

TEMPERATURE CONTROLLED WAREHOUSE OPERATOR INVESTMENT OPPORTUNITY SCORECARD TRANSPORT & LOGISTICS

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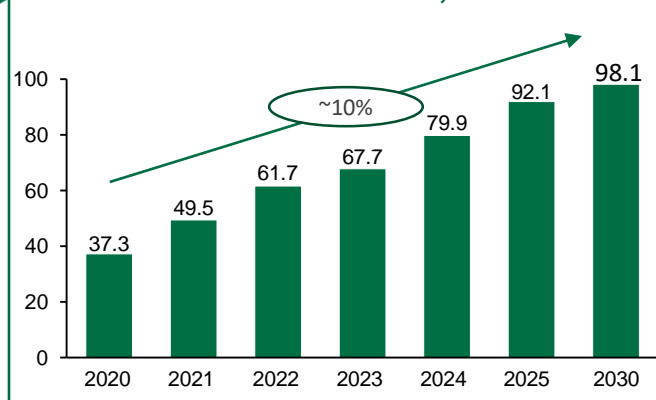


TEMPERATURE CONTROLLED WAREHOUSE OPERATOR

OPPORTUNITY'S DESCRIPTION: Develop a controlled temperature warehousing complex to service various industries in the Jeddah 2nd and 3rd Industrial City

DEMAND

2nd & 3rd IC MARKET SIZE, USD Mn



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 37 Mn in the first year, totaling to USD 187 Mn over the next five years
- Opportunity to consider different operating models – pure private sector model or joint venture with local player
- 150,000m² of cold storage capacity, totaling to 300,000m² over the next 10 years
- Expected IRR – 10%

INVESTMENT OVERVIEW

VALUE PROPOSITION

- The warehouse will be located close to the Jeddah Islamic Port, which can enable exports to the wider region, including markets in the Horn of Africa and Red Sea
- The large number of food and beverage, pharma and cosmetics manufacturers from Jeddah region will be able to meet their increasing demand for temperature-controlled storage facilities in an efficient way
- The availability of ready to use SFDA compliant cold storage facilities will further fuel the growth and reduce the time to market for many other investors

KEY DEMAND DRIVERS

- Makkah region faces very high seasonality in demand (the holy places are expected to reach 30 Mn visitors by 2030). As number of hajj and umrah visitors will increase inline with Vision 2030 targets, the demand for consumer goods will increase
- The Warehouse will be in Jeddah 2nd IC, which is also very close to Jeddah 3rd IC, and will be target large manufacturers of controlled temperature products that are looking for ready built cold storage warehouse
- More than 1,100,000 m² of manufacturing facilities are devoted to the food and beverage sector in Jeddah 2nd and 3rd IC. Demand from this sector is growing by 172,500m² every year

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Key Players in KSA currently:



COMPETITOR ANALYSIS

- Leading global players in temperature-controlled warehouse market



GLOBAL TRENDS

- The global cold storage market size was valued at USD 94.02 billion in 2018 and is expected to grow at a CAGR of 12.2% from 2019 to 2025
- North America is the leader in the global cold storage industry
- The processed food segment accounted for the largest share of cold storage facilities, and is expected to be the highest growth segment up to 2025 due to continuous developments in food packaging materials industry



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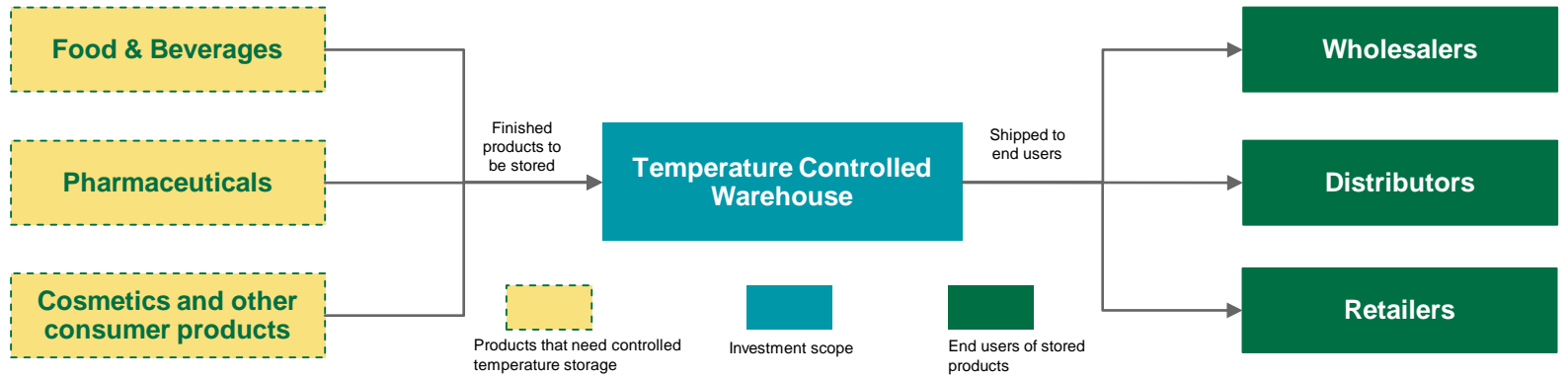
SUPPLY

SCALABILITY AND LOCALIZATION

- The warehouse will start operations with 60,000 m² capacity and expand to reach 150,000m² by Year 5 and 300,000m² by Year 10. The capacity increase will drive the market share from 20% in Year 1 to 40% by the end of Year 10
- Skilled manpower for warehouse operations are available in KSA
- The investor can also establish a 3PL operation in its own premises to tap the market opportunity

Grade: Low Medium High

VALUE CHAIN ANALYSIS



KEY STAKEHOLDERS



Sources for Cost of Doing Business: EIU, World Bank



NOTE: Productivity adjusted wages do not account for annual recurring charges incurred by businesses covering work permit (SAR 9,000), resident identity (iqama) (SAR 900) and health insurance (SAR 1,250) totaling to SAR 11,150

ENABLING FACTORS

ENABLERS

- Up to 75% of project financing through soft loan by SIDF
- Affordable ready to use facilities for lease
- 100% foreign direct ownership allowed
- Quicker processing of licenses from Saudi Food and Drug Authority (SFDA)

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 |

Bottom 25% | Top 75% | Top 50% | Top 25%

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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