

**SANDS COMMERCIALIZING  
INVESTMENT OPPORTUNITY**  
**Transport and Logistics**



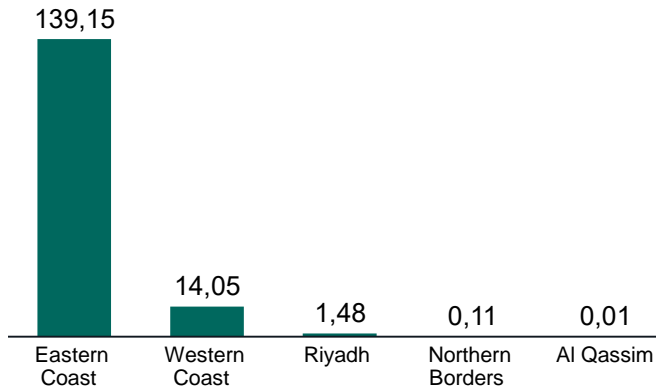
# Roads Sector

## Sands commercializing

**OPPORTUNITY DESCRIPTION:** Leasing sand encroachment operations on roads for private investors

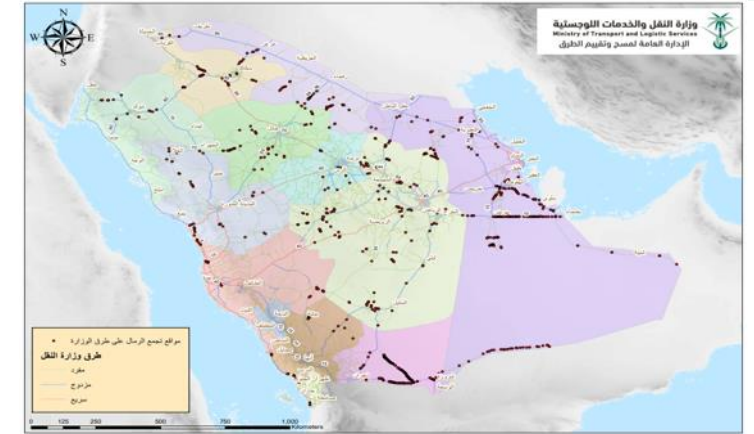
### DEMAND & INVESTMENT OVERVIEW

#### SAND VOLUME OVERVIEW in Mm3



#### INVESTMENT HIGHLIGHTS

- **Total Sand Volume and locations:**  
Eastern Provinces: 139.15 Mm3  
Northern Borders Provinces: 0.11 Mm3
- **Estimated agreement duration:** 1 year
- **Expected investment :** TBD



### MARKET OVERVIEW

#### VALUE PROPOSITION

- Regional Social Benefits as increasing employment, customer facilitation, better roads quality and smooth traffic flow.
- Natural resources that have become a barrier for road users as well as for infrastructure will be transformed into new sources of income especially for Mining and Metal Industry.

#### KEY DEMAND DRIVERS

- Sand demand is boosted by the regional increase of construction material supply as well as artificial land reclamation, especially in Asia and GCC.
- The cost of sand extraction on roads is far less than within the desert sites (less engines, lower fuel consumption, etc.). This will also pave the way for the use of new technologies and materials on roads that will reduce carbon emissions, which is aligned with the government commitment to achieve net zero carbon emissions.

#### GLOBAL TRENDS

- The worldwide amount of sand used, along with concrete production included is calculated between 25 and 50 billion tons per year.
- Artificial island construction is becoming a modern-day phenomenon that is on a rising scale due to multiple factors, as well as artificial beaches. This is generating a high demand of sand across the globe. and which the Kingdom is remaining the major key players thanks to the desert land size and the quality of sand.
- High construction spending and manufacturing output worldwide are expected to drive growth in important industries, including silica sand-consuming industries and building products sectors which can be extracted from ore-sand collected from roads encroachment operations.



# Roads Sector

## Sands commercializing

### SUPPLY

#### SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Direct value added to KSA industry during the sand transformation and operations stages
- Employment creation for local workforce, better job opportunities for well qualified local staff, and provision of additional trainings
- Local private sector capital and expertise attraction, and growth of local player capabilities

#### IMPORT/EXPORT DEPENDENCY (Mn \$)

Country	Sand Exports in M\$	Country	Sand Imports in M\$
U.A.E	23.2	Belgium	1.16
Bahrain	6.46	China	0.98
Kuwait	4.62	India	0.3
Other	3.89	Other	0.5
\$40M		\$4.17M	

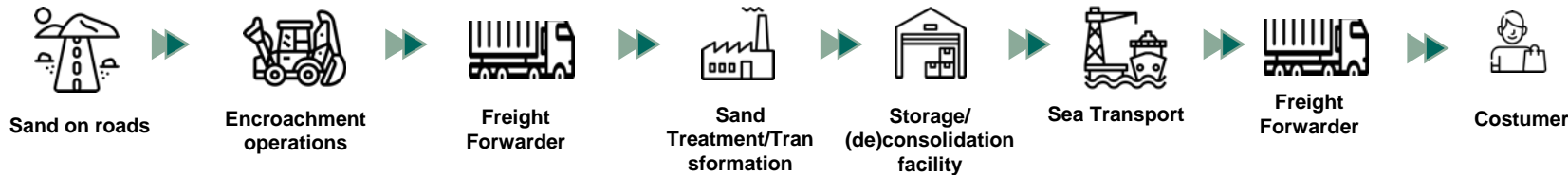
Source: OEC 2020

### ENABLING FACTORS

#### ENABLERS & INCENTIVES

- Possible Public Private Partnership (PPP) arrangement between the Ministry of Transport and Logistic Services and the private sector
- Positive Value for money (VfM)
- Expected revenue collection from a diversified set of activities (Right of Way, Port services for export operations, gas stations and services, utilities, etc.)

#### VALUE CHAIN



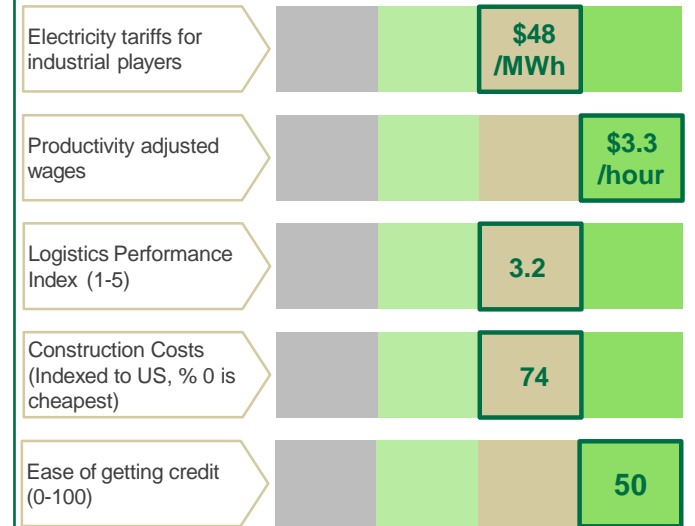
#### KEY STAKEHOLDERS

Trucking Companies	3 PLs
Freight Forwarders	Manufacturers/Wholesalers



#### COST OF DOING BUSINESS IN KSA

Ranking amongst regional peers Factor



Bottom 25% | Top 75% | Top 50% | Top 25%

# DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	<b>Market size</b>	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	<b>Business drivers</b>	A select number of factors that will influence future demand for the related product/service
3	<b>Investment highlights</b>	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	<b>Value proposition</b>	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	<b>Market readiness</b>	An overview of KSA market structure, market maturity and level of participation by local and global players
6	<b>Global trends</b>	Latest business developments within the sector/product category
7	<b>Scalability and localization</b>	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	<b>Import dependency</b>	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	<b>Value chain analysis</b>	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	<b>Key stakeholders</b>	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	<b>Enablers</b>	Factors that enable investment in the underlying opportunity
12	<b>Cost of doing business in KSA</b>	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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