

Polyurethane Systems House

INVESTMENT OPPORTUNITY SCORECARD

CHEMICALS

AUGUST 2021

OPPORTUNITY DESCRIPTION: Opportunity to setup Adipic Acid manufacturing plant in KSA to cater regional and global demand

DEMAND

MARKET SIZE, KMT

- **Global Demand and Growth rate (2019-25)**
 - Circa 15 million metric tons based on the size of the global PU market across foams, TPU, coatings, etc.
 - 3.7%
- **Regional Demand and Growth rate (2019-25)**
 - 1.0 million metric tons
 - 4.4%

KEY DEMAND DRIVERS

- Demand for Polyurethane Systems House is driven by its wide range of application in rapidly growing of Multiple industries such as automotive, aerospace, industrial, construction. PU Systems are designed as recipes for foams (e.g., for furniture and insulation), for elastomers, e.g., for automotive

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

MARKET OVERVIEW

GLOBAL TRENDS

- This is an industry based around recipes and formulations of PU components to serve specific end-use applications, covering flexible foam, semi-rigid foam, rigid foams, castable elastomers, spandex fibers, thermoplastic polyurethanes, reaction injection moulding compounds and urethane coatings. System houses form the vital link between PU component producers and foamers, compounders, fabricators, etc.
- Polyurethane Systems House is used in multiple industries - automotive, aerospace, industrial, construction. PU Systems are designed as recipes for foams (e.g., for furniture and insulation), for elastomers, e.g., for automotive

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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