

**[Hydrazine Sulphate]**

INVESTMENT OPPORTUNITY

**[Specialty]**

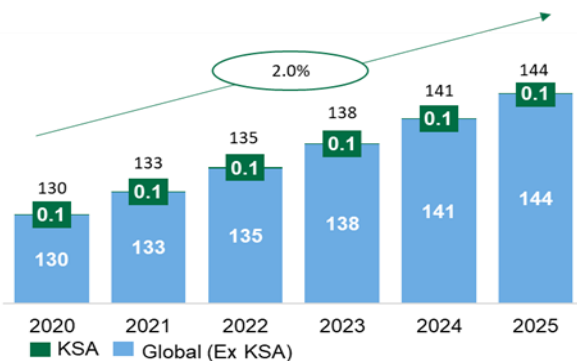


# [Specialty] Hydrazine Sulphate

**OPPORTUNITY DESCRIPTION:** Opportunity to develop Hydrazine Sulphate production facility of ~100 KTA in KSA to cater regional and global demand

## DEMAND

### MARKET SIZE, KT



### INVESTMENT HIGHLIGHTS

- Expected investment size of ~USD 35 MN
- Plant capacity: ~ 10 KTA (inclusive of 4KTA Hydrazine plant)
- Expected IRR: >15%

## INVESTMENT OVERVIEW

### VALUE PROPOSITION

- All the primary precursors required for producing Hydrazine Sulphate are available in KSA.
- There are no producers of this product in KSA and would provide first mover advantage.
- Proximity to key demand regions i.e., Southeast Asia and China which has significant demand growth prospects due to growing pharmaceutical and metal industry.
- Strong logistics infrastructure to enhance export capability for distributing the products within Middle East and to key export markets.

### KEY DEMAND DRIVERS

- Hydrazine Sulfate is used in various stages of metal extraction, refining and as an antioxidant, reducing agent in the analysis of minerals and slags.
- Hydrazine Sulphate can be used as an anti-cancer drug (not yet approved by the FDA), as well as a dietary supplement.
- It is also used as a precursor to the production of hydrazine hydrate which finds usage as a blowing agent, pesticide and as rocket engine propellant. It is also required as a precursor for variety of industries with end usage in pharma, agriculture etc.

### KEY PLAYERS

- LANXESS
- Arkema
- Finetech Industry Limited
- Lonza Group AG,
- Merck KGaA

## MARKET OVERVIEW

### GLOBAL TRENDS

- Estimated at ~ 130 KT in 2020, the global consumption is expected to increase at an average rate of 2.0% between 2020-25.
- Asia-Pacific is expected to be the fastest growing market in Hydrazine Sulphate, because of high growth in the end-use industries, such as pharmaceuticals and metal extractions.
- Increasing adoption of Hydrazine Sulphate in U.S. and European countries due to significant growth of end-use industries such as pharmaceuticals and polymer.



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Public / متاح

## SUPPLY

### SCALABILITY AND LOCALIZATION

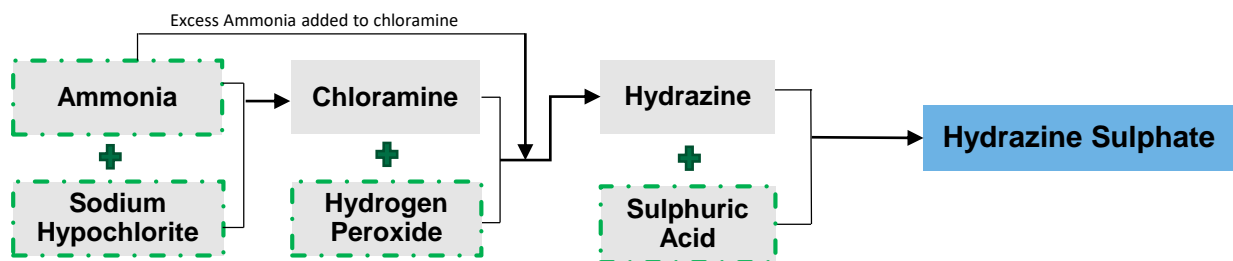
Grade: Low Medium High

- All necessary precursor for manufacture of Hydrazine Sulphate is produced in KSA, including Ammonia, Sodium Hypochlorite, Hydrogen Peroxide and Sulphuric Acid.
- Multiple Hydrazine salts are used in the industry. Hence an integrated plant for production of useful Hydrazine salts will be beneficial for localization of the product.
- Hydrazine sulphate is finds major usage in pharmaceutical and metal extraction and refining industry which is thriving in South Asian countries. Hence, the manufacturing of Hydrazine Sulphate will be scalable in KSA as the kingdom has strong logistics network with the South Asian countries.

### IMPORT DEPENDENCY

- Hydrazine Sulphate is not produced in KSA.
- KSA imports the necessary quantities of hydrazine to meet the domestic demand.

### VALUE CHAIN



#### Served Applications

- Metal Extraction & Refining
- Pharmaceutical
- Soldering

### KEY STAKEHOLDERS



National Industrial Development and Logistics Program



الصندوق السعودي للتنمية الصناعية  
Saudi Industrial Development Fund

## ENABLING FACTORS

### ENABLERS & INCENTIVES

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

### 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

Bottom 25% | Top 75% | Top 50% | Top 25%

# 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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