

# Isophthalic Acid (IPA)

## INVESTMENT OPPORTUNITY SCORECARD

### CHEMICALS

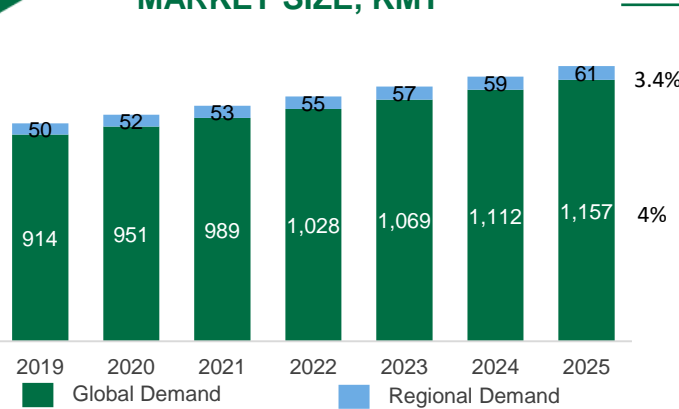
AUGUST 2021



**OPPORTUNITY DESCRIPTION:** Opportunity to setup Isophthalic Acid (IPA) manufacturing plant in KSA to cater regional and global demand

## DEMAND

### MARKET SIZE, KMT



## INVESTMENT OVERVIEW

### 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 Propionic Acid and lack of competition from major global manufacturers
- This opportunity has a strategic alignment with vision 2030 and National Industrial Strategy by supporting many sectors such as automotive and food and beverage

## KEY DEMAND DRIVERS

- Currently, there is no production or demand of Isophthalic acid in Saudi Arabia. Consumption was nearly 50,000 MT/year in 2016.
- Planned investments in high-growth plastics and packaging industry to drive regional demand for Isophthalic Acid in the region.
- Saudi Arabia's plan of plastics and packaging cluster as per the NICDP can be targeted for downstream synergies. Thus, will boost the demand of Isophthalic acid in the local market and the region.

## MARKET OVERVIEW

### GLOBAL TRENDS

- The global market for isophthalic acid is growing at a rate of 3–4% per year. Growing markets include Asian countries such as India and Thailand as well as the Middle East and Africa and North America, mainly as the result of increasing PET resin production.
- Commercially it is mainly used as a component of PET copolymer, which is used in bottle resins and, to a much lesser extent, for fibers. Isophthalic acid's second major use is as a component of high-quality alkyds and polyester resins for industrial coatings and unsaturated polyesters for fibreglass-reinforced plastics applications. Isophthalic acid confers excellent thermal resistance, mechanical performance, and resistance to chemicals and water to polyester and alkyd resins.
- Access to the m-xylene feedstock is a key factor in the production of isophthalic acid and manufacturers of isophthalic acid are often back-integrated into m-xylene or rely on long-term supply agreements. Consequently, the cost of m-xylene is the major factor determining the price of isophthalic acid.

# 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	Demand 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	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	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
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region

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