

Processing Glass Plant

INVESTMENT OPPORTUNITY SCORECARD

MINING & METALS

NOVEMBER 2020

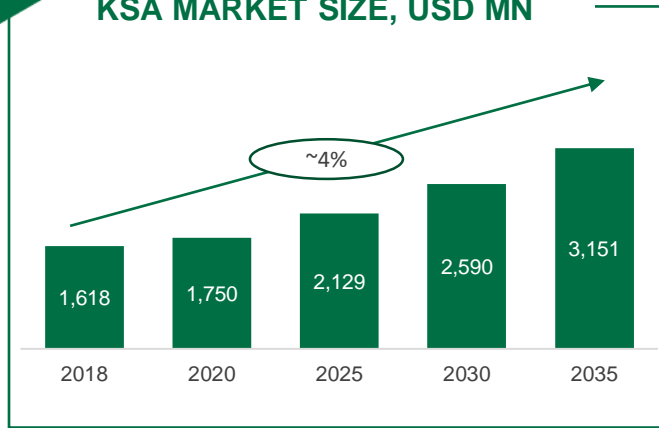


Processing Glass Plant

OPPORTUNITY'S DESCRIPTION: Opportunity to setup a 42 ktpa capacity float glass processing plant for manufacturing safety glass, laminated safety glass and insulating glass products

DEMAND

KSA MARKET SIZE, USD MN



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 50 Mn
- Plant capacity: 42 ktpa
- Expected IRR: 13%
- Payback period: 9.1 years

INVESTMENT OVERVIEW

VALUE PROPOSITION

- Mining Industry set to become the “third pillar” of the Saudi industrial base due to KSA’s rich deposits of minerals
- KSA’s geographical advantage and trade agreements with neighboring countries make exporting favorable
- KSA is working to develop sustainable and globally competitive value-added semi-finished and finished metal industries (downstream) that support the Kingdom’s goals of diversification
- The non-existence of duties provides potential access to the regional GCC market

KEY DEMAND DRIVERS

- Flat glass demand is expected to increase in building and construction, consumer goods, automotive and solar panel sectors
- Building & Construction sector in KSA required 338 ktpa glass in 2018 and its demand is expected to grow at a CAGR of 4.5% till 2035 to reach 715 ktpa
- Several skyscrapers with full glass facades are under construction in major cities of KSA
- Anchor projects such as Mardumah Bay in Jubail will enhance the demand for high quality processed glass

MARKET OVERVIEW

GLOBAL TRENDS

- North America and Europe account for majority of the glass processing market demand globally
- The increasing global demand for glass processing is driven by growth in end use industries such as automotive and building construction
- The global glass processing market is expected to grow at CAGR of 3.2% during 2019-2025
- The global flat glass market is expected to grow at CAGR of 7.3% during 2020-2027



Processing Glass Plant

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Raw material for flat glass and coated glass can be accessed locally
- There is availability of flat glass sheet for processing as raw material to be supplied locally by MEON (RIC)
- The coated glass required for the insulation will be supplied locally by Gulf Guard (JIC) and AGC Obeikan Glass

IMPORT DEPENDENCY

- Current demand is met by some local producers and mainly through imports

ENABLING FACTORS

ENABLERS

- Up to 75% of project financing by Saudi Industrial Development Fund (SIDF)
- 2-year grace period for the repayment of loans
- HRDF covers monthly salaries for 30-50% of Saudi employees (extra 10% for females) for 2 years, provided it does not exceed USD 4,000

VALUE CHAIN ANALYSIS

Raw Materials

Float Glass

- Flat glass sheet
- Coated glass
- PVB, polyvinyl butyral

Proposed Opportunity

Processing Glass

A float glass processing plant is proposed with the following production:

- Tempered Safety Glass (ESG)
- Laminated Safety Glass (VSG)
- Insulating glass (multiple-walled)

Applications

Building & Construction

- Increases in strength and security
- Thermal insulation
- Acoustic insulation
- Aesthetics and decoration for interior design

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

KEY STAKEHOLDERS



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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