

# DIOCTYLTEREPHTHALATE (DOTP)

## INVESTMENT OPPORTUNITY SCORECARD

### CHEMICALS

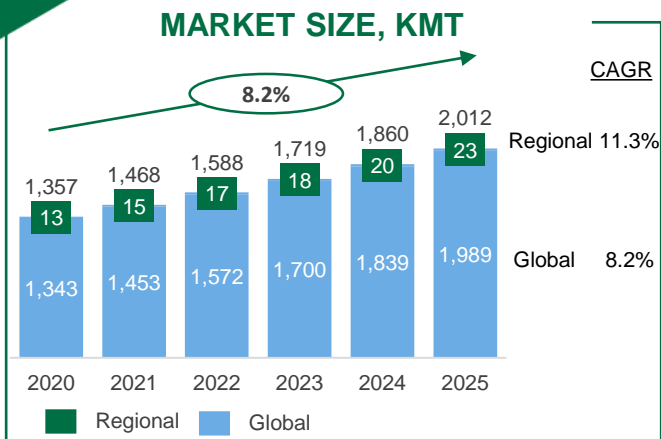
MARCH 2021



# DIOCTYLTEREPHTHALATE (DOTP)

**OPPORTUNITY DESCRIPTION:** Opportunity to setup a Dioctylterephthalate (DOTP) production facility of 50 KMT to cater regional and global demand

## DEMAND



## INVESTMENT OVERVIEW

### INVESTMENT HIGHLIGHTS

- Expected investment size of USD 63 Mn
- Plant capacity: 50 KMT
- Expected IRR: More than 12%
- Investment model options: pure private sector model or joint venture with local player

### 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 Dioctylterephthalate (DOTP) and lack of competition from major global manufacturers
- This opportunity has a strategic alignment with vision 2030 and National Industrial Strategy in many sectors such as automotive, construction, defense and furniture manufacturing

### KEY DEMAND DRIVERS

- KSA's DOTP demand is mainly driven by increase in construction activities in the Middle East that will drive the development of a DOTP facility
- Saudi Arabia's Vision 2030, together with investments in residential, commercial and infrastructure development will boost the construction industry in major cities in the country
- Giga projects (economic cities, industrial zones/clusters and residential complexes) planned/initiated in KSA to drive demand for DOTP
- The upcoming automobile manufacturing cluster in Aljubail and the construction (rubber and flooring) company SARPCO that has manufacturing in Al Khobar are expected to drive the DOTP demand

## MARKET OVERVIEW

### GLOBAL TRENDS

- The global Dioctyl Terephthalate (DOTP) market size was USD 1871.1 Mn in 2019 and is expected to reach USD 2339.3 Mn by 2025 growing at a CAGR of 3.8%\*
- The automotive sector held the majority of the DOTP market share in 2019 and is expected to dominate the global market during the period 2020-2025. Various factors driving the growth of the automotive are government initiatives to increase urbanization and industrialization, growing population coupled with increasing disposable income
- Asia, particularly Northeast Asia, has the largest capacity for DOTP. The region is also the leading consumer for DOTP with China capturing almost 85% of the regional demand.
- Strong regulations on phthalate-based plasticizers are driving the demand of DOTP and this trend will continue over the coming years. Asia has not yet fully implemented those regulations, which gives room for further growth there in long run



## SUPPLY

### SCALABILITY AND LOCALIZATION

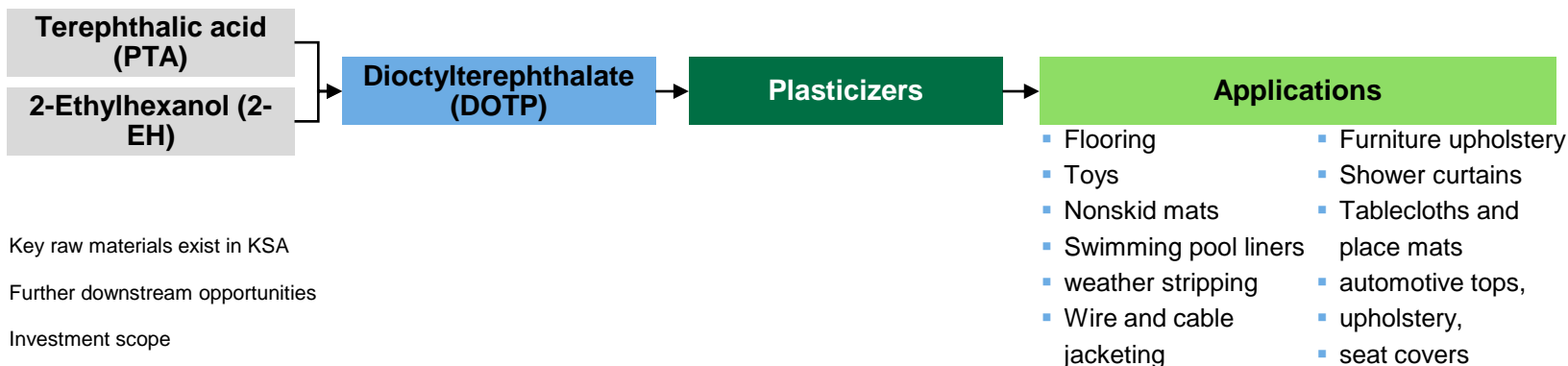
Grade: Low Medium High

- Easy local access to key raw materials in KSA – 2-EH is manufactured in Al Byroni in Al-Jubail and PTA is manufactured in Yanbu
- KSA's strategic advantage over regional peers in cost of establishing business especially in the manufacturing domain
- Potential to serve local and regional market and create a 'regional hub' for chemicals manufacturing in KSA

### IMPORT DEPENDENCY

- No local production of Dioctylterephthalate (DOTP) in Saudi Arabia, 100% of the local demand is met by imports

### VALUE CHAIN ANALYSIS



### KEY STAKEHOLDERS

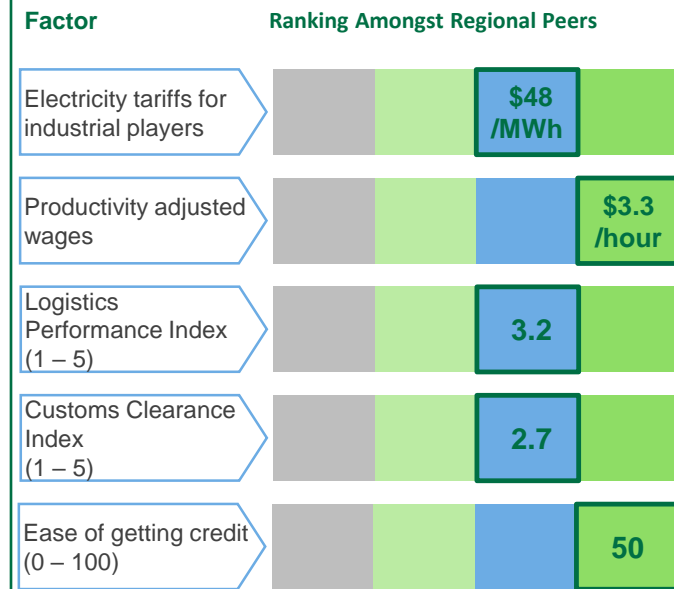


## ENABLING FACTORS

### ENABLERS

- 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 employees' monthly salaries (additional 10% for females) for 2 years, provided that it does not exceed USD 4,000

### COST OF DOING BUSINESS IN KSA



# 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. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

# DISCLAIMER

- This report must be used only to access information, and the information must not be construed, under any circumstances, explicitly or implicitly, as an offer to sell or a solicitation to buy or sell or trade in any opportunity herein mentioned.
- Ministry of Investment (MISA) has no undertaking to update these materials after the date, with the understanding that such information may become outdated or inaccurate.
- Mentioned information in this report is obtained from reliable sources but its accuracy and reliability are in no way guaranteed. No guarantee of any kind is tacit or explicit when projections of future conditions are attempted. MISA has used public/or confidential data and assumptions and has not independently verified the data and assumptions used in the analyses. Changes in underlying data or operating assumptions will clearly impact the analyses and conclusions.
- The financial evaluations, projected market and financial information, and conclusions contained in these materials are based upon standard methodologies, are not definitive projections, and are not guaranteed by MISA
- The content of this report must not be construed as an implied promise or guarantee for profit or limited loss express or implied by or from MISA or any of its officers, directors, employees and affiliates. All mentioned investments in this report are subject to risk, which should be considered prior to making any investment decisions
- MISA shall have no liability whatsoever to any third party, and hereby any third party waives any rights and claims it may have at any time against MISA with regard to this report, any services or other materials, including the accuracy or completeness thereof.

**CONNECT WITH US FOR MORE DETAILS:**

[Petrochemicals@misa.gov.sa](mailto:Petrochemicals@misa.gov.sa)

investsaudi.sa



@investsaudi

