

Thermoplastic Polyolefin (TPO)

INVESTMENT OPPORTUNITY SCORECARD

CHEMICALS

Aug 2021

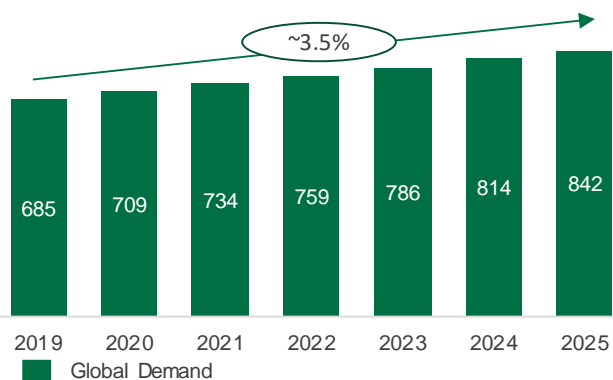


Thermoplastic Polyolefin (TPO)

OPPORTUNITY DESCRIPTION: Opportunity to Thermoplastic Polyolefin (TPO) manufacturing plant in KSA to cater regional and global demand

DEMAND

MARKET SIZE, KMT



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- the project is purely private sector investment with land lease from MODON
- The capital investment size is to be determined based on the plant capacity and available feedstock materials

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

KEY DEMAND DRIVERS

- There continues to be growing interest in olefinic thermoplastic elastomers because of their ease of processing, greater design freedom, light weighting ability (especially in automobiles), and their ability to be recycled.
- The automotive industry is the largest market for olefinic thermoplastic elastomers; in 2019, it accounted for close to two-thirds of the total global market.

MARKET OVERVIEW

GLOBAL TRENDS

- Olefinic thermoplastic elastomers include thermoplastic polyolefins (TPOs), thermoplastic vulcanizates (TPVs), and reactor-made thermoplastic polyolefins (r-TPOs)
- Consumption of olefinic thermoplastic elastomers in the Middle East and Africa is estimated in the range of 35,000–45,000 metric tons per year. The majority of the market is based in the Middle East; the largest market here is Turkey. Middle Eastern consumption of TPO/TPV is estimated in the range of 30,000–40,000 metric tons per year, while consumption in Africa is estimated to be in the range of 5,000–6,000 metric tons per year.
- Turkey is currently the only country in the Middle East and Africa that produces olefinic thermoplastic elastomers. There is no production in Saudi Arabia. In 2016, world consumption was 1.4 million metric tons and average annual growth of 3–4% is forecast through 2021.

CHEMICALS

Thermoplastic Polyolefin (TPO)

Public / متاح

SUPPLY

SCALABILITY AND LOCALIZATION

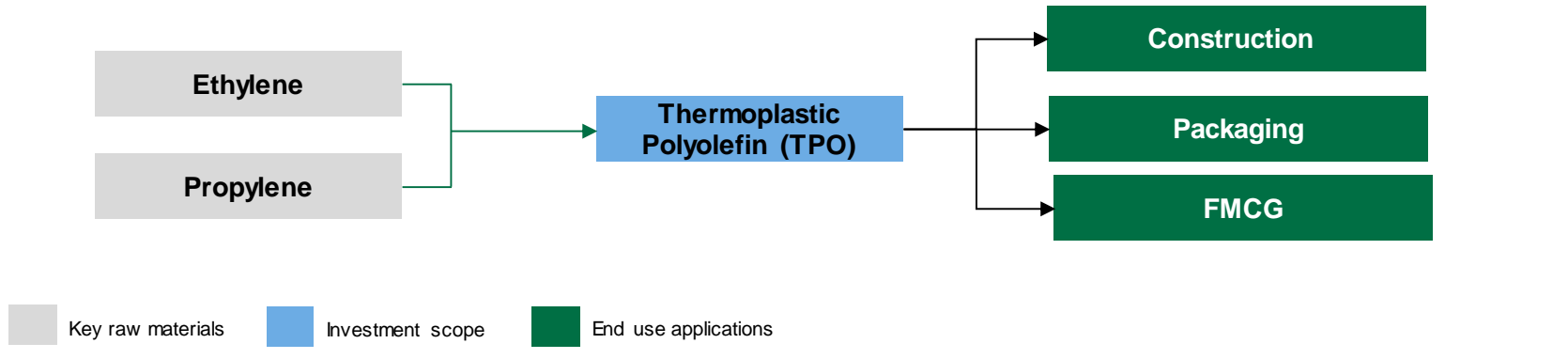
Grade: Low Medium High

- Easy local access to key raw materials in KSA- Ethylene and propylene are both produced in Rabigh and sadara.
- TPO can be produced in both Rabigh and Plaschem value park. Since, construction companies are located close to Al Jubail and the construction industry is expected to expand, it will be good to manufacture TPO in PlasChem value park.
- KSA's strategic advantage over regional peers in cost of establishing the business, especially in the manufacturing domain

IMPORT DEPENDENCY

- No local production of Thermoplastic Polyolefin in Saudi Arabia, 100% of the local demand in KSA is met by imports

VALUE CHAIN ANALYSIS



KEY STAKEHOLDERS



ENABLING FACTORS

ENABLERS

- 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
- HRDF covers 30-50% of Saudi employees monthly salaries (additional 10% for females) for 2 years, provided that it does not exceed USD 4,000

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
Customs Clearance Index (1 – 5)	2.7
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	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

DISCLAIMER

- This report must be used only to access information, and the information must not be construed, under any circumstances, explicitly or implicitly, as an offer to sell or a solicitation to buy or sell or trade in any opportunity herein mentioned.
- Ministry of Investment (MISA) has no undertaking to update these materials after the date, with the understanding that such information may become outdated or inaccurate.
- Mentioned information in this report is obtained from reliable sources but its accuracy and reliability are in no way guaranteed. No guarantee of any kind is tacit or explicit when projections of future conditions are attempted. MISA has used public/or confidential data and assumptions and has not independently verified the data and assumptions used in the analyses. Changes in underlying data or operating assumptions will clearly impact the analyses and conclusions.
- The financial evaluations, projected market and financial information, and conclusions contained in these materials are based upon standard methodologies, are not definitive projections, and are not guaranteed by MISA
- The content of this report must not be construed as an implied promise or guarantee for profit or limited loss express or implied by or from MISA or any of its officers, directors, employees and affiliates. All mentioned investments in this report are subject to risk, which should be considered prior to making any investment decisions
- MISA shall have no liability whatsoever to any third party, and hereby any third party waives any rights and claims it may have at any time against MISA with regard to this report, any services or other materials, including the accuracy or completeness thereof.

CONNECT WITH US FOR MORE DETAILS:

Petrochemicals@misa.gov.sa

investsaudi.sa



@investsaudi

