

STAINLESS STEEL CASTING & FORGING

INVESTMENT OPPORTUNITY SCORECARD

MINING & METALS



STAINLESS STEEL CASTING & FORGING

Opportunity Description: Build a manufacturing facility to produce Stainless Steel casted/forged parts with a capacity of 50 KTPA

INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

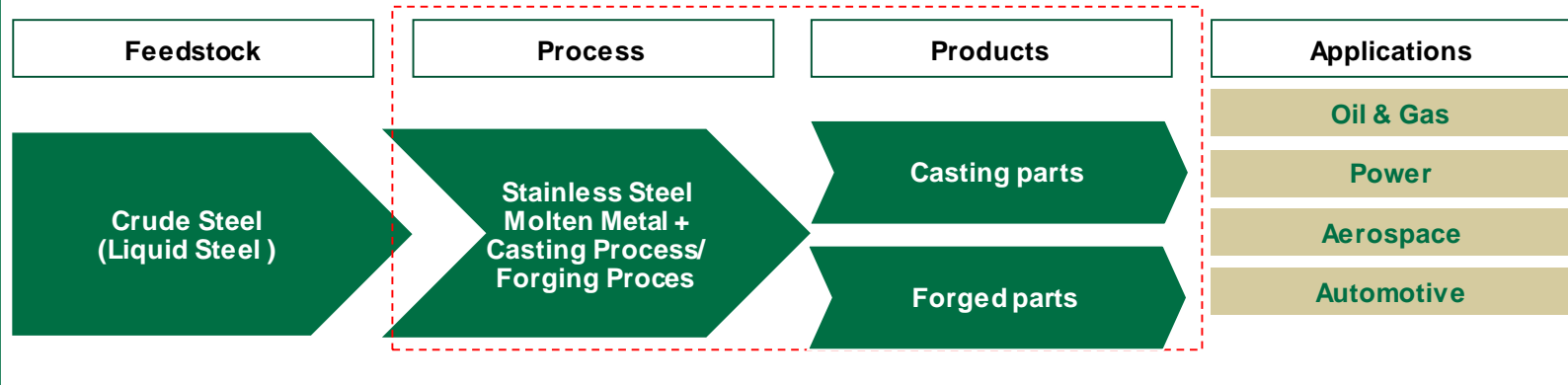
- Expected investment size of USD 100 Mn
- Plant capacity: 50 ktpa
- Stainless Steel parts usually cast from a mold (molten liquid poured in until cured) or forged (application of mechanical forces to heated metal)
- The plant will consume liquid steel to produce Stainless Steel grade through AOD(Argon oxygen decarburization) then processed to Ladle treatment, then liquid steel will be casted/ forged to the shape of the required part

BUSINESS DRIVERS

- KSA has developed a steel strategy aiming to achieve 2030 targets by doubling its current steel production capacity
- The strategy targets to increase steel industry GDP contribution from USD 3 Bn to USD 7 Bn, reduce its imports by USD 1 Bn, and produce a value added products
- KSA has developed a steel strategy to increase steel sector GDP contribution to USD 7 Bn and reduce its imports by USD 1 Bn
- Saudi demand of Closed die forging estimated at USD 2.3 Bn
- In line with new infrastructure developments such as shipyard complex, energy expansion, construction for Gega projects, the demand of the Forged and casted stainless steel products will increase
- High utilization of forged components in pumps is mainly due to increasing exploration and production activities in the oil and gas sector, and is expected to keep growing
- Demand for casting metal components are predicted to grow at a stable pace over next 5 – 10 years

VALUE CHAIN ANALYSIS

Opportunity Focus



GLOBAL TREND

- The global Stainless Steel Forging market is forecasted to grow at a rate of 6.3% which was evaluated at USD9.8 Bn to reach USD 15.97 Bn by 2027
- A rise in demand for the use of casting products expected to have a CAGR of 7.2% by 2027 .
- Closed-die forging in 2018 accounted for a share of around 65% of the market of the forged parts.
- The Aerospace and Oil & Gas industries are the major contributors for the forging business generating revenue of around 44% by value of their total business in 2019.

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	Business 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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