

# COPPER SECONDARY SMELTER

## INVESTMENT OPPORTUNITY SCORECARD

### MINING & METALS

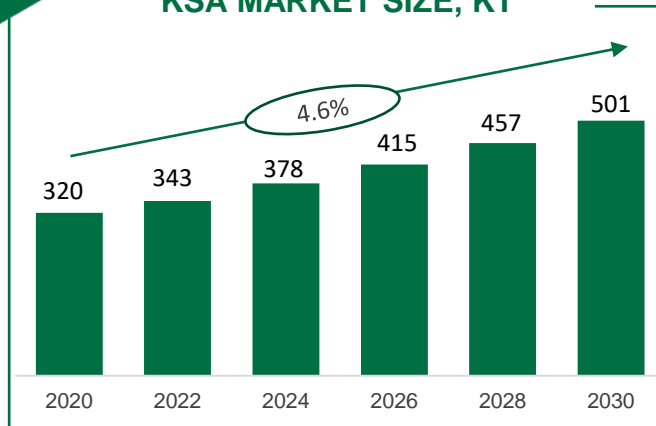


## Copper Secondary Smelter

**OPPORTUNITY'S DESCRIPTION:** Opportunity to develop a 50 ktpa secondary copper smelting plant to supply the domestic market

### DEMAND

KSA MARKET SIZE, KT



### INVESTMENT HIGHLIGHTS

- Expected investment size of USD 65 Mn
- Plant capacity: 50 ktpa
- Expected IRR: : 18.1%
- Payback Period: 9 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
- Opportunity to cater demand created through giga projects in KSA
- In line with Saudi Vision 2030, KSA aims to maximize local production of copper and supply primary raw material to the local copper-based industries

### KEY DEMAND DRIVERS

- A secondary copper smelter plant in KSA would be focused on supplying copper cathode to the domestic market. The demand for copper smelter is mainly dependent on the cables and wires industry
- Saudi Arabia cable market is the largest in the region and is expected to exhibit high growth at 6.2% CAGR from 2020 to 2026. Booming infrastructure and construction projects, establishment of business hubs is predicated to augment growth for cables and wires in KSA over the next six years
- Government initiatives such as Vision 2030 and a shift of focus towards tourism and transportation would positively influence the growth of the Wires and Cables market

### MARKET OVERVIEW

#### GLOBAL TRENDS

- Global refined copper demand totaled 24.3 Mt in 2019. The electrical network and construction sectors account for over half of end-use copper demand. Other major end-uses include the industrial machinery, transportation and consumer sectors
- Global refined copper demand is forecast to increase by 4.6 Mt between 2019 and 2030. Future demand growth will be driven mainly by Asian countries as a result of infrastructure and housing investment in these locations
- China is by far the largest refined copper producing country, accounting for 38% of global production in 2019, followed by Chile (10%), Japan (6%) and Russia (4%)

# MINING & METALS

## COPPER SECONDARY SMELTER

Public / متاح

### SUPPLY

#### SCALABILITY AND LOCALIZATION

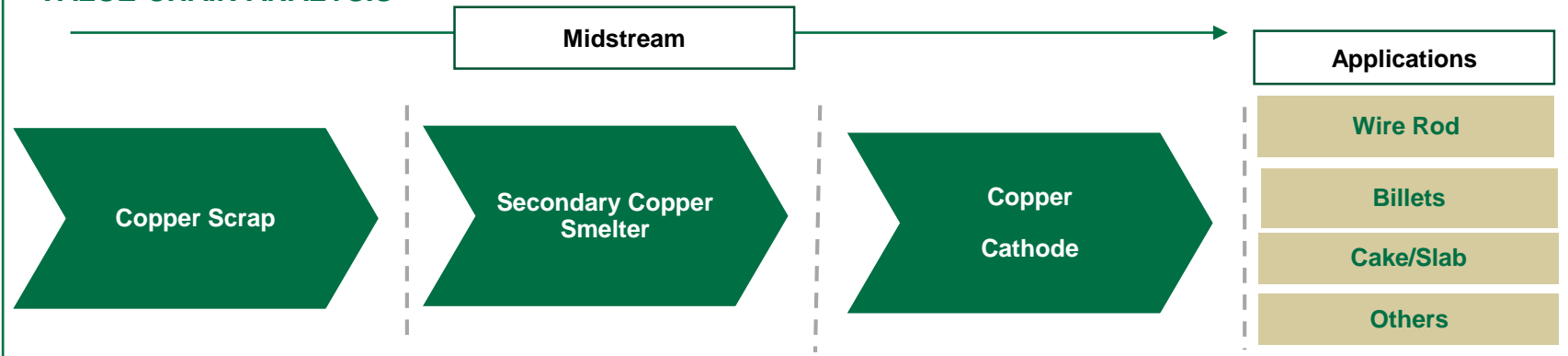
Grade: Low Medium High

- Low cost of construction, labor wages and utility fees to support low capital and operating expense for the investor and enable extending geographic footprint
- Copper scrap, key raw material for secondary copper smelter, is widely available in KSA
- 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, there is no Copper Smelter in KSA and the country is completely reliant on imports of cathode

#### 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

# 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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