

Epoxy Resins

INVESTMENT OPPORTUNITY

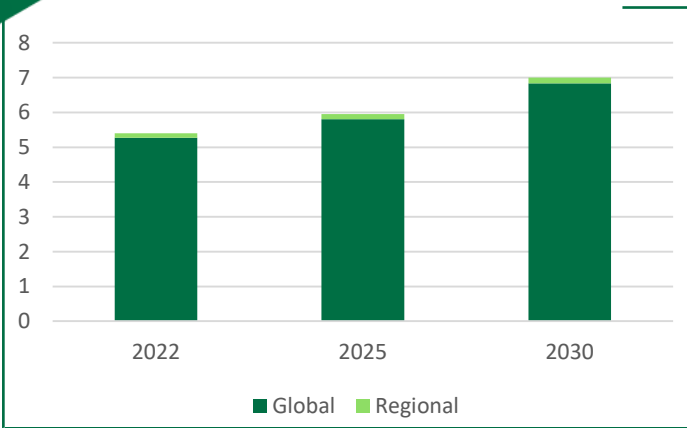
Petrochemicals



OPPORTUNITY DESCRIPTION: Building a manufacturing facility for the production of Epoxy resins with a production capacity of 90KTA

DEMAND

Demand (MTPA)



INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 118MM
- Plant capacity: 90 ktpa
- Expected IRR: 16%
- Payback period: 9 years
- Job Creation: 80
- Location (Region): Ras Alkhair

INVESTMENT OVERVIEW

VALUE PROPOSITION

- ~50% of raw material cost is covered by bisphenol A, where KSA has competitive advantage due to local production of the raw material

KEY DEMAND DRIVERS

- Growth of aerospace (~5% CAGR '22 --'30 globally) and automotive industry (~2% CAGR '22 --'30 globally) due to application as carbon fiber reinforcement
- Construction sector future growth in KSA (>5% CAGR '22-'25)

MARKET OVERVIEW

RAW MATERIALS

- Bisphenol A
- Epichlorohydrin

GLOBAL TRENDS

- Average annual global demand growth rate is 3.3% from 2022-2030
- Average annual Middle East demand growth rate is 2.3% from 2022-2030
- Average annual KSA demand growth rate is 2% from 2022-2030

SUPPLY

SCALABILITY AND LOCALIZATION

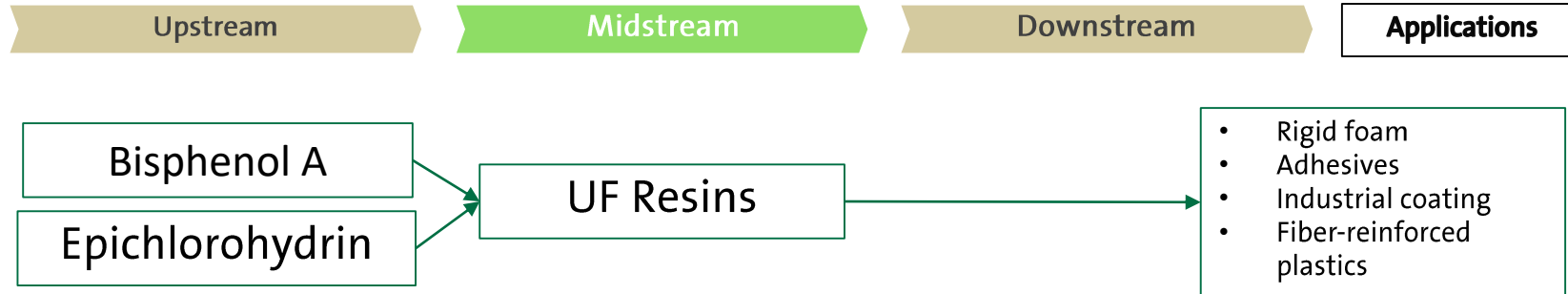
Grade: Low Medium High

- Raw materials of epoxy resin is available in KSA. Therefore, there is a potential opportunity to optimize cost and improve vertical integrability across the value chain.

IMPORT DEPENDENCY

- KSA will increase exported volume and expand downstream industry, currently 5kt net exporter

VALUE CHAIN



KEY STAKEHOLDERS

MoEnergy, MISA, SIDF

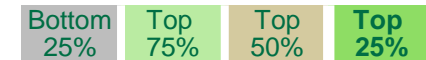
ENABLING FACTORS

ENABLERS & INCENTIVES

- Competitive Loan from SIDF
- %5 raw material discount

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



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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