

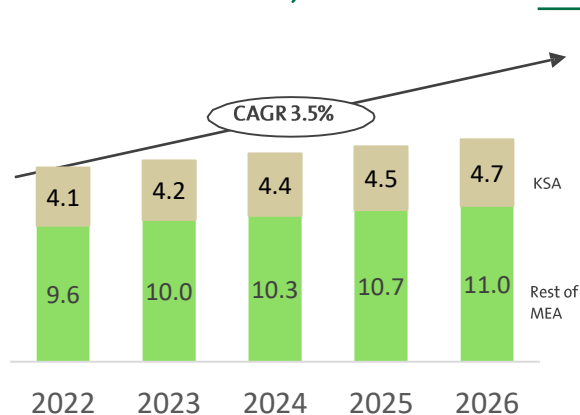
AROMA CHEMICALS - ALCOHOL, ACETATE DERIVATIVES
INVESTMENT OPPORTUNITY
Specialty Chemicals



OPPORTUNITY DESCRIPTION: Setup manufacturing plant for aroma chemicals focused on alcohols & acetate derivatives

DEMAND

MARKET SIZE, USD Mn



KEY DEMAND DRIVERS

- Aroma chemicals have usage in flavors and fragrances which is a growing market
- Increasing demand for customizable and niche fragrances is driving the consumption of aroma chemicals
- Rise in usage of aroma chemicals in food products for enhancing odor and taste
- Increased applications in aromatherapy to support emotional and psychological well being

INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 3-5 Mn
- Plant capacity: 2-3 ktpa
- Expected IRR*: 10-15%
- Payback period*: 3-6 years
- Job Creation: 7-10 Employees
- GDP Impact: 0.9-1.5 Mn USD
- Location (Region): Jubail/Yanbu

INVESTMENT OVERVIEW

VALUE PROPOSITION

- Rising imports of fragrance compositions in the region linked with growing regional downstream demand and use of traditional scents
- KSA imported ~ 123 Mn USD of fragrances in 2019 showing scope for local production
- Strategic geographic location to serve emerging markets like Middle East, Africa, Europe and Asia

MARKET OVERVIEW

GLOBAL TRENDS

- Global aroma chemicals market is 5.4 Bn USD in 2021 growing at a CAGR of 3.8%
- MEA market for aroma chemicals is 80 Mn USD in 2021 with a CAGR of 3.4%
- Some applications of aroma chemicals is around consumer goods such as toiletries, perfumes as well as food to enhance the odor
- Linalool, Linalyl acetate, L-menthol, Vanillin and Ethyl vanillin, are the top-3 aroma chemical compounds consumed globally

RAW MATERIALS

- Acetic anhydride
- Sulfuric acid
- Sodium acetate
- Benzyl chloride
- Acetic acid
- Others



SUPPLY

SCALABILITY AND LOCALIZATION

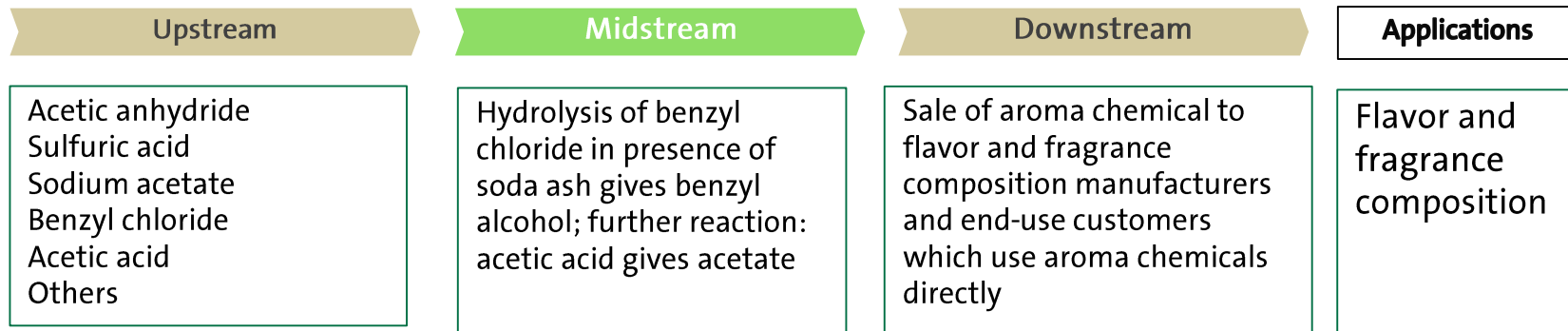
Grade: Low Medium High

- Raw materials such as acetic anhydride, Sulfuric acid, HCl, NaOH, Benzyl chloride, acetic acid, Sodium carbonate are available in KSA from local companies
- Pyrolysis and hydrolysis processes are the key processes required; Current Good Manufacturing Practices (CGMP) certification are required
- R&D capabilities are important to drive product and application development

IMPORT DEPENDENCY

- No local players all demand met by imports

VALUE CHAIN



KEY STAKEHOLDERS

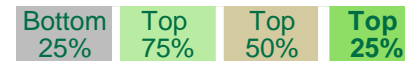
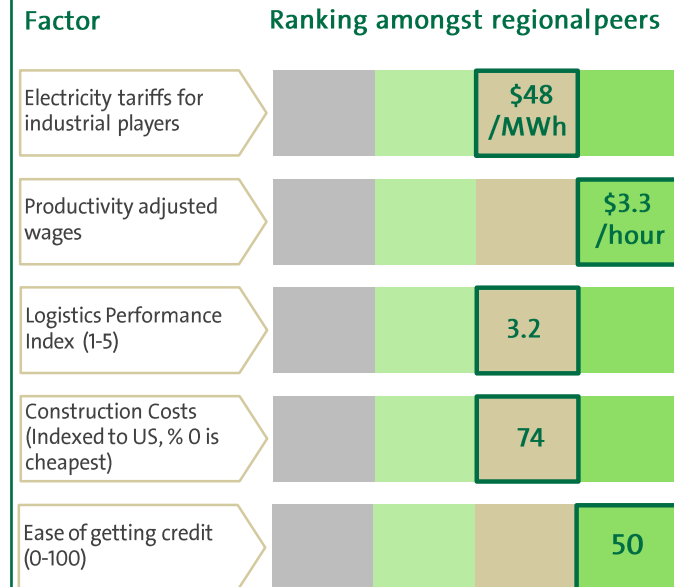


ENABLING FACTORS

ENABLERS & INCENTIVES

- Custom land options from RCJY AND Modon
- 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

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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