[Magnesium silicate]

INVESTMENT OPPORTUNITY

[Specialty]

استثمر في السعودية
INVEST SAUDI

[Specialty] Magnesium silicate

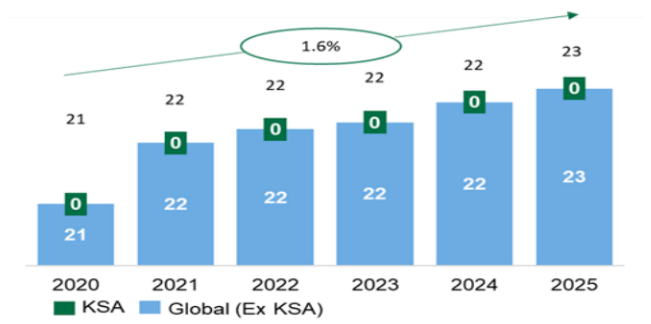
Public / متاح

High Potential | Moderate Potential | Low Potential

OPPORTUNITY DESCRIPTION: Opportunity to develop Magnesium silicate production facility of ~2 KTA in KSA to cater regional and global demand

DEMAND

MARKET SIZE, KT



KEY DEMAND DRIVERS

- Magnesium silicates are amorphous, water-insoluble powders precipitated from sodium silicate solutions, which function as specialty carriers (especially of oils), flow-control agents and fillers. Magnesium silicate is used in a variety of applications owing to its properties and characteristics
- The primary application of magnesium silicate is its use as a thickening agent and adsorbent in the cosmetics and pharmaceuticals sector. It is also used as a purifying adsorbent, as a filler in rubber, ceramics, and glass industry, and as an anti-caking agent, among others. It is also used in the processing of polyols used in the manufacture of foam products.

INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected investment size of ~USD 40-45 MN
- Plant capacity: 2 KTA
- Expected IRR: >15%

VALUE PROPOSITION

- KSA has availability of major raw materials and can help in fulfilling the world demand of silicates via exports.
- KSA can leverage trade agreements (eg : GAFTA, GSFTA) and strong logistics infrastructure to enhance export capability for distributing the products in Middle East and Central Europe.
- Owing to increased use in various applications and demand across the world Magnesium silicate has a decent potential to be produced in the region.
- With existing technical know-how of producing sodium and potassium silicates, KSA can get into the production of magnesium silicate as well.

MARKET OVERVIEW

KEY PLAYERS

- The Dallas Group of America
- Imerys Performance Minerals
- Mineração São Judas Ltda.
- BASF
- Nanyang Oriental Applied Chemical Research Institute

GLOBAL TRENDS

- World magnesium silicates consumption was estimated at 22 thousand metric tons in 2021, with growth forecast at 1.6% annually during 2021–26. Global capacity was 32 thousand metric tons, with capacity utilization at 73%.
- US, followed by Asia Pacific and Western Europe are the leading producers and consumers of magnesium silicate.
- Asia Pacific and Latin America are expected to witness a high demand for the product over the next few years. The rapid urbanization and the growth of the end-use sectors in these regions are aiding the industry growth. Meanwhile, the developed regions like North America and Europe have advanced healthcare facilities in the regions, which will also aid the industry growth.

[Specialty] Magnesium silicate

SUPPLY

SCALABILITY AND LOCALIZATION

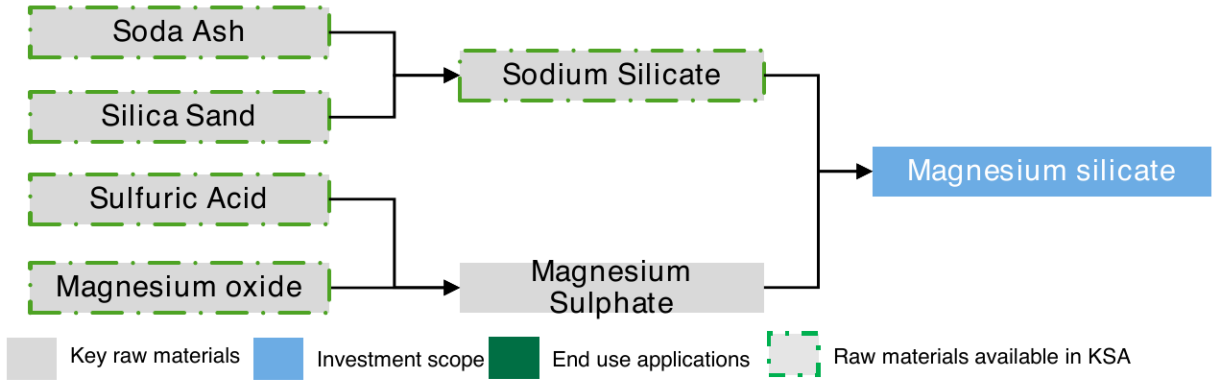
Grade: Low | **Medium** | High

- Magnesium oxide is easily available in KSA, Saudi Arabi has developed the Zarghat magnesite deposit in north-central Saudi Arabia, a small but high-grade reserve. Mining companies produces Magnesium oxide from Magnesite in the region.
- Silica sand is mined locally in Saudi Arabia and sodium silicates and potassium silicates are produced. Sulfuric acid is also available in the Kingdom. KSA plans to enter soda ash production by 2023
- There are only few sodium silicate producing players in KSA with around 120 KT total capacity. Total production in the Middle Eastern region stands at around 1200 KT.

IMPORT DEPENDENCY

- There is no known production of Magnesium silicate in Saudi Arabia, but sodium and potassium silicate is produced in KSA.

VALUE CHAIN



Served Applications

- Personal care
- Food Ingredient
- Pharmaceutical

KEY STAKEHOLDERS

وزارة الاستثمار Ministry of Investment

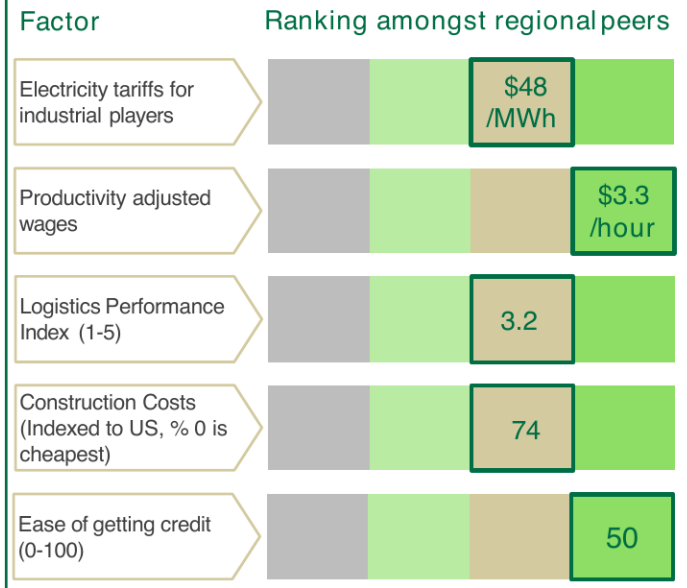
National Industrial Development and Logistics Program

ENABLING FACTORS

ENABLERS & INCENTIVES

- Up to 75% of project financing by Saudi Industrial Development Fund (SIDF).
- 2-year grace period for the repayment of loans
- Expat worker levy waived-off for industrial manufacturers until October 2024.
- HRDF covers 30-50% of Saudi employee's monthly salaries (additional 10% for females) for 2 years, provide that it does not exceed USD 4,000

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	Business 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	Global trends	Latest business developments within the sector/product category
7	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
8	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	Enablers	Factors that enable investment in the underlying opportunity
12	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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