

Electrical Cutout Fuse

INVESTMENT OPPORTUNITY SCORECARD

ENERGY & WATER

November 2020



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Electrical Cutout Fuse

Public / متاح

High Potential

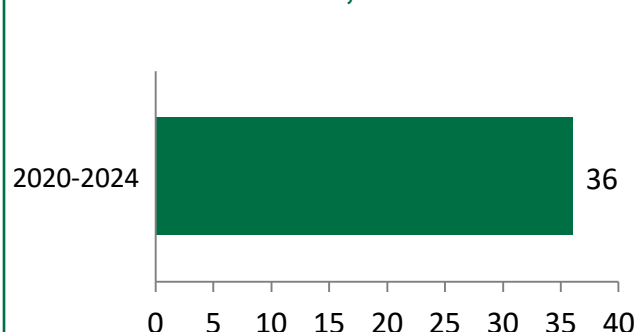
Moderate Potential

Low Potential

OPPORTUNITY'S DESCRIPTION: Setting up a manufacturing and assembly plant for the production of Cutout Fuse (15.2 Kv, 36 Kv) 100 A in KSA

DEMAND

MARKET SIZE, USD MN



*KSA market size is based on SEC forecasted demand

INVESTMENT HIGHLIGHTS

- Expected investment size of USD 5-15 Mn
- Opportunity to consider different operating models – pure private sector model or joint venture with local player
- Expected timeline to setup the manufacturing and assembly plant is 3-4 months
- Estimated distribution HV substations capacity target (KSA – 188K MVA) over 10 years

INVESTMENT OVERVIEW

VALUE PROPOSITION

- KSA imports 100% of Cutout Fuse, therefore opportunities exist to localize Cutout Fuse production
- KSA has a solid foundation for its energy sector through well established entities and the offering of incentives
- KSA's prime position enables it to establish energy network linkages with neighboring countries
- Large potential buyers in KSA for Cutout Fuse – Saudi Electricity Company and Saudi Aramco

KEY DEMAND DRIVERS

- Rising investments in tourism-specific projects, expansion of commercial infrastructure and increasing population, urbanization are driving the growth for Cutout Fuse market in KSA
- Mega projects (economic cities, industrial zones/clusters and residential complex) planned/initiated in KSA to drive demand for Cutout Fuse
- Electricity demand from MENA and GCC countries is expected to grow in the long term. This will lead to increasing demand for Cutout Fuse

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- There are no local manufacturers of Cutout Fuse in KSA

COMPETITOR ANALYSIS

- Leading global and local players dominate the Cutout Fuse market

ABB

cooperelectric
A Sonepar Company

GLOBAL TRENDS

- Need for power management and steps to improve power safety measures are leading to higher usage of Cutout Fuses
- Increasing per capita energy consumption and growing investment in the power generation sector further supports the growth of Cutout Fuse global market



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SUPPLY

SCALABILITY AND LOCALIZATION

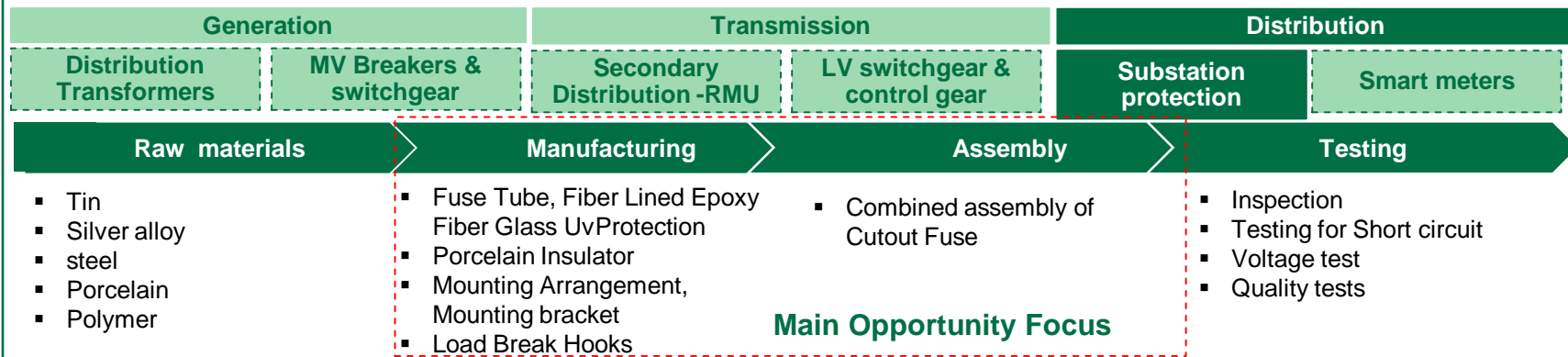
Grade: Low Medium High

- There are multiple local suppliers providing raw materials (Tin, Silver alloy, Steel, Porcelain, and Polymers) required in the production value chain – Ma'aden, SABIC, Sipchem, Saudi marble and Granite Factory Company (GSW) and others
- Several local suppliers providing testing services - GCC Laboratories, and others
- High access to human capital through relevant programs offered by major universities and vocational institutes

IMPORT DEPENDENCY

- No local production of Cutout Fuse in Saudi Arabia; currently 100% of the local demand is met by imports

VALUE CHAIN ANALYSIS



KEY STAKEHOLDERS

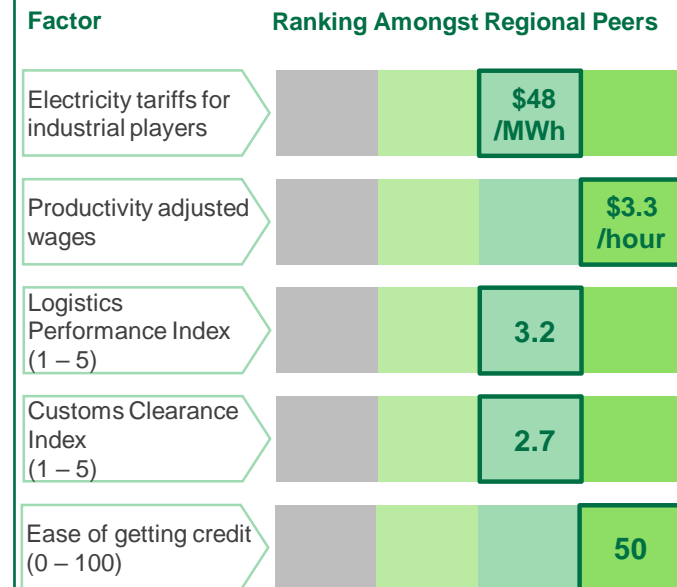


ENABLING FACTORS

ENABLERS

- Custom duty drawback & exemption
- Up to 75% of project financing through soft loan by SIDF
- Land for lease starting from \$ 0.26 per sqm
- 100% foreign direct ownership allowed

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 | 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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