

# Polyamide 9T

## INVESTMENT OPPORTUNITY SCORECARD

### CHEMICALS

November 2020



# CHEMICALS

## Polyamide 9T

Public / متاح

High Potential

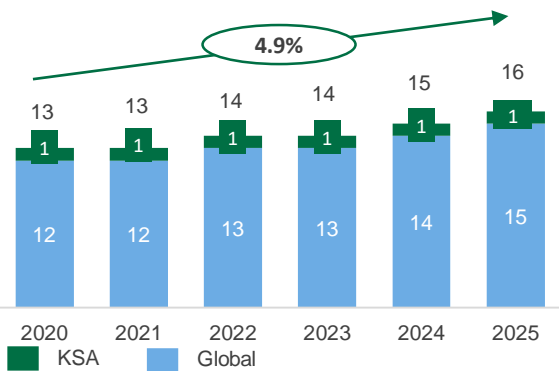
Moderate Potential

Low Potential

**OPPORTUNITY DESCRIPTION:** Opportunity to setup Polyamide 9T manufacturing plant of 35– 40 KMT capacity in KSA to serve regional and global markets

### DEMAND

MARKET SIZE, KMT



### INVESTMENT HIGHLIGHTS

- Expected investment size of USD 136 Mn
- Plant capacity: 35 – 40 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 Polyamid 9T and lack of competition from major global manufacturers

### KEY DEMAND DRIVERS

- Polyamide has varied applications across different end use industries including automotive, industrial, consumer goods and electronics
- Usage of polyamide is increasing for the production of pipes, insulation materials, industrial brushes and other automotive industry parts
- Growing consumption of high-performance polyamide for manufacturing different consumer goods such as textiles, carpets, kitchen utensils and sportswear, attributed to its high durability and strength

### MARKET OVERVIEW

#### GLOBAL TRENDS

- Northeast Asia is the only net exporter of Polyamide 9T in the world; North America, West Europe and Middle East are the net importers
- Kuraray Group is currently the sole producer of Polyamide 9T at its two factories in Japan with a combined capacity of 13 KMT annually
- Increasing utilization of high-performance polyamide in automotive components to produce robust components, particularly in Central & South America and the Asia Pacific, is expected to fuel the segment growth over the next few years
- Chinese automotive manufacturing industry, being the largest in the world, is the largest consumer of Polyamides
- Polyamide is used in the production of glass-reinforced plastics-based structural parts, air intake manifolds, engine covers, rocker valve covers, airbag containers, and various other interior and exterior automotive parts

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: 

Low

Medium

High

- Easy access to primary raw materials in KSA – Butadiene and Methanol
- Butadiene is produced by Petrokemya in Al Jubail
- Methanol is produced by Ar Razi Saudi Methanol Company in Al Jubail
- Other raw material required for producing Polyamine 9T such as Pure Terephthalic Acid (PTA) and Syngas are available in Yanbu

IMPORT DEPENDENCY

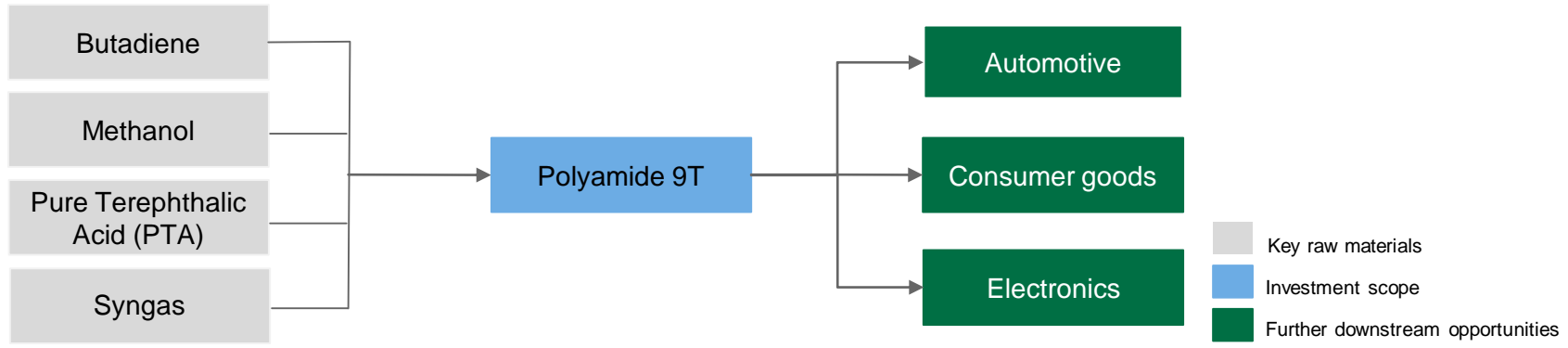
- No local production of Polyamide 9T exists in Saudi Arabia; currently 100% of the local demand met by imports

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

Polyamide 9T value chain



Key stakeholders



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

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