

PVC

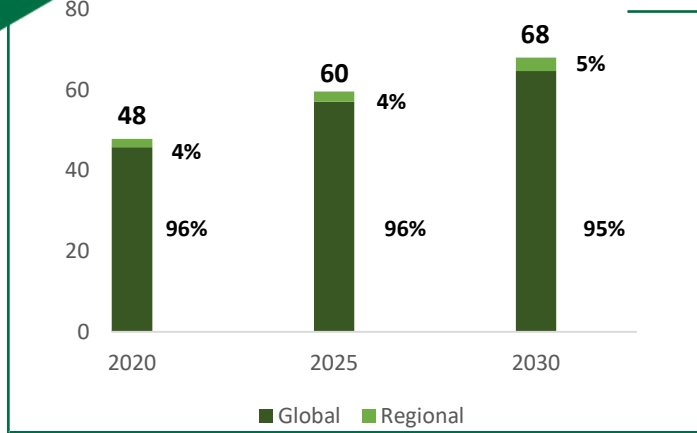
INVESTMENT OPPORTUNITY

Petrochemicals



OPPORTUNITY DESCRIPTION: Building a manufacturing complex for the production PVC (including EDC & VCM)

DEMAND
DEMAND, MPTA



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 600 - 800MM
- Plant capacity: 500ktpa
- Expected IRR: 10-12%
- Payback period: ≈ 6 years
- Job Creation: 100
- GDP Impact: Avg of 850MM USD to 2044 annually
- Location (Region): Jubail

VALUE PROPOSITION

- KSA has a production capacity of 380KTA,
- The local consumption of PVC in KSA currently is around 360KTA, and it is expected to grow to 1 MPTA in 2030 as a result of ongoing programs and strategies such as NIS and OSP

KEY DEMAND DRIVERS

- National programs and strategies such as NIS and OSP will boost the demand on PVC driven mainly by construction market.

MARKET OVERVIEW

RAW MATERIALS

- Ethylene
- Chlorine

GLOBAL TRENDS

- Global demand is expected grow by 3.2% per year until 2030
- Meanwhile global capacity is expected to grow by 1% until 2030

SUPPLY

SCALABILITY AND LOCALIZATION

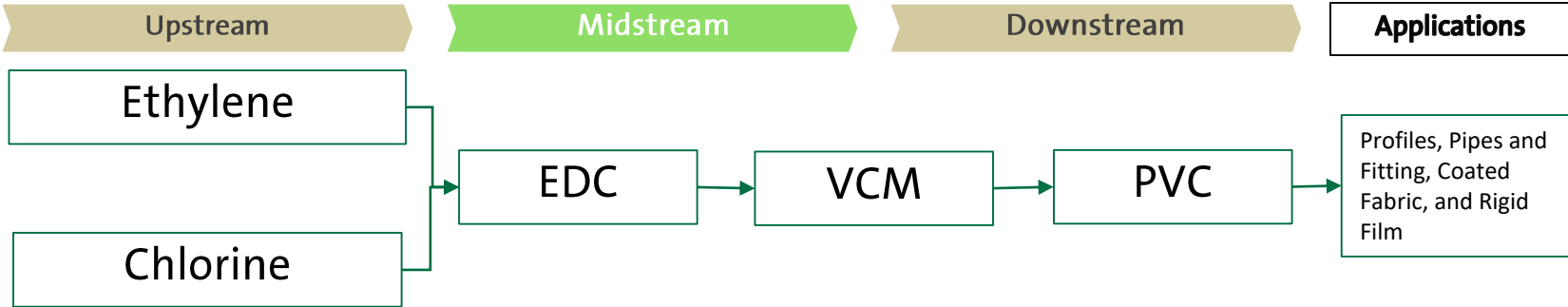
- The opportunity of PVC complex naturally produces different grades that could be utilized to unlock different industries, i.e. construction, automotive, etc.

Grade: Low Medium High

IMPORT DEPENDENCY

- imported around 70KT of PVC in 2021

VALUE CHAIN



KEY STAKEHOLDERS

MoEnergy, MISA, SIDF

ENABLING FACTORS

ENABLERS & INCENTIVES

- SIDF loan

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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