

MAINTENANCE SERVICES COMPANY
INVESTMENT OPPORTUNITY SCORECARD
TOURISM & QUALITY OF LIFE

MAY 2021

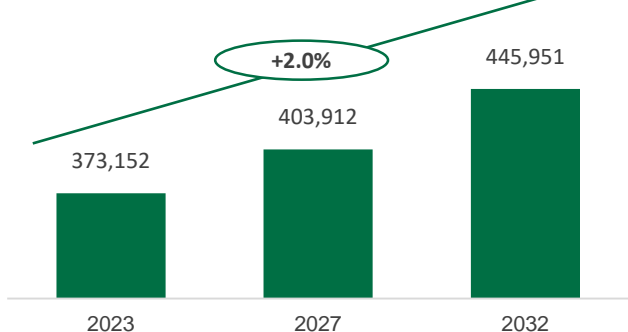


Maintenance Services Company

OPPORTUNITY'S DESCRIPTION: Opportunity to offer a one-stop solution for a wide range of hotel maintenance and repair work through certified, highly qualified and well-trained personnel, equipped with the latest equipment and technology, and convenient access to spare parts

DEMAND

MARKET SIZE – HOTELS KEYS IN MAKKAH AND MADINAH



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected investment size of USD 18.2 Mn
- Investment IRR: 31.1%
- Payback period: 6.19 years
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)

VALUE PROPOSITION

- KSA government targets to host 30 Mn international Umrah pilgrims under Vision 2030 initiative which will create opportunity to serve additional 20 Mn visitors in the upcoming 10 years
- As part of Vision 2030, KSA aims to enhance the quality of the services provided to Hajj & Umrah Pilgrims (Religious Tourists) to ensure best possible overall experience
- Enriching the pilgrim's experience is one of the goals of the Vision 2030 and is expected to increase demand and willingness for pilgrims to visit KSA
- Opportunity to cater the growing demand and for the quality accommodation services in hotels and apartments in both Makkah and Madinah city

KEY DEMAND DRIVERS

- With ~11 Mn domestic pilgrim and ~10 Mn international pilgrims in 2019, religious tourism remains the main driver of Saudi Arabia's tourism
- Expansion project of the two Holy Mosques, government investments in infrastructure and online visit visa issuance initiative will boost pilgrimage visits
- The expected increase in pilgrims to 30 Million by 2030 will create an increased demand for quality accommodation services
- Accommodation accounts for the highest on ground spend by the pilgrims. Average pilgrim spending in KSA is USD 1,725, 25% of which is spent on accommodation
- A satisfying hotel experience is one of the triggering factors affecting pilgrims' decision to perform Umrah and willingness to come again

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- There are maintenance services companies for Hotels/Apartments already operational in holy cities of Makkah and Madinah. Most of the players lack end to end maintenance services.

COMPETITOR ANALYSIS¹



¹Non-exhaustive list

GLOBAL TRENDS

- Service quality in the global hospitality industry is one of the most important factors for gaining sustainable competitive advantage
- Since there are many hotels in the market providing same or similar services, it is very important not only to attract but also to retain customers in the long run
- There are multiple maintenance companies that lead in their respective geographies – Fixperts in UAE, Mr. Handyman in USA and A&P maintenance limited in UK

TOURISM & QUALITY OF LIFE MAINTENANCE SERVICES COMPANY

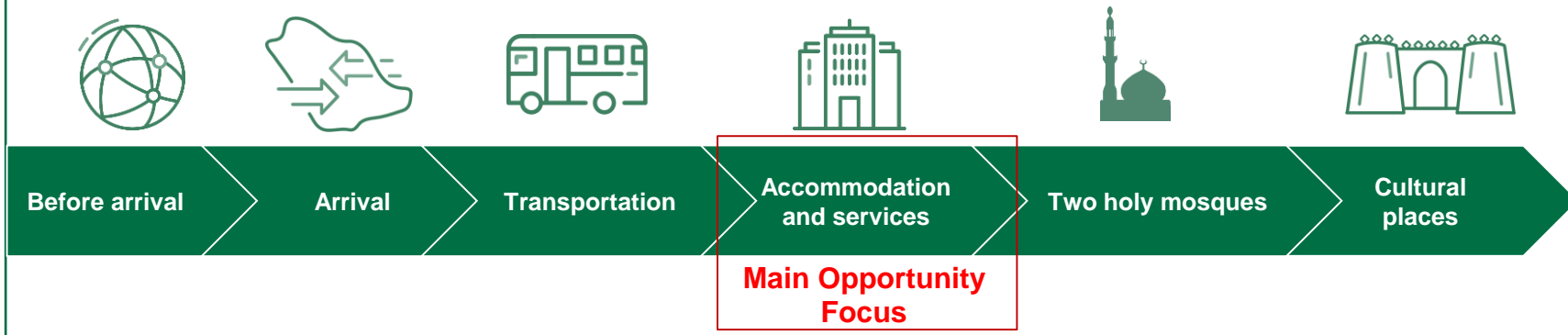
SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- The government have already issued new standards and guidelines to streamline the operational efficiency and standards of hotels
- Low cost of construction, labor wages and utility fees combined with availability of trained resources to support low capital and operating expense for the investor and maximize investment returns
- Early market entry to potentially benefit investors to increase geographic footprint in the two Holy Cities and capture larger market share in medium-long term
- The setup period for the maintenance company is 6-12 months (including regulatory approvals and hiring of staff) before commercial commencement

PILGRIM'S JOURNEY



KEY STAKEHOLDERS



ENABLING FACTORS

ENABLERS

- The Ministry of Municipality and Rural Affairs has created supporting regulatory ecosystem for easy issuance of necessary permits
- Unification of the licensing authority for hotels and residential units in the two Holy Cities
- Establishing a unified center for investor services in Hajj and Umrah in cooperation with MISA

COST OF DOING BUSINESS IN KSA

Factor	Ranking Amongst Regional Peers
Macroeconomic risk (100=high)	30
Productivity adjusted wages	\$3.3 /hour
Ease of getting credit (0 – 100)	50
Contract enforcement (0-100)	55
Construction Costs (Indexed to US, % 0 is cheapest)	74

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

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

DISCLAIMER

- This report 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 report 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 report 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 report 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 report, any services or other materials, including the accuracy or completeness thereof.

CONNECT WITH US FOR MORE DETAILS:
TQoL@misa.gov.sa

investsaudi.sa



@investsaudi

