



July 2018

بنك الكويت الصناعي ش.م.ب.
The Industrial Bank of Kuwait K.S.C.

Industrial Bank of Kuwait (K.S.C.)

BOPP – Investment Teaser

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The BOPP Project Summary

Project: The scope of the project is to establish a Bopp plant with a total capacity of 60,000 KT/year.

Product: BOPP Film is a clear or matte Bi axially Oriented Polypropylene. It is widely used in the packaging, pressure sensitive tape, label, stationary and decorative coating markets.

Raw Materials: The main raw material required for the project is Poly Propylene (PP), which is widely available locally and regionally.

Technology Supplier: Bruckner is considered as the market leader and would be the contender to provide turnkey solutions for the projects.

Project Cost: The project costs are on a full turnkey basis and estimated to be US\$ 110 million including land cost of US\$7.2 million.

Bank Facilities: The Company will seek a soft loan around 50% of the project cost.

PIC MOU: The Company signed an MOU with Petrochemical Industries Co. in July 2018 to secure a 30 – 60,000 Tons of PP resins. In addition, the company will work out a preferred pricing formula benchmarked to International price of PP to encourage value adding downstream petrochemical Industry.

BOPP Regional/Global Market

BOPP film has enjoyed continuous, virtually unanticipated growth since its commercial introduction in the 1960s as an alternative to cellulose film. The demand for Bopp is expected to grow at around 6% per year.

The drivers of Bopp demand are:

1. Growing urbanization.
2. Organized retailing and sale of food through supermarkets.
3. Brand proliferation and niche products demanding high quality printed packaging.
4. Movement of converting operations to developing regions to take advantage of lower costs.

Project Targeted Markets/ Sales Plan

The business plan has been built on developing sales internationally specially Middle East, Asia, and Europe. Moreover, East Africa may present an upside opportunity to the business plan.

Project Status

- The Project Company has been established as a closed shareholding company with a Paid capital of K.D 250,000.
- 20,000-m2 industrial land is allocated to the Project Company.
- The project feasibility study was prepared based on AMI Plastics data, in 2011 and updated in 2016 alongside Bruckner's data.
- The Project Company completed machinery detailed layout & Specification with Bruckner in December 2016.
- The Project Company completed the final drawings of the factory with Option One International (Engineering Bureau) in June 2017.

Project Significances

The project has number of competitive advantage which includes availability of the raw materials, labour costs, low energy costs, and proximity to a number of growing markets in the region.

The following are some significance related to the Bopp Project:

- 1- Project Location:** The Bopp project will be executed in the industrial area of Shuaiba (20,000 m²) and therefore, the project will have direct access to both energy and exports facilities.
- 2- Proximity to the Raw Material Source:** The Bopp project will be located near the PIC polypropylene production facility. As a Kuwaiti producer, the project might also be eligible for special raw material price from PIC.
- 3- Proximity to the Target Market:** The location of the project near Shuaiba Port allows easy access to exports.

- 4- Local Converters:** The project shall draw the attention of various local/regional market segments including food packaging, printing business, and laminators.

Strategic Investors

With the above mentioned project summary and significances, it is clear how the Bopp project proposed in the state of Kuwait would contribute to the project overall success. Therefore, the Industrial Bank of Kuwait is in the process of identifying well established players in the Industrial and Manufacturing space to be strategic partners in the project.

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