

# Fumaric Acid

## INVESTMENT OPPORTUNITY SCORECARD

### CHEMICALS

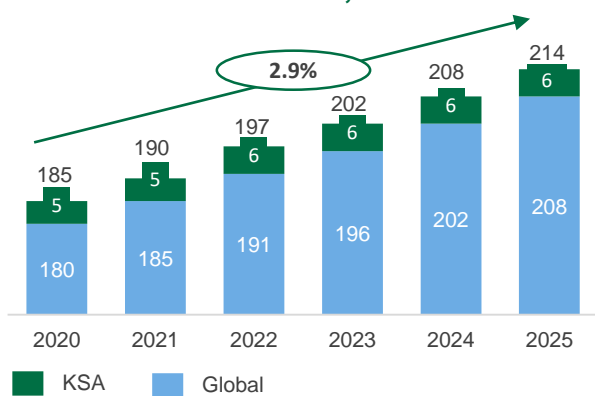
October 2020



**OPPORTUNITY DESCRIPTION:** Opportunity to setup a production facility for Fumaric Acid plant with 20 – 25 KMT capacity in Saudi Arabia to cater local and global demand

## DEMAND

### MARKET SIZE, KMT



### INVESTMENT HIGHLIGHTS

- Expected investment size of USD 27 Mn
- Plant capacity: 20 – 25 KMT
- Expected IRR: More than 12%

## INVESTMENT OVERVIEW

### VALUE PROPOSITION

- KSA has a strategic location and access to feedstock enabling it to serve emerging markets like India, Africa and South East Asia
- KSA can leverage favorable trade agreements (eg: GAFTA) and strong logistics infrastructure to enhance export capability
- KSA is one of the largest chemical producers in the world and contributes ~10% to the global output
- Opportunity for first mover advantage due to non-existent local production of Fumaric Acid and lack of competition from major global manufacturers

### KEY DEMAND DRIVERS

- The global demand for Fumaric Acid is expected to rise at a CAGR of 2.9% due to the increasing application of Fumaric Acid in the food and beverage and animal feed industry and for the production of polyester resins, aspartic acid, rosin paper and alkyd resins
- Rising popularity of processed food and demand for ready-to-drink beverages and flavoring agents are expected to drive Fumaric Acid market's growth
- Need to localize food production to ensure food sustainability and price resilience – two factors that are vital for national security

## MARKET OVERVIEW

### GLOBAL TRENDS

- The food and beverage sector dominates the demand for Fumaric Acid
- The Asia-Pacific region is the largest and fastest growing market for Fumaric Acid. Factors such as growing utilization in the food industry as well as rising infrastructural expansion are driving demand in the Asia-Pacific
- The global Fumaric Acid market is partially consolidated in nature with some large players and many small players. While some of the prominent players in the market include Fuso Chemical Company Limited, Polynt, Prinova Group LLC, Bartek Ingredients Inc., and The Chemical Company among others
- The research and technological development in Fumaric Acid waterproofing admixture for self-sealing watertight concretes is likely to provide opportunities for the Fumaric Acid market from 2020 onwards



# CHEMICALS Fumaric Acid

## SUPPLY

### SCALABILITY AND LOCALIZATION

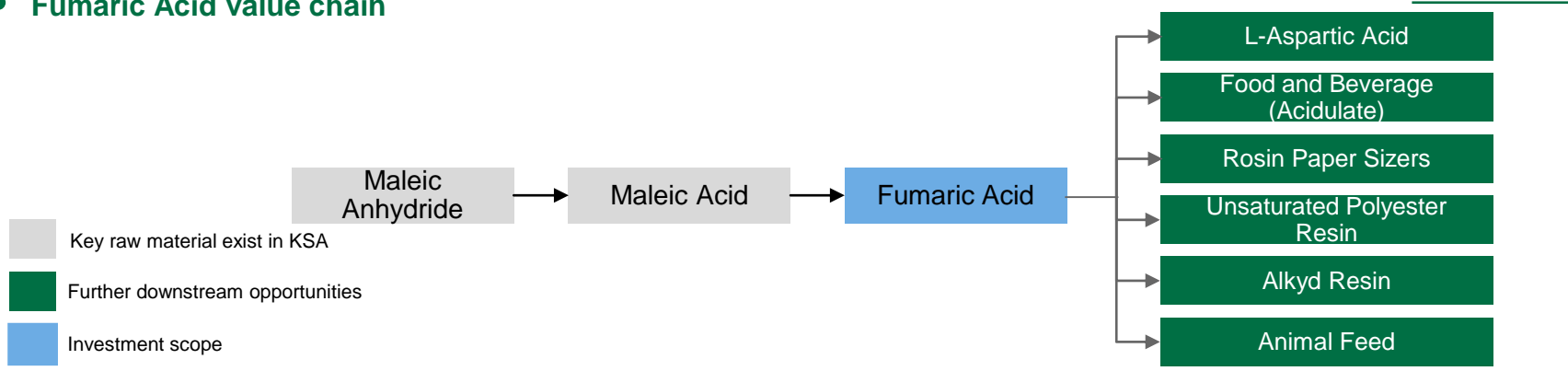
Grade: Low Medium High

- Opportunity for setting up a Maleic Anhydride (MAN) complex to build an upstream dedicated MAN unit serving Malic acid (MAL) and Fumaric Acid (FA) production with some volumes available for merchant sale
- Easy transportation/ handling of Fumaric Acid – Crystalline solid moved in 25 kg bags, jumbo bags and containers
- Strong logistics infrastructure and supportive regulatory ecosystem in KSA to support export of Fumaric Acid globally

### IMPORT DEPENDENCY

- Regional demand of 5.3 KMT (2018) largely met by imports

### Fumaric Acid value chain



### 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

### 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	<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>Demand 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

**CONNECT WITH US FOR MORE DETAILS:**

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