

# STEEL ROUND BILLETS

## INVESTMENT OPPORTUNITY SCORECARD

### MINING & METALS



## STEEL ROUND BILLETS

**Opportunity Description:** Develop a steel round billet production plant with a capacity of 600 KTPA

### INVESTMENT OVERVIEW

#### INVESTMENT HIGHLIGHTS

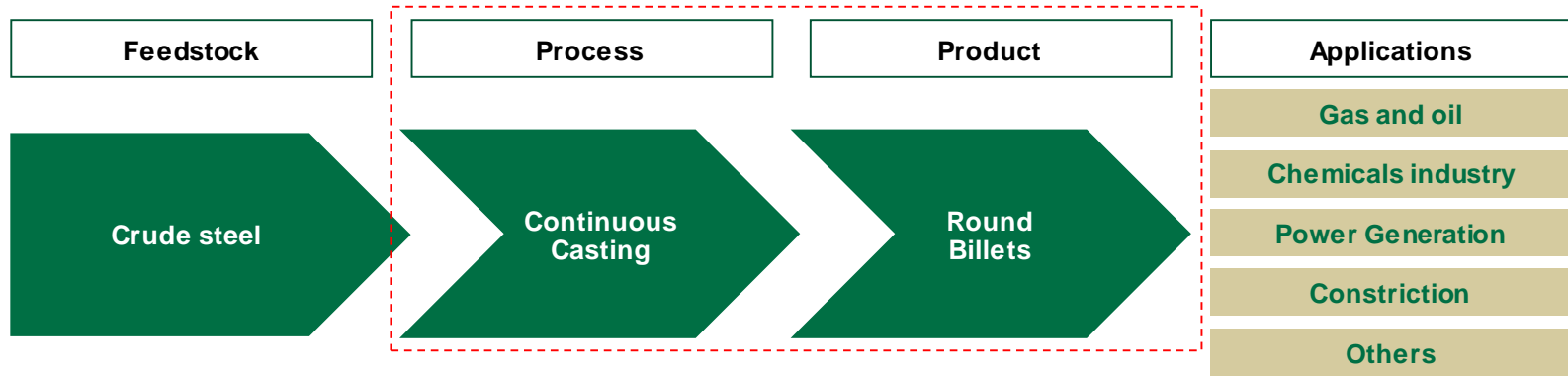
- Expected investment size of USD 680 Mn
- Plant capacity: 600 ktpa
- Raw Material can be accessed locally
- A billet is a section of metal used for rolling into bars, rods and sections. It can be produced with ingots or directly by continuous casting. Billets are used as raw materials or feedstock in extrusion, forging, rolling and other metal-processing operations

#### BUSINESS DRIVERS

- KSA has developed a steel strategy aiming to achieve 2030 targets by doubling its current steel production capacity
- The strategy targets to increase steel industry GDP contribution from USD 3 Bn to USD 7 Bn, reduce its imports by USD 1 Bn, and produce a value added products
- Access to competitive energy prices
- The main driver for the Steel Round Billets is Oil & Gas Industry as Saudi Arabia is the largest crude oil producer globally with the second-largest reserves
- Oil & gas market in KSA is expected to grow at CAGR 2.3% until 2035
- High and consistent demand from oil & gas and line pipes for seamless pipes with a more competitive raw material cost (round billet) by buying from a local round billets producer
- Local Installed capacity of Steel pipes is around 1.1 MTPA as the main raw material is round billets which is being imported

#### VALUE CHAIN ANALYSIS

**Opportunity Focus**



#### GLOBAL TREND

- The Global Steel Pipes Market is expected to grow at a CAGR of 3.8% during the period (2020-2027) which is a main driver for the demand for the Round billets
- The Local Steel Round Billets is forecasted to grow at a CAGR 3.1% which was evaluated at 530 KTPA in 2020 to reach 687 KTPA by 2026
- Demand of the pipes is expected to increase with a CAGR of 3.6% during the period 2018-2035 which is the biggest importer of the Round billets
- The increasing demand for steel pipes from the oil and gas sector is boosting the growth of the Round Billets

# 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	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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