

TRIMETHYLOL PROPANE (TMP)

INVESTMENT OPPORTUNITY SCORECARD

CHEMICALS

OCTOBER 2020

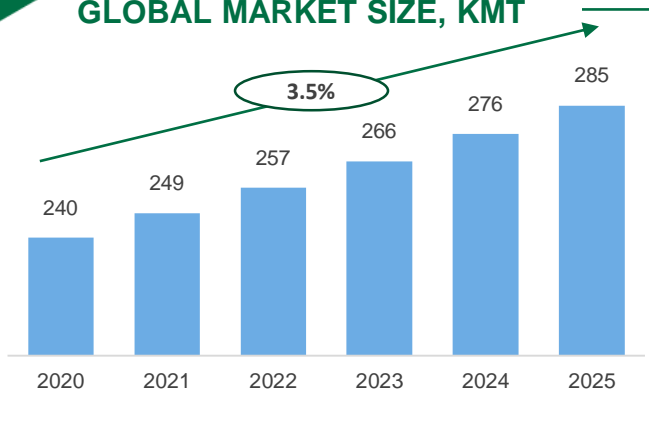


TRIMETHYLOL PROPANE (TMP)

OPPORTUNITY DESCRIPTION: Opportunity to setup a production facility for Trimethylol Propane (TMP) in Saudi Arabia to cater local and global demand.

DEMAND

GLOBAL MARKET SIZE, KMT



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 189 Mn
- Plant capacity: 30 – 50 KMT
- Expected IRR: More than 12%

INVESTMENT OVERVIEW

VALUE PROPOSITION

- KSA has strategic location and access to feedstock enabling it to serve emerging markets like India, Africa and South east Asia
- Leverage favorable trade agreements (such as 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 TMP and lack of competition from major global manufacturers

KEY DEMAND DRIVERS

- Demand for TMP expected to rise with increasing usage in printing, cosmetics and textile industries
- Growth in construction industry and infrastructure development due to increasing population and urbanization will lead to the growth of the paints and coating industry, boosting demand for TMP
- TMP demand in the region is also driven by large/ planned investments in automotive industry (for paints and lubricant segments)

MARKET OVERVIEW

GLOBAL TRENDS

- Global consumption of TMP reached 240 KMT in 2020 and is expected to grow at 3.5% p.a. until 2025
- Currently, Asia is the leading market for TMP (with 52% market share) owing to rapid development of automotive industry in China and India; increasing use of high-grade alkyd and automotive paints
- Other leading geographies for TMP demand are – Europe (with 29% market share), North America (with 15% market share) and rest of the world (with 4% market share)
- In terms of market share by end-use, TMP is mostly used as coating resins (61% market share), multifunctional acrylates/ methacrylates (15% market share), neopolyol esters for lubricants (13% market share) and other segments (11%)

CHEMICALS

TRIMETHYLOL PROPANE (TMP)

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Easy access to cost competitive supply of feedstock – natural gas (for syngas/hydrogen) and propylene
- Region expected to experience healthy growth rate in automobile industry with the introduction of global players in short-medium term which will fuel demand for TMP in the region

IMPORT DEPENDENCY

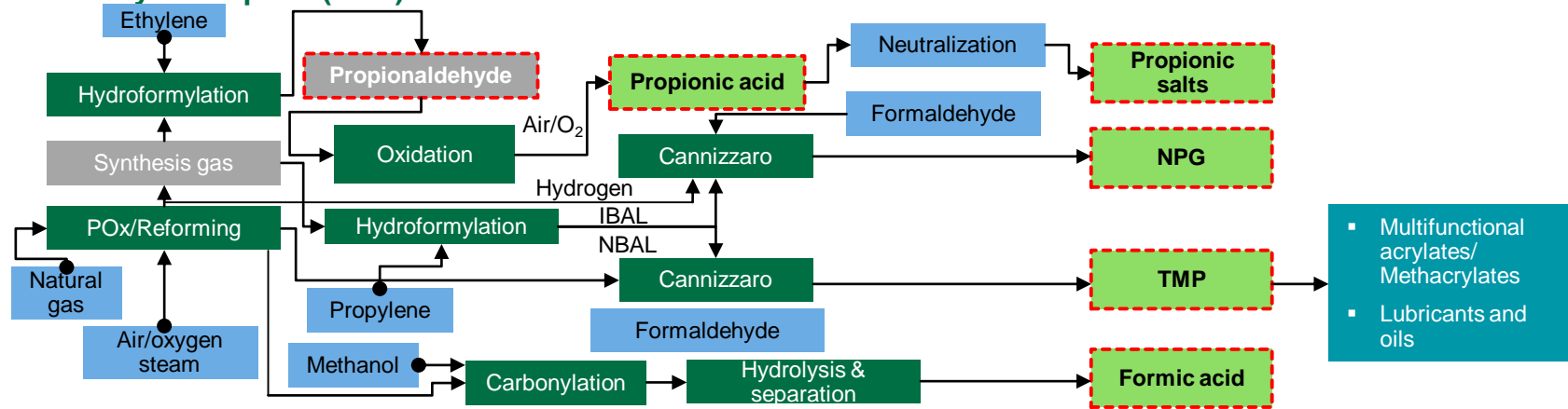
- No local production of TMP in the entire Middle East region, 100% of the local demand in KSA is met by imports

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

Trimethylol Propana (TMP) value chain



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

KEY STAKEHOLDERS

Key stakeholders



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

CONNECT WITH US FOR MORE DETAILS:

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