

World-class duty-free  
INVESTMENT OPPORTUNITY  
Transport and Logistics



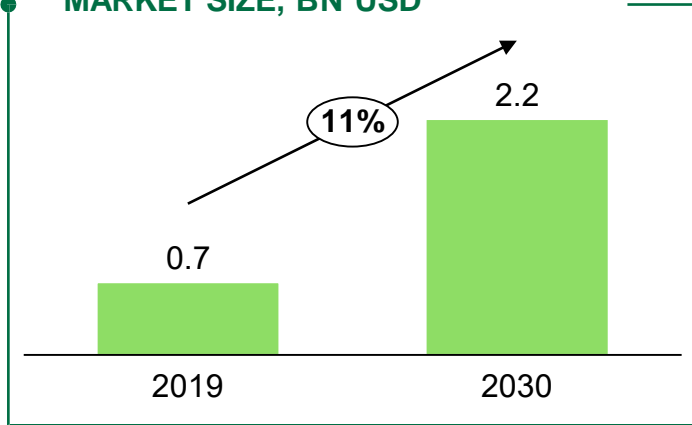
# Aviation

## World-class duty-free

**OPPORTUNITY DESCRIPTION:** Attraction of global players to develop expanded and more competitive duty-free offerings (e.g., branded stores, specialty stores) at international / regional airports

### DEMAND

#### MARKET SIZE, BN USD



### INVESTMENT OVERVIEW

#### INVESTMENT HIGHLIGHT

- **Expected investment size** : ~\$110 MN
- **Expected IRR**: ~21%
- **Payback period**: ~5 years
- **Location**: Major airports (Riyadh, Jeddah, Dammam, etc.)

#### VALUE PROPOSITION

- KSA airports are expected to welcome an increasing number of passengers
- By offering an expanded selection of retail options, duty-free operators can capture more retail spending per passenger from more passengers

#### KEY DEMAND DRIVERS

- KSA has ambitious aviation targets, notably aiming to welcome 330 PAX by 2030
- KSA aims to become a major aviation transit hub, which necessitates a wider variety of airport amenities to attract would-be transit passengers
- Airports are planning major expansions, which will provide additional leasable space for retail

### MARKET OVERVIEW

#### MARKET READINESS & COMPETITOR ANALYSIS

- At present, the duty-free market is dominated by Lagardere, which has concessions in Jeddah, Riyadh, and Dammam
- The variety and number of duty-free retail options are limited in comparison to London Heathrow, Singapore Changi, and other major airports

#### GLOBAL TRENDS

- Passengers seek out convenience, and prioritize a seamless journey at airports
- More and more airports are becoming retail-centered spaces, wherein passengers encounter multiple retail offerings between security and their final gate
- Travelers expect a wide variety of products, including luxury, high-quality ones



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### SUPPLY

#### SCALABILITY & LOCALIZATION

GRADE: Low Medium High

- **Moderate growth potential** if KSA airports continue to welcome an increasing number of passengers post-2030
- **High localization potential** for expertise in duty-free operations, which can be leveraged to create a KSA duty-free champion for foreign airports

#### IMPORT DEPENDENCY

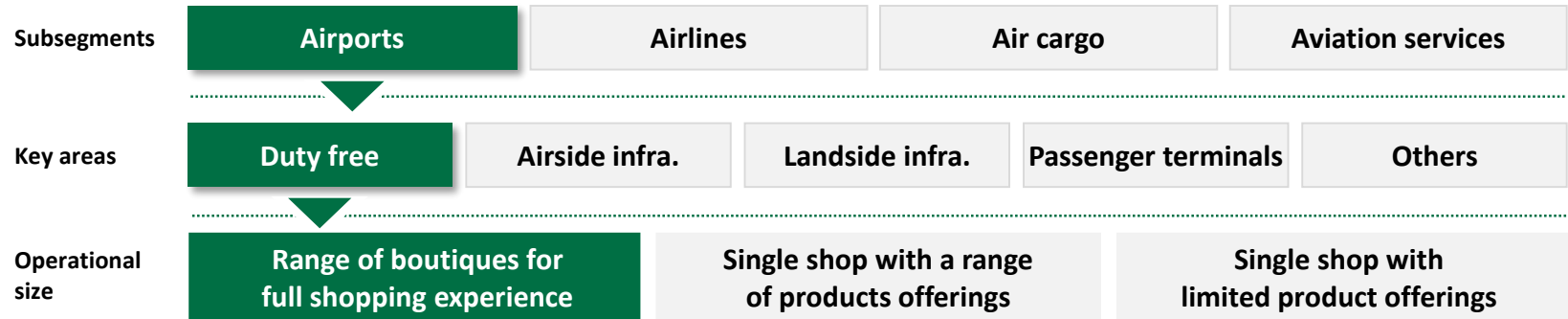
- N/A

### ENABLING FACTORS

#### ENABLERS & INCENTIVES

- Duty-free concessions at multiple airports can be grouped into one contract to provide necessary volume
- Expansion of airports will provide the necessary space for expanded duty-free
- E-commerce channels can be developed in parallel to accommodate passengers' changing habits

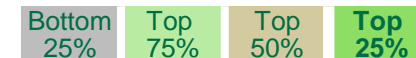
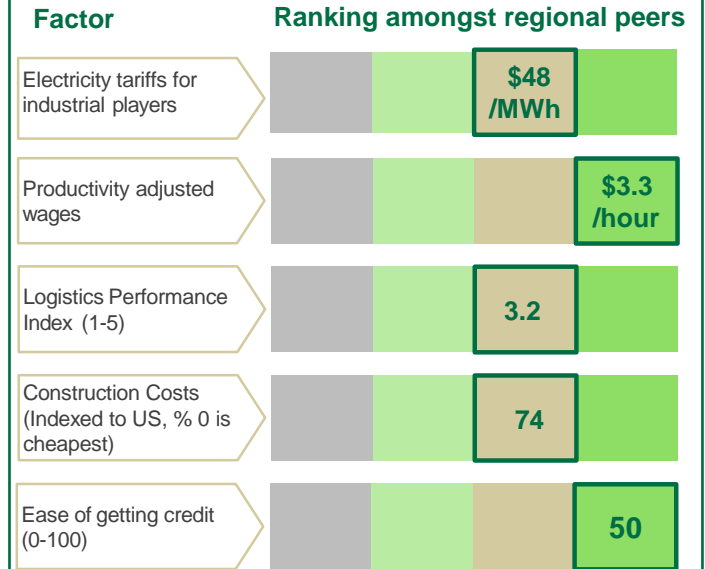
#### VALUE CHAIN



#### KEY STAKEHOLDERS

**Government stakeholders:** GACA, Matarat, MISA, PIF, ZATCA

#### COST OF DOING BUSINESS IN KSA



# 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	Global trends	Latest business developments within the sector/product category
7	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
8	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	Enablers	Factors that enable investment in the underlying opportunity
12	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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