

COPPER ROD PLANT

INVESTMENT OPPORTUNITY SCORECARD

MINING & METALS

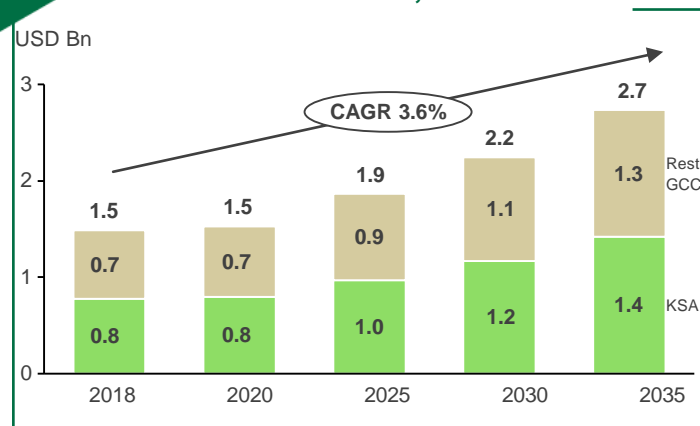
SEPTEMBER 2020



MINING & METALS COPPER ROD PLANT

OPPORTUNITY DESCRIPTION: Establishing copper rod plant of 115 KT capacity to supply wire / cables producers in the KSA and the rest of the Middle East region

DEMAND MARKET SIZE, USD



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 30 Mn
- Plant capacity: 115 ktpa
- Expected IRR: 10%
- Payback period: 9.4 years

VALUE PROPOSITION

- Mining Industry set to become the “third pillar” of the Saudi industrial base due to KSA’s rich deposits of minerals
- KSA is considered the largest in the GCC market in terms of mineral resources availability – \$1.3Tn untapped mining potential
- KSA’s geographical advantage and trade agreements with neighboring countries make exporting favorable
- KSA is the world’s third largest net importer of copper
- In line with Saudi Vision 2030, KSA is planning to maximize the production of copper and provide all the copper-based industries with their main primary material

KEY DEMAND DRIVERS

- Demand is expected to increase with a CAGR of 4% during the period 2018-2035 due to the development of construction, energy and technological innovations sectors
- Giga projects (economic cities, industrial zones/clusters and residential complex) planned/initiated in KSA to drive demand for copper rod
- Demand across many value chains is rising, with opportunities to replace imports with domestic production – such as high-quality copper
- KSA is the fourth largest net importer of mineral products globally

MARKET OVERVIEW

GLOBAL TRENDS

- Copper is ranked third after iron and aluminum regarding quantities consumed
- The global copper market is majorly driven by its numerous applications in power, mining, oil and gas refinery, automotive and consumer durables sector in the engineering sector
- The global copper wire rod market is expected to grow at a CAGR of 5.1% during the forecasting period (2020-2027)
- Copper rods are raw materials for the manufacturing of electrical wire and cables that are produced by either continuous casting or oxygen-free continuous up-casting
- Copper rods are used in various electrical, industrial and construction sectors



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SUPPLY

SCALABILITY AND LOCALIZATION

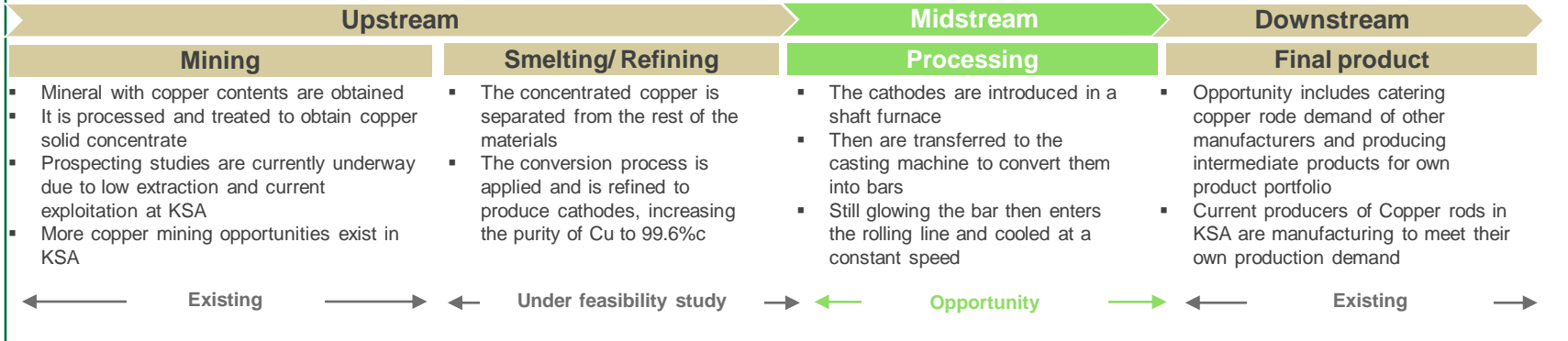
Grade: Low Medium High

- The supply gap of minerals leads to multi-billion dollar investment opportunities and value chain integration
- Increased import tariff (of 15%) for copper products to further increase cost of imports creating cost advantage for local manufacturing and procurement

IMPORT DEPENDENCY

- Currently 100% of the local demand for copper rods in KSA is met by imports

COPPER ROD VALUE CHAIN



KEY STAKEHOLDERS



ENABLING FACTORS

ENABLERS

- Up to 75% of project financing by Saudi Industrial Development Fund (SIDF)
- 2-year grace period for the repayment of loans
- Human Resources Development Fund (HRDF) provides 30%, 20% and 10% of Saudi nationals' salaries for their 1st, 2nd & 3rd years of work, respectively

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
Construction Costs (Indexed to US, % 0 is cheapest)	74
Ease of getting credit (0-100)	50

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

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