

# 2-Ethylhexanoic Acid

INVESTMENT OPPORTUNITY SCORECARD

**CHEMICALS**

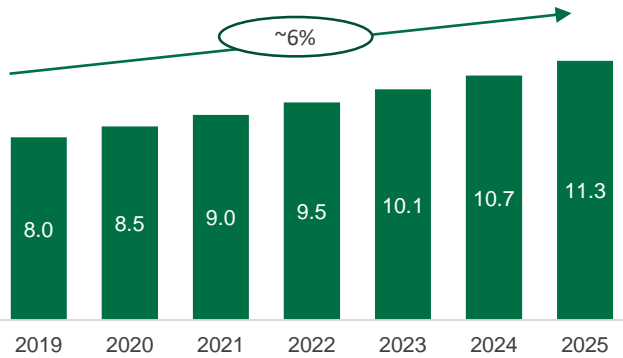
AUGUST 2021



**OPPORTUNITY DESCRIPTION:** Opportunity to setup 2-Ethylhexanoic Acid manufacturing plant in KSA to cater regional and global demand

## DEMAND

Regional Demand, KMT



## INVESTMENT OVERVIEW

### VALUE PROPOSITION

- KSA is one of the largest chemical producers in the world and contributes ~10% to the global output
- KSA is strategically located at the crossroads of several markets that have high demand for chemical products
- KSA benefits from having an abundant access to raw materials and a high standard of infrastructure that is continuously being improved upon
- Opportunity for first mover advantage due to non-existent local production of Propionic Acid and lack of competition from major global manufacturers
- This opportunity has a strategic alignment with vision 2030 and National Industrial Strategy by supporting many sectors such as automotive and food and beverage

## KEY DEMAND DRIVERS

- Construction projects worth \$284.3 billion (SAR1tn) are due for completion by 2022, including a \$150 million EPC contract as part of Sabic's Technology Centre expansion plan in Jubail. Also, automotive cluster in Al Jubail Plaschem will help in downstream synergy.

## MARKET OVERVIEW

### GLOBAL TRENDS

- Global demand at around 110 KT and growing at > 2.55 per year. Demand in the Middle East is less than 10kt.
- 2-Ethylhexanoic acid is a carboxylic acid that is widely used to prepare lipophilic metal derivatives that are soluble in nonpolar organic solvents.
- 2-Ethylhexanoic Acid is more likely used in production of personal care and cosmetics, construction (via PVB plasticiser and 2-EHA salts for PVC stabilizers), Coatings for automotive and industrial (via salts for paint drying systems), automotive and aerospace (via Type synthetic lubricants)

# DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	<b>Market size</b>	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	<b>Demand drivers</b>	A select number of factors that will influence future demand for the related product/service
3	<b>Investment highlights</b>	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	<b>Value proposition</b>	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	<b>Market readiness</b>	An overview of KSA market structure, market maturity and level of participation by local and global players
6	<b>Competitor analysis</b>	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	<b>Global trends</b>	Latest business developments within the sector/product category
8	<b>Scalability and localization</b>	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	<b>Import dependency</b>	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	<b>Value chain analysis</b>	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	<b>Key stakeholders</b>	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	<b>Enablers</b>	Factors that enable investment in the underlying opportunity
13	<b>Cost of doing business in KSA</b>	Key factors that position KSA as a competitive destination for investment in the region

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