

Development of a Bonded Zone in Dammam

INVESTMENT OPPORTUNITY SCORECARD

TRANSPORT & LOGISTICS

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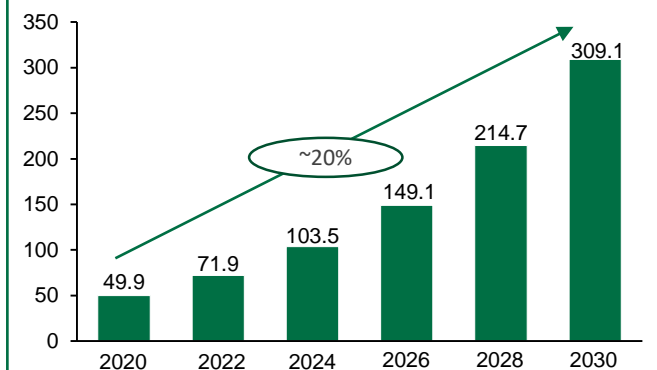


Development Of A Bonded Zone In Dammam

OPPORTUNITY'S DESCRIPTION: Develop Bonded zone to help support the manufacturing industry in Dammam 2nd IC

DEMAND

2nd IC Bonded Zone Market Size, USD Mn



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 64 Mn in 2nd IC in Dammam
- Expected IRR – 14%

INVESTMENT OVERVIEW

VALUE PROPOSITION

- The bonded zone will be well connected by all transport modes including the airport, railway station and port, within a 30 km radius
- The bonded zone will be strategically located close to the existing installations in Dammam 2nd IC and will broaden the current logistics offerings of Dammam
- Dammam 2nd IC has the largest occupied area among all Modon Industrial cities, with close to 20 km² of industries having excellent connectivity and relevant 3rd party logistics and logistics providers
- The new regulations will provide opportunity for all types of businesses operating in KSA to explore the possibility of reducing their duty bill, improving their cash flow and streamlining their import/export procedures

KEY DEMAND DRIVERS

- The approval of new regulations for bonded zone by Saudi Customs in 2019 will fuel the growth of bonded zones in KSA
- The new regulations have expanded the scope of bonded zones to include light manufacturing activities, assembly, segregation, maintenance and other activities required to improve the product packaging and its marketing quality
- The new regulations allow foreign entities to use warehousing facilities in the bonded zone without a Saudi CR and have simplified procedure for 'restricted' goods such as chemicals, agrochemical fertilizers and telecommunication products
- The high demand for spare parts will lead to increased demand for bonded zones
- KSA commitment to stop leakage in certain sector to GCC, will increase the demand for bonded zone, as leakage to GCC countries is reverted

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Current Key Players (exist in KSA):



COMPETITOR ANALYSIS

- Leading global players in development of bonded zone



GLOBAL TRENDS

- The global market for storage and warehouse sector is expected to reach USD 647 Bn by 2022 growing at 10.7% CAGR



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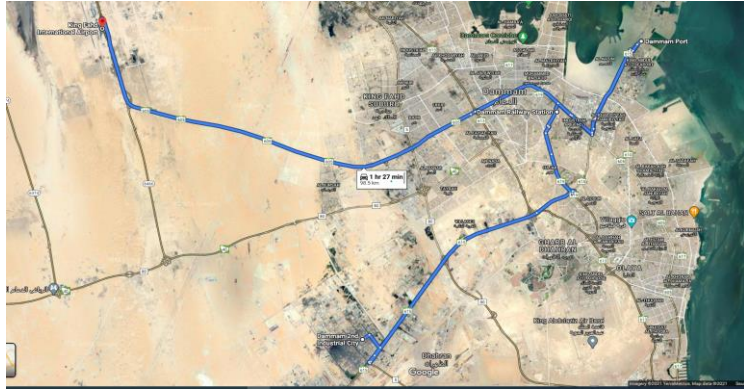
SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- The strategic location of the bonded zone in Dammam 2nd IC near Dammam port and the rail system will ensure that the bonded zone will have ease of access to local and regional markets
- Dammam area has very strong logistics infrastructure and seamless connectivity to air, rail and seaports

PROPOSED LOCATION

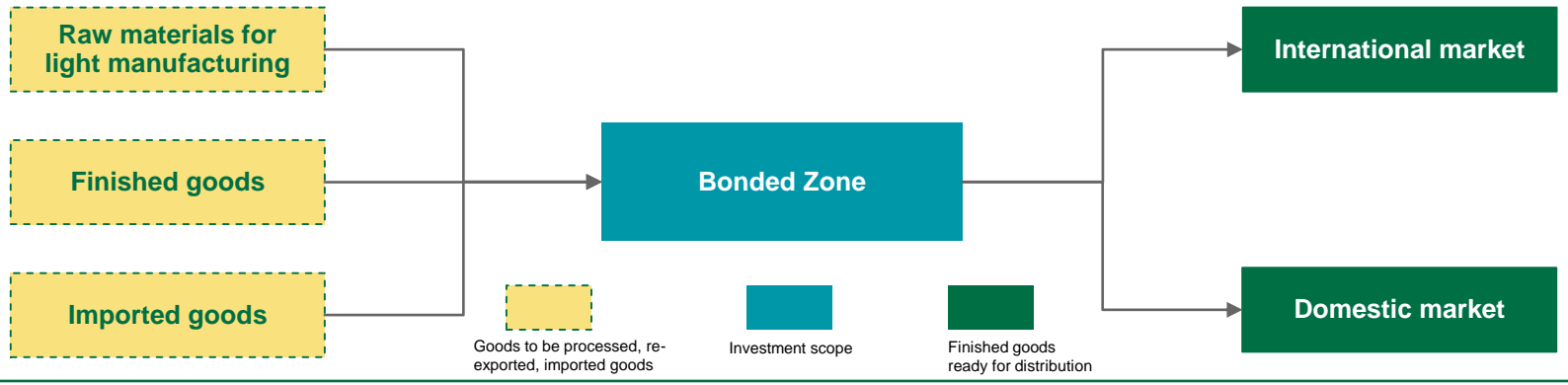


ENABLING FACTORS

ENABLERS

- Up to 75% of project financing through soft loan by SIDF
- 100% foreign direct ownership allowed

VALUE CHAIN ANALYSIS



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
Customs Clearance Index (1 – 5)	2.7
Ease of getting credit (0 – 100)	50

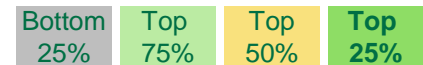
KEY STAKEHOLDERS



Sources for Cost of Doing Business: EIU, World Bank



NOTE: Productivity adjusted wages do not account for annual recurring charges incurred by businesses covering work permit (SAR 9,000), resident identity (iqama) (SAR 900) and health insurance (SAR 1,250) totaling to SAR 11,150



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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