

Energy Services Company (ESCO)

INVESTMENT OPPORTUNITY SCORECARD

ENERGY & WATER

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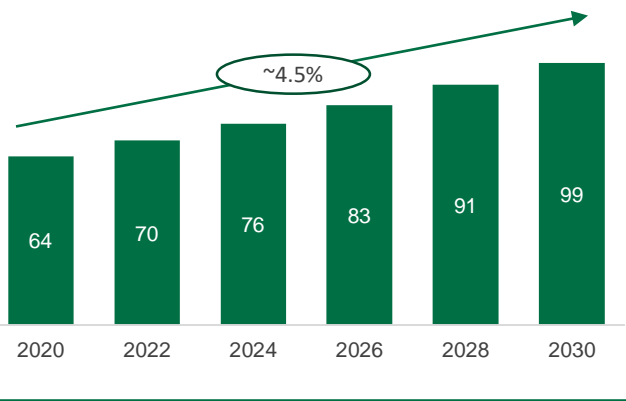


Energy Services Company (ESCO)

OPPORTUNITY'S DESCRIPTION: Establishing an Energy Services Company (ESCO) to help reduce energy consumption for the public and private sector facilities

DEMAND

KSA MARKET SIZE, USD MN



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 2 Mn
- Opportunity to consider different operating models – pure private sector model or joint venture with local player
- Expected IRR 8%-12%

INVESTMENT OVERVIEW

VALUE PROPOSITION

- KSA ranks 11th worldwide for annual electricity production and has third rank for production per capita among the top 20 energy producers
- Government has established dedicated entities aimed at developing the Saudi Energy Efficiency sector: Saudi Energy Efficiency Center, Super ESCO, ESCO Committee
- Government has developed new regulations and energy standards to provide guidelines on Energy Efficiency Programs
- The National Energy Services Company, "Tarshid" will stimulate the development of the Energy Efficiency Industry in Saudi Arabia by providing financial support to ESCOs
- KSA government has established Saudi Energy Efficiency Center (SEEC) to raise awareness among the households and businesses

KEY DEMAND DRIVERS

- Electricity consumption for MENA and GCC countries is expected to grow rapidly owing to growing industrialization and rising populations
- The increasing cost of electricity across commercial and industrial buildings in KSA will lead to higher demand for Energy Efficiency solutions
- Tarshid (Saudi Arabia's Super-ESCO) ensures consistent supply of government projects that require energy efficiency
- Over 257 K government buildings and over 3 M streetlight poles will need retrofitting for Energy Efficiency solutions in KSA

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- There has been a significant increase in Energy Efficiency market in the last three years

COMPETITOR ANALYSIS

Current players	Potential Global & Local Players

GLOBAL TRENDS

- Global ESCO Market size is estimated to reach USD 28.7 Bn by 2029 at a CAGR of 4.5%
- Global market for energy efficiency investments reached USD 250 Bn in 2019 across the buildings, transport and industry sectors
- Energy Efficiency has been a key driver for decrease in energy demand in Japan down to the level in 1990s
- Overall, China remains the largest market for Energy Efficiency investment and a major determinant of global trends

ENERGY & WATER Energy Services Company (ESCO)

Public / متاح

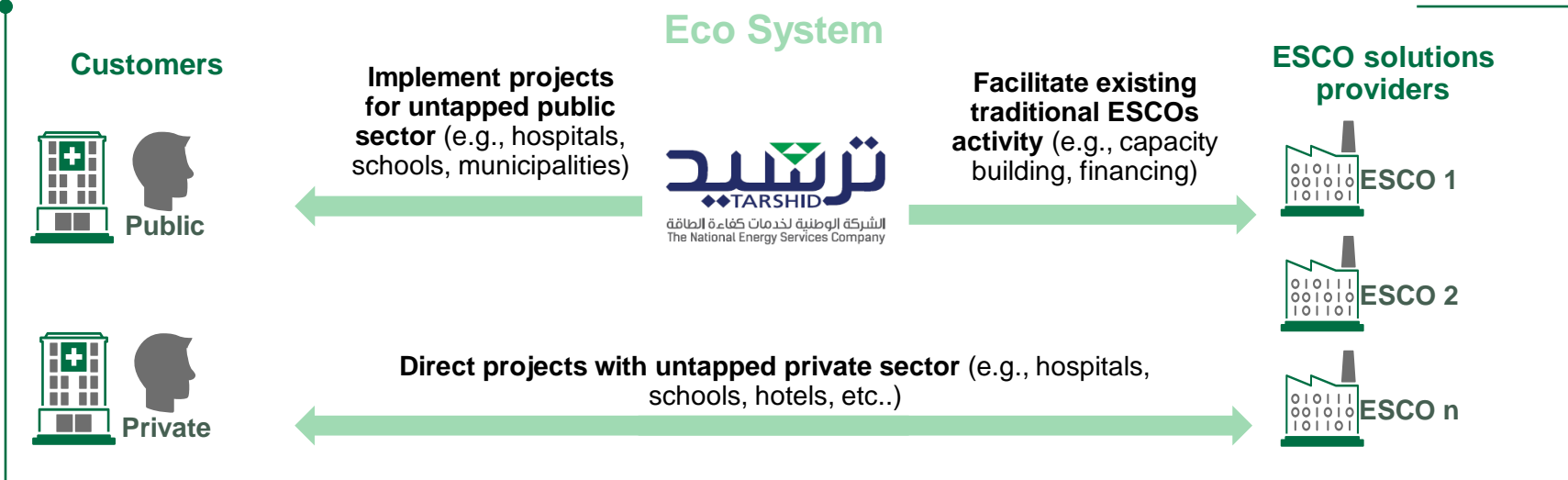
ENABLING FACTORS

Saudi Energy Efficiency Center (SEEC)

- A Unique Entity Responsible For The Energy Efficiency created by the KSA government to:
 - Raise awareness across public and private sector to adopt Energy Efficiency solutions
 - Design and provide mechanisms to address the public buildings energy efficiency (e.g. TARSHID initiative)
 - Provide regulatory framework and licensing; evaluation criteria for certification
 - Develop human capital (e.g. certifications and trainings)
 - Set measurement and verification plans to assess Energy Efficiency results

ENABLERS

- Funding Energy Efficiency project development, and building capabilities of traditional ESCOs through TARSHID
- Well developed regulations and standards by Saudi Government provides clear guidelines on Energy Efficiency programs, such as the Energy Savings Measurement and Verification (M&V) User guide
- 100% foreign direct ownership allowed



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

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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