

ORGANIC PIGMENTS

INVESTMENT OPPORTUNITY

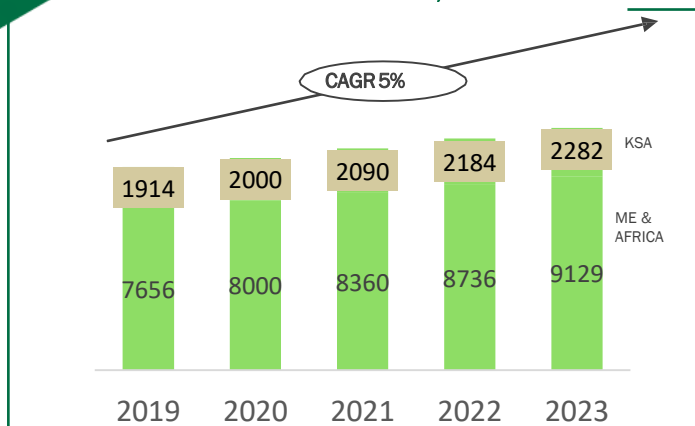
Specialty Chemicals



OPPORTUNITY DESCRIPTION: Plant for manufacturing organic pigments for industrial and decorative paints and coatings

DEMAND

MARKET GROWTH, KTA



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 12 Mn
- Plant capacity: 1 KTPA
- Expected IRR*: 10-15%
- Payback period*: 3-6 years
- Job Creation: 30 Employees
- GDP Impact: 4 Mn USD
- Location (Region): Jubail/Yanbu

INVESTMENT OVERVIEW

VALUE PROPOSITION

- Significant market size with limited local players make for an attractive area of investment
- KSA has a strategic location and access to feedstock enabling it to serve emerging markets like India, Africa and South East Asia
- KSA is one of the largest chemical producers in the world and contributes ~10% to the global output

KEY DEMAND DRIVERS

- Organic pigments consumption for automotive, industrial applications, and architectural coatings have increased because of enhanced industrial activity and investment in construction.
- Significant market of non-architectural coatings comes as under:
 - Industrial: Its market size is expected to be valued at \$405.8 Mn by 2025.
 - Transportation: Its market size is expected to be valued at \$390.3 Mn by 2025.
 - Packaging (Cans): Its market size is expected to be valued at \$126.6 Mn by 2025.
- Consumption of organic color pigments in Africa was estimated at 5,000 metric tons in 2017, almost all from imports
- In commodity plastics, organic pigments consumption is projected to increase owing to greater plastics production in the next years

RAW MATERIALS

- Aromatic amines
- 2-Naphthol
- Dihydroquinacridone
- Phthalic anhydride
- Urea

MARKET OVERVIEW

GLOBAL TRENDS

- World consumption of organic color pigments was approximately 400,000 metric tons in 2017, worth about \$8 billion
- The leading global organic pigment producers are BASF, Clariant, DIC, Dainichiseika, and Toyo Ink
- Overall Paints and coatings market are projected to grow at about 5% (2020-2025) with maximum growth coming from developing countries.

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Pigments industry is formulation driven
- Building block to further strengthen the paints and coatings localization
- Printing inks, coatings and plastics coloring is major applications and these are options for scaling
- Raw materials are partly available in KSA

IMPORT DEPENDENCY

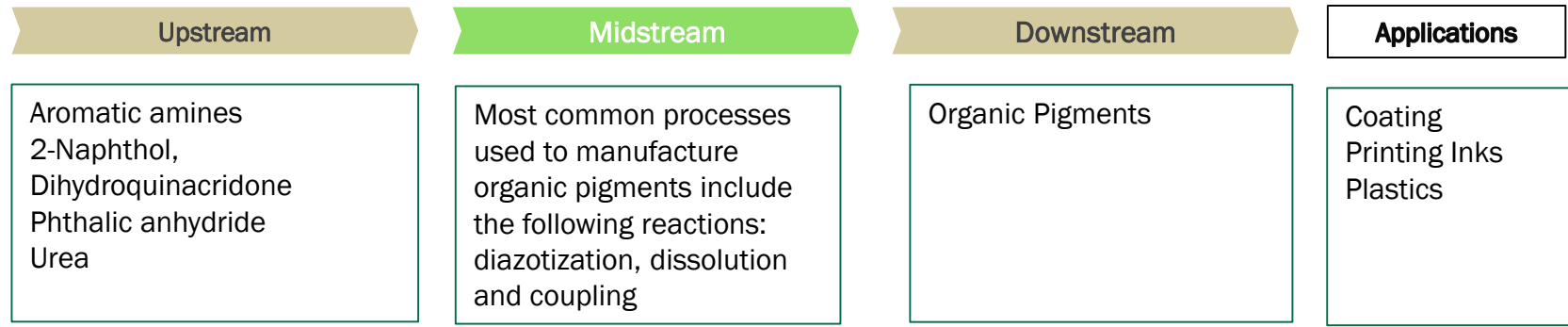
- KSA imports all pigment requirements for paints and coatings manufacture
- From 2014 to 2017, imports of organic pigments have increased on average by 4.1%

ENABLING FACTORS

ENABLERS & INCENTIVES

- Custom land options from RCJY AND Modon
- 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

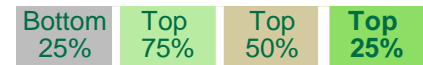
VALUE CHAIN



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

KEY STAKEHOLDERS



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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