainless steel
- The global stainless steel market is forecast to reach USD 170.6 Billion by 2027
- Increasing demand for nickel in automobile batteries, energy storage systems in wind turbines, or solar panels at a lower cost is the major driving factor for the market growth
- The growing popularity of electric vehicles is likely to act as an opportunity in the future. New-energy vehicles have been touted as the future driver of demand for nickel, which is one of the major raw materials in stainless steel production
- Asia-Pacific is expected to dominate the nickel market in the future, due to the high consumption rate of nickel and the presence of large stainless steel manufacturing companies and battery manufacturers in this region



# MINING & METALS

## NICKEL FeNi – NPI

Public / متاح

### SUPPLY

#### SCALABILITY AND LOCALIZATION

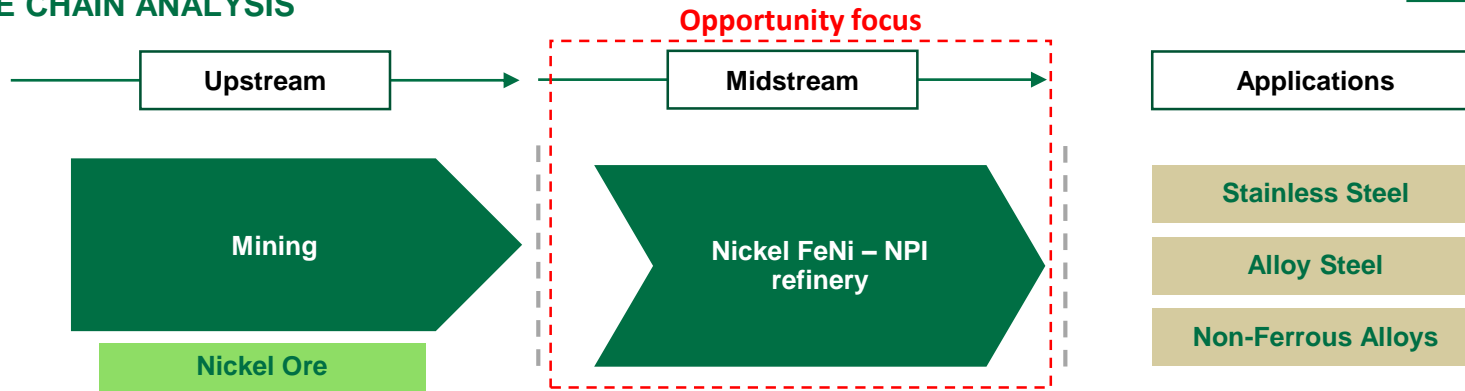
Grade: Low Medium High

- Low cost of construction, labor wages and utility fees to support low capital and operating expense for the investor and enable extending geographic footprint
- Ongoing efforts to explore Nickel in KSA (19 occurrences of nickel ore, further exploration could potentially lead to development of nickel mines in short-medium term)
- End-to-end logistics connectivity exists in KSA to support investment development
- Local content policies to favor Saudi based manufacturers
- Dedicated capability building and vocational training programs (e.g., industrial colleges, leadership programs)

#### IMPORT DEPENDENCY

- Currently demand for Nickel FeNi in the Kingdom is mostly met through imports

#### 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



Sources for Cost of Doing Business: EIU, World Bank

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

# DISCLAIMER

- This report must be used only to access information, and the information must not be construed, under any circumstances, explicitly or implicitly, as an offer to sell or a solicitation to buy or sell or trade in any opportunity herein mentioned.
- Ministry of Investment (MISA) has no undertaking to update these materials after the date, with the understanding that such information may become outdated or inaccurate.
- Mentioned information in this report is obtained from reliable sources but its accuracy and reliability are in no way guaranteed. No guarantee of any kind is tacit or explicit when projections of future conditions are attempted. MISA has used public/or confidential data and assumptions and has not independently verified the data and assumptions used in the analyses. Changes in underlying data or operating assumptions will clearly impact the analyses and conclusions.
- The financial evaluations, projected market and financial information, and conclusions contained in these materials are based upon standard methodologies, are not definitive projections, and are not guaranteed by MISA
- The content of this report must not be construed as an implied promise or guarantee for profit or limited loss express or implied by or from MISA or any of its officers, directors, employees and affiliates. All mentioned investments in this report are subject to risk, which should be considered prior to making any investment decisions
- MISA shall have no liability whatsoever to any third party, and hereby any third party waives any rights and claims it may have at any time against MISA with regard to this report, any services or other materials, including the accuracy or completeness thereof.

**CONNECT WITH US FOR MORE DETAILS:**

**[Metals@misa.gov.sa](mailto:Metals@misa.gov.sa)**

investsaudi.sa



@investsaudi

