

# Wheelset Manufacturing Plant

## INVESTMENT OPPORTUNITY SCORECARD

### TRANSPORT & LOGISTICS

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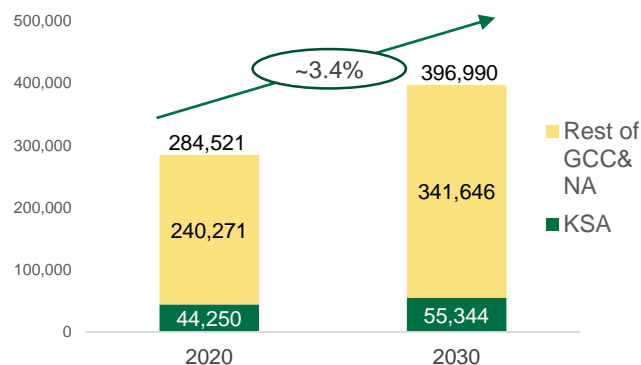


# Wheelset Manufacturing Plant

**OPPORTUNITY'S DESCRIPTION:** Develop a wheelset manufacturing plant to serve KSA's railway system demand and rest of GCC and NA region

## DEMAND

Wheelset Market Size, in Units



## INVESTMENT HIGHLIGHTS

- Expected investment size of USD 40 - 60 Mn

## INVESTMENT OVERVIEW

### VALUE PROPOSITION

- KSA can leverage its strategic location and strong logistics infrastructure to enhance export capability across the region
- KSA has favorable trade agreements. It is a member of GAFTA and therefore goods produced in KSA and exchanged between member states of GAFTA are exempted from all customs duties
- Opportunity for first mover advantage due to non-existent producers of wheels in the region
- Infrastructure in KSA been identified as one of the core system to support the Vision 2030 initiative of development of a sustainable economy, diversifying away from the oil sector
- KSA will be logical and easier option for neighboring African and Middle Eastern countries to fulfil their repairs, service and maintenance of wheels

## KEY DEMAND DRIVERS

- The development of new rail lines and expansion of existing lines in KSA will drive the demand for wheels.
- The current network length in KSA is 4,250 km and is expected to reach 5,310 km. Additionally, 176 km of metro network is expected to be rolled out in Riyadh over next 3-5 years
- GCC rail project connecting GCC countries is estimated to have track length of 2,115 km and is expected to complete by 2025
- North African countries have a rail network of over 23,000 km and is expected to cross 30,000 km in next 3-5 years
- The extreme weather conditions in MENA reduces the life expectancy of wheels, which leads to shorter time to replace wheels

## MARKET OVERVIEW

### MARKET READINESS AND COMPETITOR ANALYSIS

- No current players in market

### COMPETITOR ANALYSIS

Leading global players in wheelset manufacturing

### GLOBAL TRENDS

- The global market for wheelset and axle sector is estimated to be USD 3.6 Bn in 2020 and to grow at CAGR of 5% during the period of 2020-2030
- Asia Pacific and Europe are the two major regions in terms of demand of rail wheel
- Type of wheels by segments; Monoblock, steel tyred, resilient, rubber tyred wheels
- The steel tyred wheels segment is anticipated to grow at higher pace due to increasing consumption in freight trains



# TRANSPORT & LOGISTICS

## Wheelset Manufacturing Plant

Public / متاح

### SUPPLY

#### SCALABILITY AND LOCALIZATION

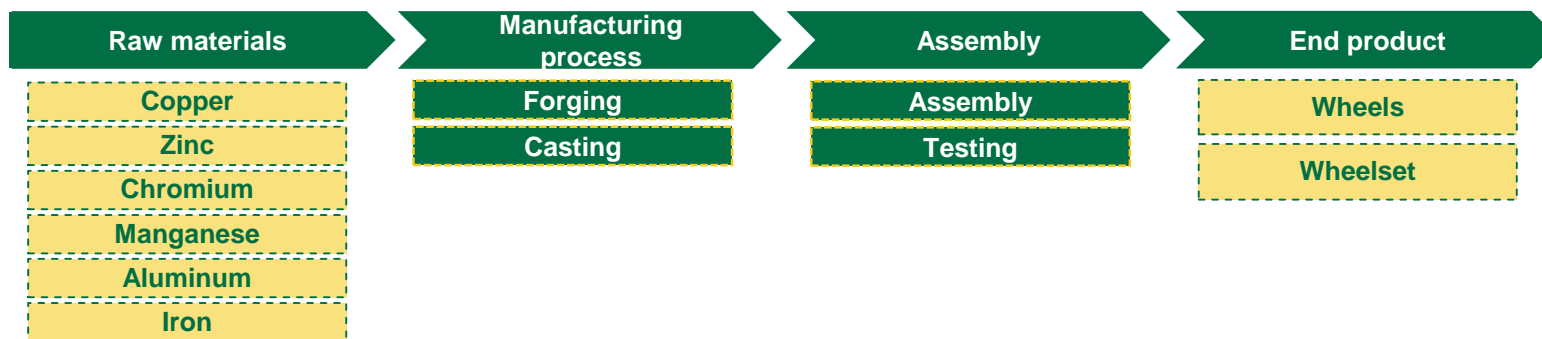
Grade: Low Medium High

- Easy availability of raw materials such as copper, zinc, chromium, manganese, aluminum and iron in KSA
- Copper, steel alloys, aluminum can be found in Ras Al Khair Industrial City

#### IMPORT DEPENDENCY

- 100% of wheels are currently imported into KSA

#### VALUE CHAIN ANALYSIS



#### KEY STAKEHOLDERS



### ENABLING FACTORS

#### ENABLERS

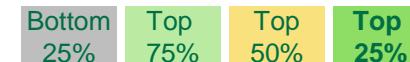
- Subsidized land provided by SAR, located in Riyadh or Dammam
- 100% foreign direct ownership allowed
- Initial offtake agreement for ten years to purchase 25K to 27K wheels for one line

#### 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



Sources for Cost of Doing Business: EIU, World Bank



# 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

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