

Isopropyl Alcohol (IPA)

INVESTMENT OPPORTUNITY

Petrochemicals

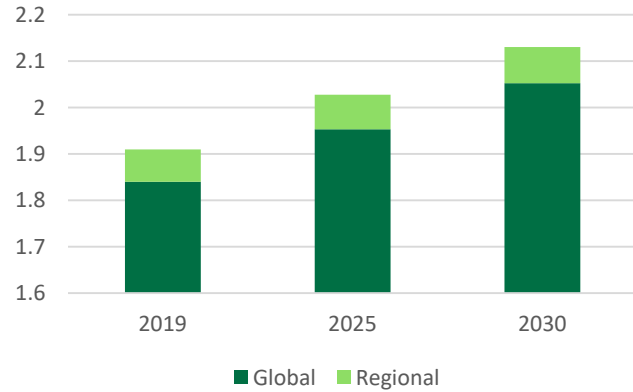


# Petrochemicals Isopropyl Alcohol (IPA)

OPPORTUNITY DESCRIPTION: Building a manufacturing complex for the production of IPA

## DEMAND

Demand (MTPA)



### INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 150MM
- Plant capacity: 200 ktpa
- Expected IRR: 15.86%
- Payback period: 6 years
- Job Creation: 70
- GDP Impact: 95MM USD (Annually)
- Location (Region): Jubail

## INVESTMENT OVERVIEW

### VALUE PROPOSITION

- Raw material is abundantly available in KSA

### KEY DEMAND DRIVERS

- IPA is supplied in several grades depending on the application in which it is used (technical grade, cosmetic grade, pharmaceutical grade, and electronic grade)

## MARKET OVERVIEW

### RAW MATERIALS

- Propylene

### GLOBAL TRENDS

- Average annual demand growth rate is 2.8% from 2020-2025
- Demand in the Middle East is forecasted to grow at an average of 6% per year in 2020-2025
- The rates above don't account for the spike in 2020 due to the increase in usage of hand sanitizers



## SUPPLY

### SCALABILITY AND LOCALIZATION

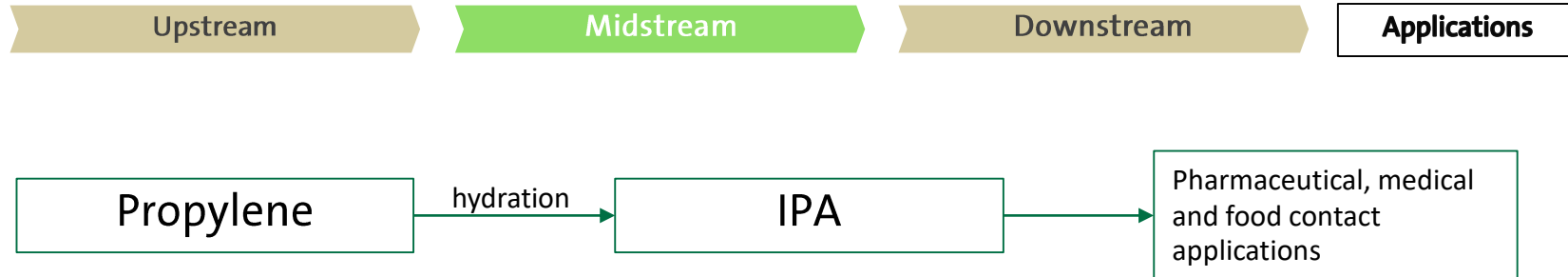
- Propylene (main raw material) is produced locally.
- Potential of localizing a strategic material that plays role in health security

Grade: Low Medium High

### IMPORT DEPENDENCY

- The Middle East imported around 94 KTA of IPA in 2020

### VALUE CHAIN



### KEY STAKEHOLDERS

MoEnergy, MISA, SIDF

## ENABLING FACTORS

### ENABLERS & INCENTIVES

- Competitive Loan from SIDF
- 10% 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

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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