

# DIMETHYLAMINOPROPYLAMINE (DMAPA)

INVESTMENT OPPORTUNITY

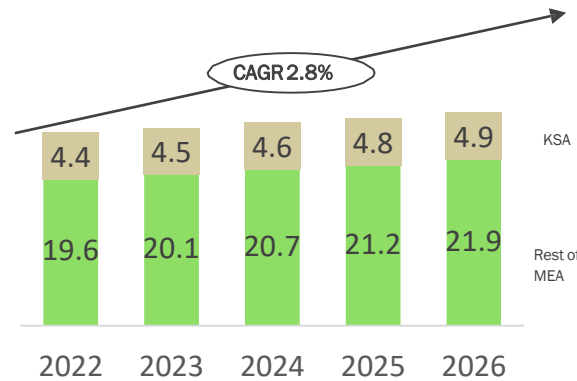
Specialty Chemicals



**OPPORTUNITY DESCRIPTION:** Setup a manufacturing plant for Dimethylaminopropylamine (DMAPA) and other amines (e.g., ethanolamines) in KSA

## DEMAND

### MARKET SIZE, USD Mn



### KEY DEMAND DRIVERS

- DMAPA has end-applications across a range of industries namely, beauty & personal care, water treatment, pharmaceuticals, agriculture and catalysts (in the production of Polyurethane foam)
- As DMAPA is mild, skin-friendly, its use has increased in cosmetics as it does not cause irritation to the skin and eyes
- Due to the outbreak of Covid-19, the demand for personal care products has been rapidly increasing which is expected to create market demand for DMAPA
- Extensive and increasing use of polyurethane foam in bedding, interiors of cars, furniture and footwear etc. is likely to result in an increase in demand for DMAPA

### INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 15-25 Mn
- Plant capacity: 10 ktpa
- Expected IRR\*: 10-15%
- Payback period\*: 3-6 years
- Job Creation: 10-17 employees
- GDP Impact: 4-7 Mn USD
- Location (Region): Jubail/Yanbu

## INVESTMENT OVERVIEW

### VALUE PROPOSITION

- Strategic geographic location to serve emerging markets like Middle East, Africa, Europe and Asia.
- KSA is one of the largest chemical producers in the world and contributes ~10% to the global output
- Helps unlock downstream opportunities in various industries such as surfactants, catalysts, agriculture, water treatment and personal care.

## MARKET OVERVIEW

### GLOBAL TRENDS

- DMAPA global market is 277 Mn USD in 2020 with an expected CAGR of 1.9%
- Asia-Pacific region is expected to dominate the market for Dimethylaminopropylamine (DMAPA) during the forecast period
- Some of the leading companies which are involved in the production of Dimethylaminopropylamine (DMAPA) are BASF SE, Solvay, Huntsman International LLC.

### RAW MATERIALS

- Dimethylamine
- Acetonitrile



SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Local manufacturers of the ingredients exist or are planned in KSA. Chemanol manufactures ~50KTPA of methylamines. Aramco/INEOS have planned for a plant to manufacture acetonitrile by 2025
- Proper handling of the raw materials (e.g., acetonitrile due to high flammability and toxicity) during manufacturing DMAPA is a key requirement and thus, requiring capital investments

IMPORT DEPENDENCY

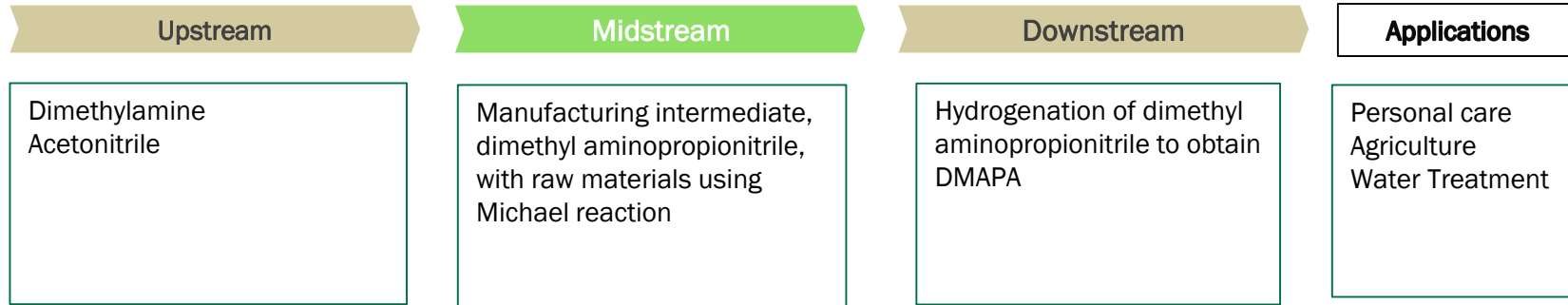
- All demand is met through imports
- No local players exist in the KSA

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

VALUE CHAIN



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
Construction Costs (Indexed to US, % 0 is cheapest)	74
Ease of getting credit (0-100)	50

KEY STAKEHOLDERS



# 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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