

# TECHNICAL AMMONIUM NITRATE (TAN)

## INVESTMENT OPPORTUNITY SCORECARD

### MINING & METALS



## TECHNICAL AMMONIUM NITRATE (TAN)

**Opportunity Description:** Opportunity to develop a 200 ktpa Technical Ammonium Nitrate plant to supply the regional and global market

### INVESTMENT OVERVIEW

#### INVESTMENT HIGHLIGHTS

- Expected investment size of USD 500 Mn
- Plant capacity: 200 ktpa
- Technical Ammonium nitrate is a white crystalline solid consisting of ions of ammonium and nitrate used to manufacture explosives and Nitrous Oxide (Medical use)

#### VALUE PROPOSITION

- Mining and Metals industry set to become the “third pillar” of the Saudi industrial base due to KSA’s rich deposits of minerals. Increase in mining activities will lead to higher demand for explosives resulting in higher demand for TAN
- KSA produces nearly 5.3 mmtpa of Ammonia worth USD ~550 Mn of which maximum is converted to fertilizers; however, with nearly 50% of Ammonia being exported, it can easily be routed for production of TAN
- Ammonia manufacturers have an advantage due to competitive gas prices

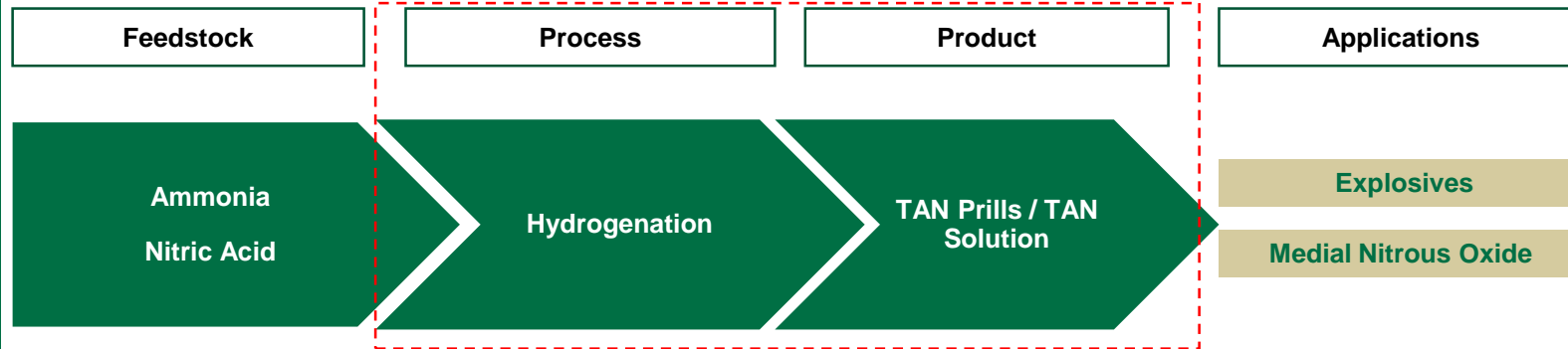
### MARKET OVERVIEW

#### GLOBAL TREND

- The global Technical Ammonium Nitrate (Explosive grade) market size is expected to reach 30 mmtpa by 2027 registering a CAGR of 3-4% based on rising demand from the metals and mining industry in various regions.
- Mining is the largest individual consumer representing 35% of global demand. Demand is expected to be driven by mining activities.

#### VALUE CHAIN ANALYSIS

**Opportunity Focus**



#### KEY DEMAND DRIVERS

- The KSA has a healthy reserve of untapped mining potential valued at SAR 4.88 trillion (USD \$ 1.3 trillion).
- The KSA imported nearly 60KT of Ammonium Nitrate in 2020. The country has manufacturers of civil and military explosives which are largely dependent on imports of TAN (mainly from Europe and Africa)
- Recent changes in the country’s mining laws have created conditions which allow greater access for foreign investment in the Kingdom’s mining sector – will require more explosives thereby driving demand for TAN

# DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	<b>Market size</b>	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	<b>Business drivers</b>	A select number of factors that will influence future demand for the related product/service
3	<b>Investment highlights</b>	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	<b>Value proposition</b>	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	<b>Market readiness</b>	An overview of KSA market structure, market maturity and level of participation by local and global players
6	<b>Competitor analysis</b>	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	<b>Global trends</b>	Latest business developments within the sector/product category
8	<b>Scalability and localization</b>	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	<b>Import dependency</b>	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	<b>Value chain analysis</b>	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	<b>Key stakeholders</b>	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	<b>Enablers</b>	Factors that enable investment in the underlying opportunity
13	<b>Cost of doing business in KSA</b>	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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**[Metals@misa.gov.sa](mailto:Metals@misa.gov.sa)**

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