

Manufacturing LPG composite Cylinders

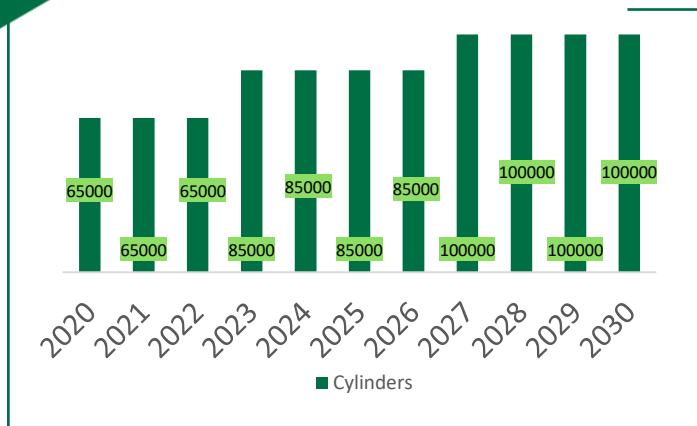
INVESTMENT OPPORTUNITY

Energy Sector



OPPORTUNITY DESCRIPTION: Opportunity to setup a production facility for LPG composite Cylinders to cater local and Regional demand.

DEMAND



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 26 M
- Plant capacity: 350K Annually
- Expected IRR: 4%
- Payback period: 10 Years
- Job Creation: 50 opportunity
- GDP Impact: USD (21,102,574) annually
- Location (Region): Kingdom-wide

VALUE PROPOSITION

- Improves service quality and promotes development and innovation
- Localization and security of supply
- Serving Middle East LPG market
- Total consumption of LPG accessories in KSA is around 500k
- Access to raw materials
- Lack of accessories' manufacturers in the Middle East
- readiness of best-in-class infrastructure

KEY DEMAND DRIVERS

- population growth.
- Economic growth.
- New trend in the LPG cylinder market

MARKET OVERVIEW

RAW MATERIALS

- Access to raw materials and readiness of best-in-class infrastructure
- Fiber-glass
- Steel
- Polymers
- Cooper

GLOBAL TRENDS

- Fiber-glass cylinders are trending in the GCC countries i.e (100% in Qatar)
- Small cylinders for Out-door purposes



Oil & Gas

Manufacturing LPG composite Cylinders

SUPPLY

SCALABILITY AND LOCALIZATION

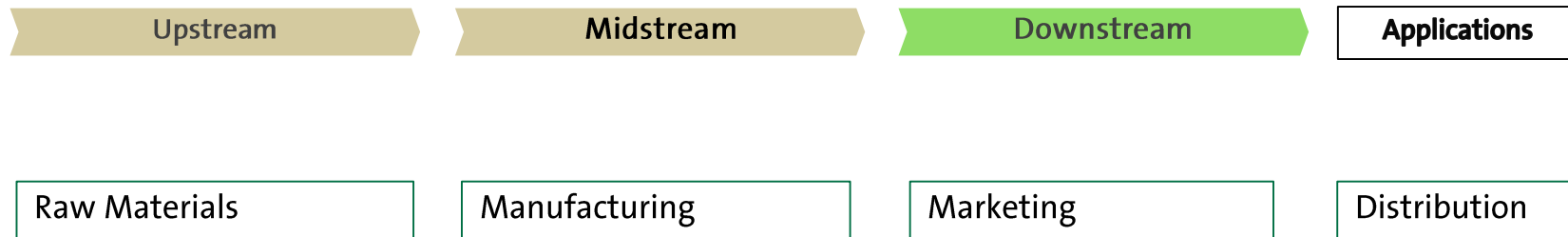
Grade: Low Medium High

Ministry of energy plans to significantly increase the capacity of composite cylinders factories. Ministry of Energy is strongly committed to unlocking the LPG cylinders, through increasing capacity and localization requirements to achieve creating a Global LPG Industrialization Hub within the kingdom that aims to be globally competitive export oriented.

IMPORT DEPENDENCY

- Italy: All LPG cylinders valves imported
- Norway: 100% of market demand for : Composite cylinders

VALUE CHAIN



KEY STAKEHOLDERS

- MINISTRY OF ENERGY
- MINISTRY OF INVESTMENT
- SIDF
- MODON
- Ministry of Industry and Mineral Resources

ENABLING FACTORS

ENABLERS & INCENTIVES

Enablers:

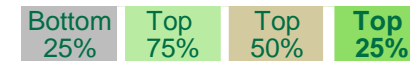
- Clear Government Procedure
- Steady demand during economic fluctuations.
- Clear regulatory frameworks

Incentives:

- Custom land options from Modon.
- Up to 75% of project financing by Saudi Industrial Development Fund (SIDF).
- 2-year grace period for the repayment of loans.
- Expat worker levy waived-off for industrial manufacturers until October 2024.
- Temporary tax holiday

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 | 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 | Global trends | Latest business developments within the sector/product category |
| 7 | 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 |
| 8 | Import dependency | An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports |
| 9 | Value chain analysis | The process or activities that would potentially need to be carried out to deliver the underlying product or service |
| 10 | Key stakeholders | Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service |
| 11 | Enablers | Factors that enable investment in the underlying opportunity |
| 12 | 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 material 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 material 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 material 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 material 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 material, any services or other materials, including the accuracy or completeness thereof.

CONNECT WITH US FOR MORE DETAILS:

Energy@misa.gov.sa

investsaudi.sa



[@investsaudi](https://www.instagram.com/investsaudi)

INVEST
SAUDI 