

OIL COUNTRY TUBULAR GOODS TUBING

INVESTMENT OPPORTUNITY SCORECARD

INDUSTRIAL EQUIPMENT

AUGUST 2021

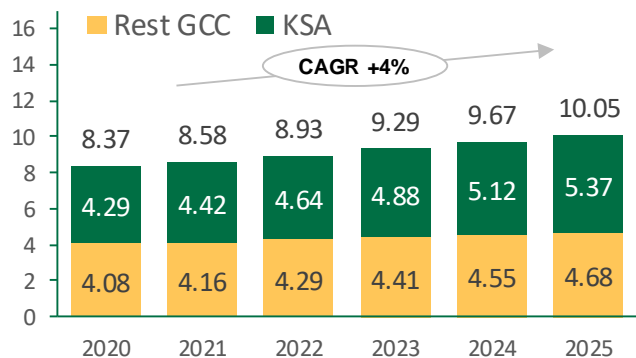


OIL COUNTRY TUBULAR GOODS TUBING

OPPORTUNITY'S DESCRIPTION: Establish a manufacturing unit for OCTG Tubing.

DEMAND

MARKET SIZE, MILLION FEET



INVESTMENT HIGHLIGHTS

- Establish an OCTG Tubing design and R&D center to develop designs for KSA requirements.
- Establish a mill to manufacture OCTG Tubing.
- Thread OCTG Tubing prior to use in operations.
- Establish technical support service center to serve requirements for OCTG Tubing.

INVESTMENT OVERVIEW

VALUE PROPOSITION

- OCTG Tubing represents an attractive localization opportunity given the current supply gap and expected demand growth.
- Attractive cost base including low logistics, land, utilities, and labor costs.
- Currently, the majority of KSA demand for OCTG Tubing is imported.
- OCTG Tubing demand is driven by the upstream activities in the region.
- Strong oil and gas production activities is expected to fuel the growth in OCTG Tubing.
- In addition to KSA demand, oil and gas activities in the rest of the GCC will support demand growth.

KEY DEMAND DRIVERS

- Current KSA demand is estimated at ~4MM feet per year.
- The current market for OCTG Tubing in KSA is estimated at \$50MM and the rest of the GCC is estimated at \$45MM.
- Forecasted ~4% annual growth in the regional OCTG Tubing market until 2025.
- The demand for OCTG Tubing in KSA is expected to reach ~5.4MM feet by 2025.
- The demand for OCTG Tubing in the GCC is expected to reach ~10MM feet by 2025.

MARKET OVERVIEW

COMPETITOR ANALYSIS

- None

GLOBAL TRENDS

- Global OCTG demand is expected to reach 17.7 million tonnes in 2025, according to Fastmarkets

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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