

COPPER SECTIONS

INVESTMENT OPPORTUNITY SCORECARD

MINING & METALS



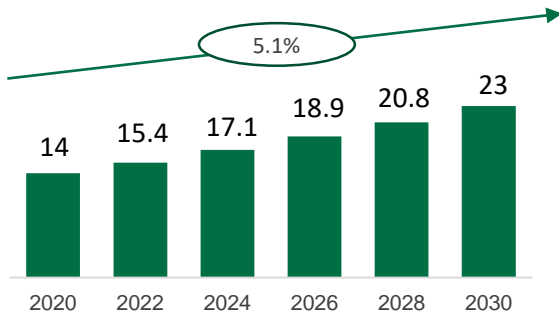
MINING & METALS

Copper Sections

OPPORTUNITY'S DESCRIPTION: Opportunity to develop a 10 ktpa of copper sections products to secure the regional demand .

DEMAND

KSA MARKET SIZE, KT



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 35 Mn
- Plant capacity: 10 ktpa
- Expected IRR: : 9.2%
- 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
- 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

- Spending on mega infrastructure projects and residential construction will increase demand for electricity switchgears, distribution boards, panels for industrial and commercial sectors that utilize copper sections
- Increasing demand for housing units in KSA due to growing population (2% CAGR over next five years), reducing household size and low home ownership rate
- Ongoing and planned investments in mega projects (economic cities and industrial zones/clusters), infrastructure projects and construction activities to support Vision 2030 objectives is expected to further fuel demand for copper sections in KSA over next 10 – 15 years

MARKET OVERVIEW

GLOBAL TRENDS

- Copper sections are mainly used for extrusions in the electrical end use segment (72% of global demand in 2019), due to copper’s high conductivity
- Government initiatives, such as rural electrification and upgrades of power transmission markets, are the main drivers of the demand
- The global trade of copper sections has remained between 700-900 ktpa with EU nations accounting for ~50% of imports and exports
- Copper uses vary across industries including Building and Construction, Electrical, Transportation, Machinery, Equipment, Consumer Durables, and others
- Potential growth in new export markets (e.g. Egypt, Iraq, Kuwait, Jordan).



MINING & METALS COPPER SECTIONS

Public / متاح

SUPPLY

SCALABILITY AND LOCALIZATION

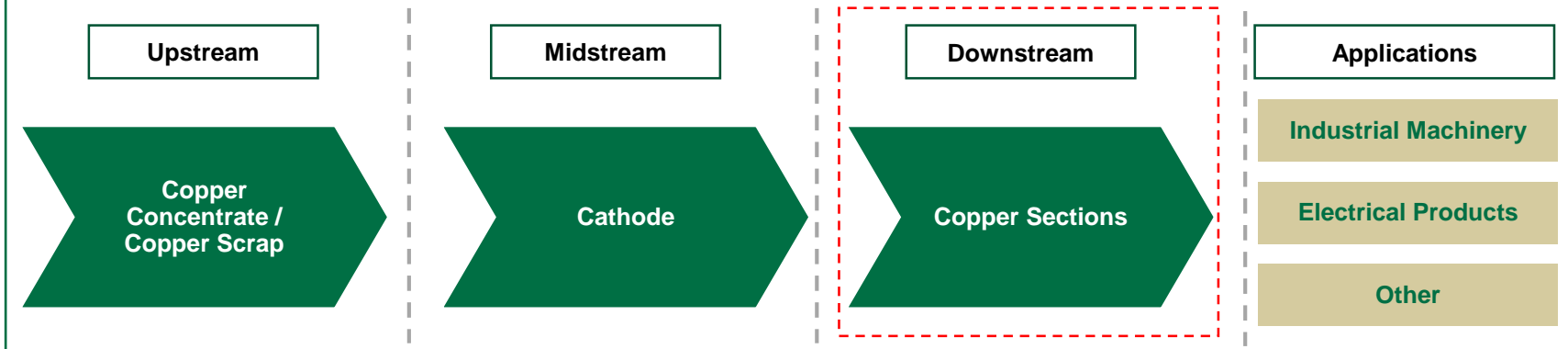
Grade: Low Medium High

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

IMPORT DEPENDENCY

- KSA is mainly reliant on imports of copper sections

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

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