

# SPECIALTY SURFACTANTS FOR HOME & PERSONAL CARE INVESTMENT OPPORTUNITY

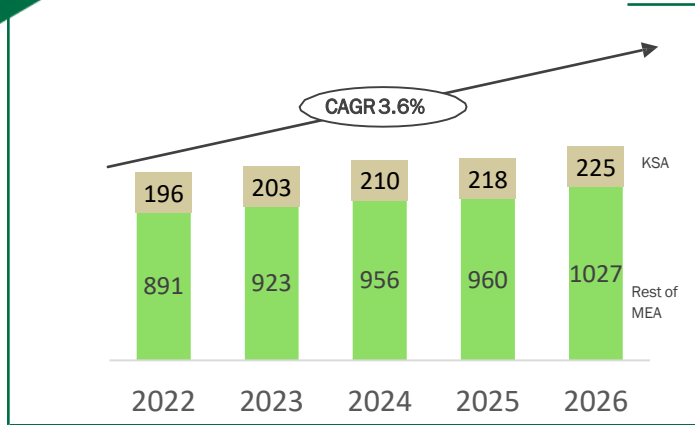
Specialty Chemicals



**OPPORTUNITY DESCRIPTION:** Setup specialty surfactants manufacturing plant for home & personal care applications (targeting foaming and mildness uses) in KSA

**DEMAND**

MARKET SIZE, USD Mn



**INVESTMENT OVERVIEW**

**INVESTMENT HIGHLIGHTS**

- Expected Investment size of USD 20-25 Mn
- Plant capacity: ~20 ktpa
- Expected IRR\*: 10-15%
- Payback period\*: 3-6 years
- Job Creation: 13 – 18 Employees
- GDP Impact: 6 – 7.5 Mn USD
- Location (Region): Jubail/Yanbu

**VALUE PROPOSITION**

- KSA/MEA is a sizeable market for specialty surfactants with ~35-40% of the surfactants imported
- Strategic geographic location to serve emerging markets like Middle East, Africa, Europe and Asia.
- KSA is one of the largest chemical producers in the world and contributes ~10% to the global output
- Availability of certain key raw materials in the kingdom

**KEY DEMAND DRIVERS**

- Consumer preferences for mildness, natural based ingredients and active components has driven growth of the Personal care segment
- Surge in demand for cleaning products, due to increased consumer concern and the impact of COVID-19
- Also, increase in awareness of household cleaning products has led to an increase in high-quality products

**RAW MATERIALS**

- Raw materials depending on the type of surfactant manufactured

**MARKET OVERVIEW**

**GLOBAL TRENDS**

- Global surfactant consumption is 16,831 kTPA in 2018 with CAGR of 2.6%
- Anionics form 50% of consumption, followed by non-ionics with 39%
- Three trends in global surfactant market are:
  - Multi-functionality: Formulations that serve as stain-removers, emulsifiers, fabric softeners, etc., are increasingly being demanded from downstream players
  - Biodegradability: Oleo-chemical based alcohols are gradually replacing petrochemical-based alcohols as raw-materials due to their biodegradable nature
  - Mildness: Preference towards milder and low irritation products (e.g., Several players are looking at ways to substitute anionics with non-ionics)

\*Expected figures displayed might be slightly modified during development of actual Business Case



### SUPPLY

#### SCALABILITY AND LOCALIZATION

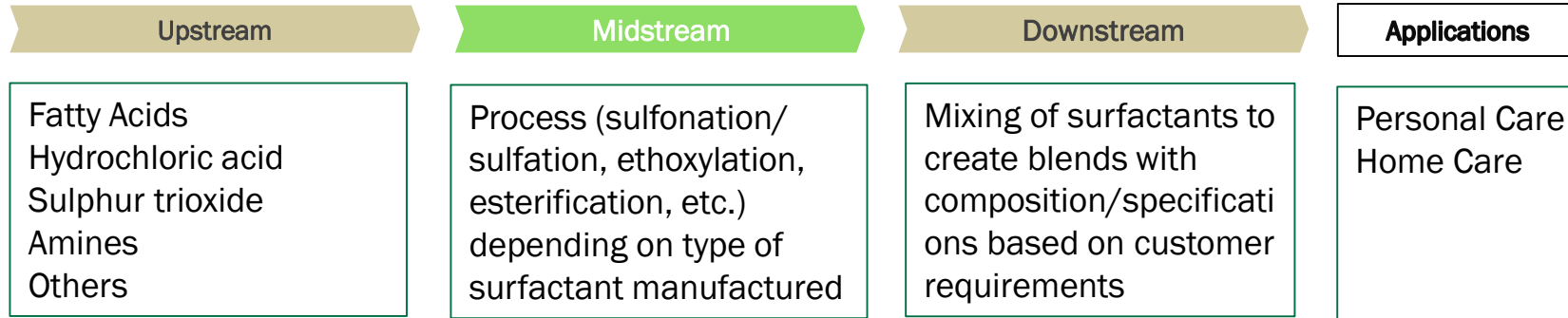
Grade: Low Medium High

- Manufacturing processes are typically standard. Primary processes required are sulfonation/sulfation, esterification, ethoxylation
- Surfactant manufacturers typically target a range of end-use applications
- Large players often concentrate on a few processes and then perform them on a large scale to realize better economies
- Easy access to petrochemical-derived raw materials and some fatty acids
- Key success factors are flexible manufacturing capabilities, broad portfolio of products, short lead times while maintaining price competitiveness

#### IMPORT DEPENDENCY

- 35 to 45% of surfactants demand is met through imports

#### VALUE CHAIN



#### KEY STAKEHOLDERS



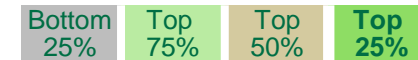
### ENABLING FACTORS

#### 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

#### 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



# 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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