

Methacrylic acid (glacial)

INVESTMENT OPPORTUNITY SCORECARD

CHEMICALS

Aug 2021

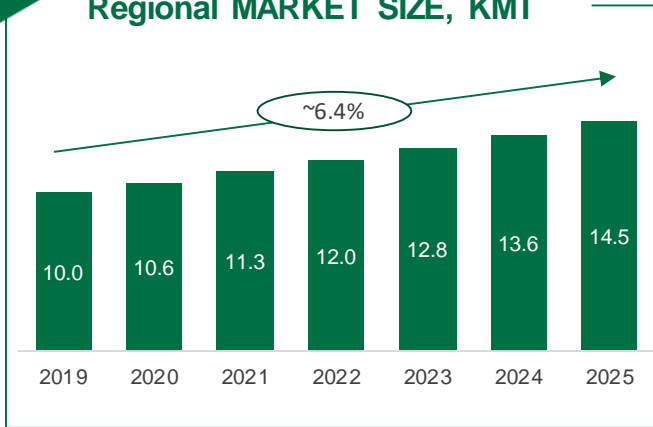


Methacrylic acid (glacial)

OPPORTUNITY DESCRIPTION: Opportunity to setup Methacrylic acid (glacial) manufacturing plant in KSA to cater regional and global demand

DEMAND

Regional MARKET SIZE, KMT



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- the project is purely private sector investment with land lease from MODON
- The capital investment size is to be determined based on the plant capacity and available feedstock materials

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

- The National Industrial Development and Logistics Program (NIDLP) plans to invest \$4.4 billion to build an adhesive plant. In addition, the planned automobile cluster in Jubail is also expected to benefit the downstream application of MAA. This will drive the demand in KSA to increase.
- SABIC has formed a JV with Mitsubishi (parent company of Lucite) for MMA production in the region to meet the demand in the coming years.
- Similarly, the rising demand from the construction, electronics and automobile industries is driving the market to grow due to making the end products lightweight and energy-efficient.

MARKET OVERVIEW

GLOBAL TRENDS

- Methacrylic acid is used for the production of MMA - an intermediate for producing methacrylates.
- The global glacial acrylic acid market size was estimated at over 2.2 million tons in 2015 and will likely exceed 3.2 million tons by 2023. Demand in the middle east is expected to capture 100-200 thousand metric tons.
- The Asia Pacific holds the largest share in the market, the increase of electronics devices boosts the regional market. In addition, Europe is expected to have a significant share attributed to the adoption of lightweight vehicles from the automotive and transportation sector.
- MMA is widely used in applications such as cast and extruded sheet and resins for injection molding and extrusion. MMA is also used extensively in surface coatings (and adhesives. Other important applications for MMA include use for impact modification and as processing aids; as emulsion polymers principally for paper, textiles, leather, and floor polishes; a material to manufacture other esters of methacrylic acid (via transesterification).

CHEMICALS

Methacrylic acid (glacial)

Public / متاح

SUPPLY

SCALABILITY AND LOCALIZATION

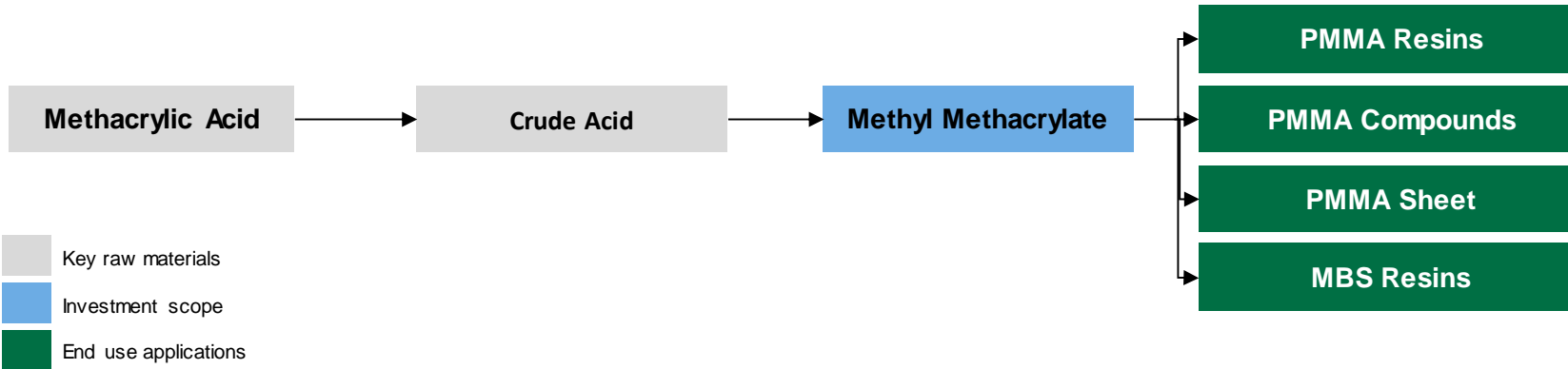
Grade: Low Medium High

- Easy local access to key the primary raw materials in KSA - Crude methacrylic acid is produced in Petro-Rabigh.
- KSA's strategic advantage over regional peers in cost of establishing the business, especially in the manufacturing domain
- Potential to serve the local and regional markets and create a 'regional hub' for chemicals manufacturing in KSA

IMPORT DEPENDENCY

- No local production of Methacrylic acid (glacial) in Saudi Arabia, 100% of the local demand in KSA is met by imports

VALUE CHAIN ANALYSIS



KEY STAKEHOLDERS



ENABLING FACTORS

ENABLERS

- 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 employees monthly salaries (additional 10% for females) for 2 years, provided 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
Customs Clearance Index (1 – 5)	2.7
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	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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