

# ACQUISITION OF AN EXISTING EVA FILM PLANT

## INVESTMENT OPPORTUNITY SCORECARD

### ENERGY & WATER

MAY 2021

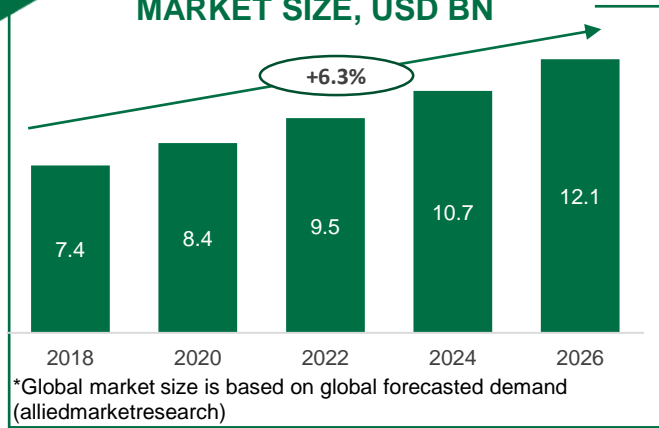


# ACQUISITION OF AN EXISTING EVA FILM PLANT

**OPPORTUNITY'S DESCRIPTION:** Acquiring an existing manufacturing plant to produce Ethylene Vinyl Acetate (EVA) Solar Encapsulation Film in KSA

## DEMAND

MARKET SIZE, USD BN



## INVESTMENT OVERVIEW

### INVESTMENT HIGHLIGHTS

- Investment size of **USD 59 Mn**
- Plant's current production capacity of **4000 Ton/Year**
- Transaction offered at a "Debt Free & Cash Free" basis and constitutes Full Sale of Shares
- Location: Hail Industrial City, Hail Region
- 40,000 sq.m plot of land with an **opportunity for future expansion** as only 50% of the land has been utilized.

### VALUE PROPOSITION

- Worldwide commercial relationships with customers in target areas with strong product demand such as: India, Turkey, and GCC
- KSA has a solid foundation for its renewable sector through well established entities and the offering of incentives
- Existing EVA Film Plant represent one third of the kingdom's future annual requirements estimated at 12,000 Ton / year.
- KSA stands to benefit in its proximity to India which is one of the largest markets with a potential of 450 GW of renewable by 2030

## KEY DEMAND DRIVERS

- The National Renewable Energy Program (NREP) is a strategic initiative under Vision 2030 which seeks to maximize the potential and use of renewable energy with a target estimated at **40 GW of solar power by 2030**
- Need to diversify Saudi Arabia's energy mix by reducing the country's dependence on oil and its greenhouse gas emissions and transform towards a more sustainable future
- Growing investments in renewable energy and government initiatives to reduce carbon emissions are driving the growth of EVA Film global market

## MARKET OVERVIEW

### MARKET READINESS AND COMPETITOR ANALYSIS

- Market segment has no presence of regional players and heavily dependent on imports as this plant is the only one of its kind in the region to produce EVA Film for solar modules

### COMPETITOR ANALYSIS

- Leading global players dominate the EVA Film market



### GLOBAL TRENDS

- The global EVA resins market was valued at **USD 7.4 billion** in 2018, and is projected to reach **USD 12.1 billion** by 2026, growing at a CAGR of **6.3%** from 2019 to 2026
- Solar added more new capacity worldwide **625 GW**, during the decade than any other power generation source
- EVA Film has high growth in the various end use industries, and growing demand from packaging sector, especially in food and medical applications



# ACQUISITION OF AN EXISTING EVA FILM PLANT

## SUPPLY

### SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- In line with Vision 2030 and NREP, key stakeholders are focused on localizing a significant portion of the renewable energy value chain in Saudi Arabia, including R&D, manufacturing,
- Current local procurement requirement for renewable manufacturing – 16-18% and to increase in future as demand increase
- Plant could be utilized as a technology platform capable of expanding into other products such as medical bags, solar panel back-sheet, and solar panel assembly
- Scalability – KSA’s geographical location and favorable trade agreements with other Arab countries – opportunities include serving the MENA region with estimated market size projected to reach ~96GW of Solar by 2030

### IMPORT DEPENDENCY

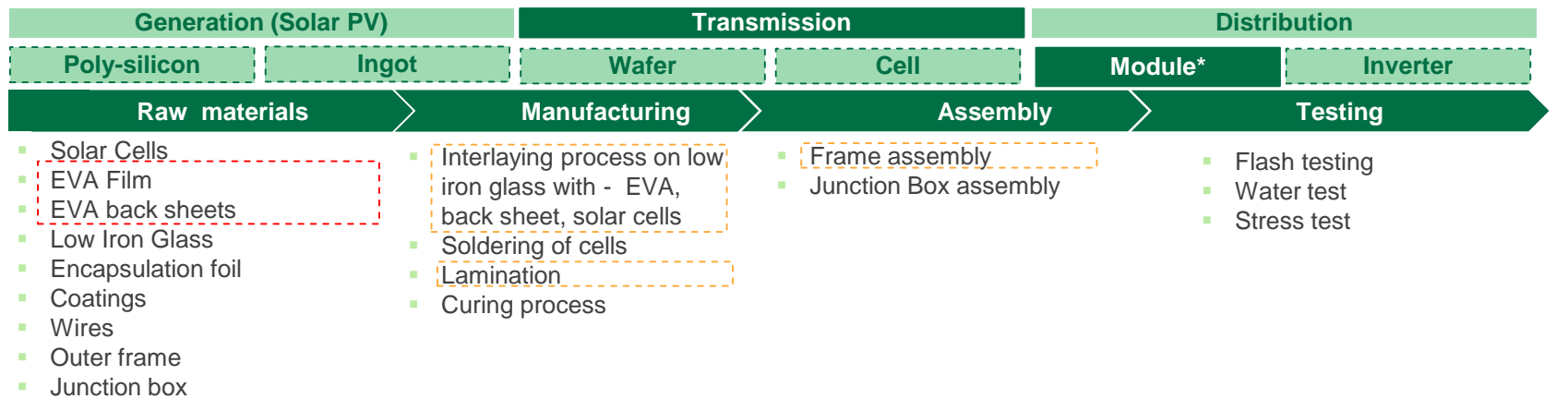
- The current install base Solar Panel in Saudi Arabia is around 650,000 panels per annum (238MW of Solar PV) which is only a fraction of the current demand which is still fulfilled by imports.

## ENABLING FACTORS

### ENABLERS

- Custom duty exemptions
- favorable trade agreements with other Arab countries
- Land for lease starting from \$ 0.26 per sqm
- 100% foreign direct ownership allowed
- SIDF could finance expansion with up to 60% of the investment

### VALUE CHAIN ANALYSIS



### KEY STAKEHOLDERS



وزارة الاستثمار  
Ministry of Investment

وزارة الطاقة  
MINISTRY OF ENERGY

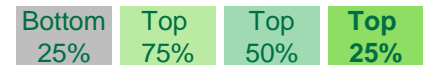


Main Opportunity Focus

Potential Expansion Focus

### 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



# 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.

# DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	<b>Market size</b>	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	<b>Demand drivers</b>	A select number of factors that will influence future demand for the related product/service
3	<b>Investment highlights</b>	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	<b>Value proposition</b>	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	<b>Market readiness</b>	An overview of KSA market structure, market maturity and level of participation by local and global players
6	<b>Competitor analysis</b>	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	<b>Global trends</b>	Latest business developments within the sector/product category
8	<b>Scalability and localization</b>	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	<b>Import dependency</b>	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	<b>Value chain analysis</b>	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	<b>Key stakeholders</b>	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	<b>Enablers</b>	Factors that enable investment in the underlying opportunity
13	<b>Cost of doing business in KSA</b>	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

**CONNECT WITH US FOR MORE DETAILS:**

[Energy&Water@misa.gov.sa](mailto:Energy&Water@misa.gov.sa)

investsaudi.sa



@investsaudi

