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Investment and Collaboration Opportunities between India and EU

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2020 lead to dramatic GDP drops, especially in India – 2021 and 2022 pave the way for economic recovery

Scenario evaluation (GDP focus) - our synthesis of market views

		Actual	Base (no COVID-19)			Effective vaccine			Mutations and measures		
		2020	2021	2022	2023	2021	2022	2023	2021	2022	2023
	GDP Growth (%)	2.3	5.5	5.4	6.2	7.4	8.3	4.9	5.5	6.0	1.9
China											
	GDP Growth (%)	-6.8	1.3	1.3	1.2	3.9	5.0	2.1	2.5	3.6	1.1
EU ¹⁾											
	GDP Growth (%)	-5.0	1.6	1.6	1.5	4.0	4.2	3.1	2.0	2.8	1.9
Germany											
	GDP Growth (%)	-10.2	7.3	7.3	6.9	7.2	8.3	4.1	6.5	7.1	2.4
India											
	GDP Growth (%)	-1.8	1.7	1.8	2.0	3.2	3.5	1.0	2.1	2.4	0.8
KSA											
	GDP Growth (%)	-9.8	1.8	1.5	1.9	4.3	5.0	2.3	3.6	4.1	2.0
UK											
	GDP Growth (%)	-6.3	1.9	1.8	1.6	4.5	4.7	2.1	3.0	3.9	1.5
USA											

Sources (excerpt)

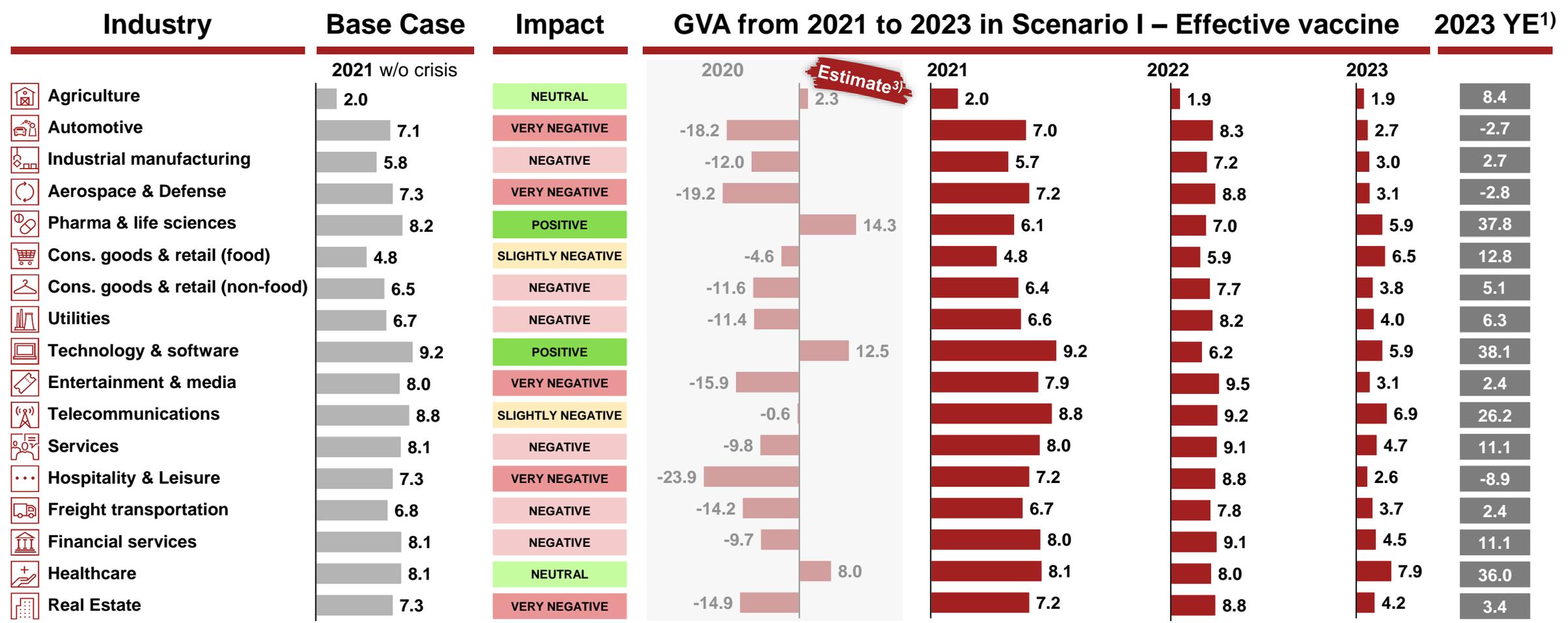


Further Parameters: Unemployment rate, Consumer Price Index, USD Exchange Rate, Long-Term Bond Yields, National Stock Index, Oil Price, Gold Price

1) AT, DE, FR, IT, NL, PG, GR, SP
 Source: Economist Intelligence Unit (Base scenario); Strategy& analysis

Pre-COVID output levels of over 4/5 of industries likely to be restored in India by 2023

Impact on industries (Gross Value Added %)



[red bar] [%] Growth of Gross Value Added

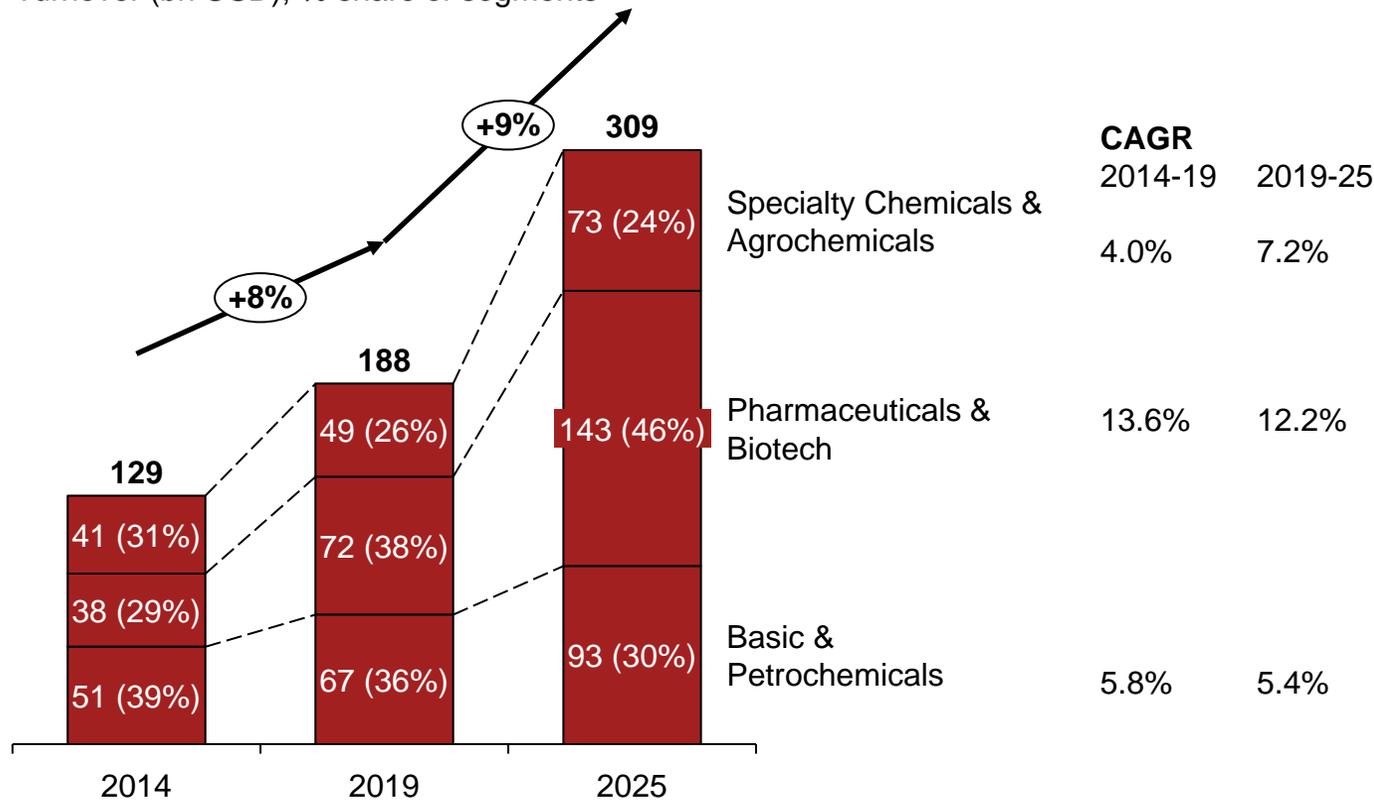
1) Comparison of YE 2019 to YE 2023 GVA (in %); 2) Based on 2020 GDP growth rate
Source: Strategy& analysis, IHS Markit

Growth is expected to remain strong going forward across the entire chemicals value chain

Indian Chemical Industry Outlook

Indian Chemical Industry 2014-2025

Turnover (bn USD), % share of segments



- Indian chemical industry, as well as key segments relevant for chemicals, delivered **steady growth** and are expected to continue growing (post-COVID) long-term

Investment and growth opportunities

- Today's trade deficit in chemicals calls for investments into **self-sufficiency** in petrochemical intermediates
- Accelerate building at scale production plants, e.g. forming strategic partnerships with local refineries to **secure feedstock**
- Ramping up **exports of specialty chemicals** to increase India's global share of value
- Partner with major chemical MNCs or technology licensors for **access to technology**
- Enhance capabilities to offer tailored product **applications and solutions**, such as compounding (partnering, M&A)

Global chemical industry trends translate into opportunities for India

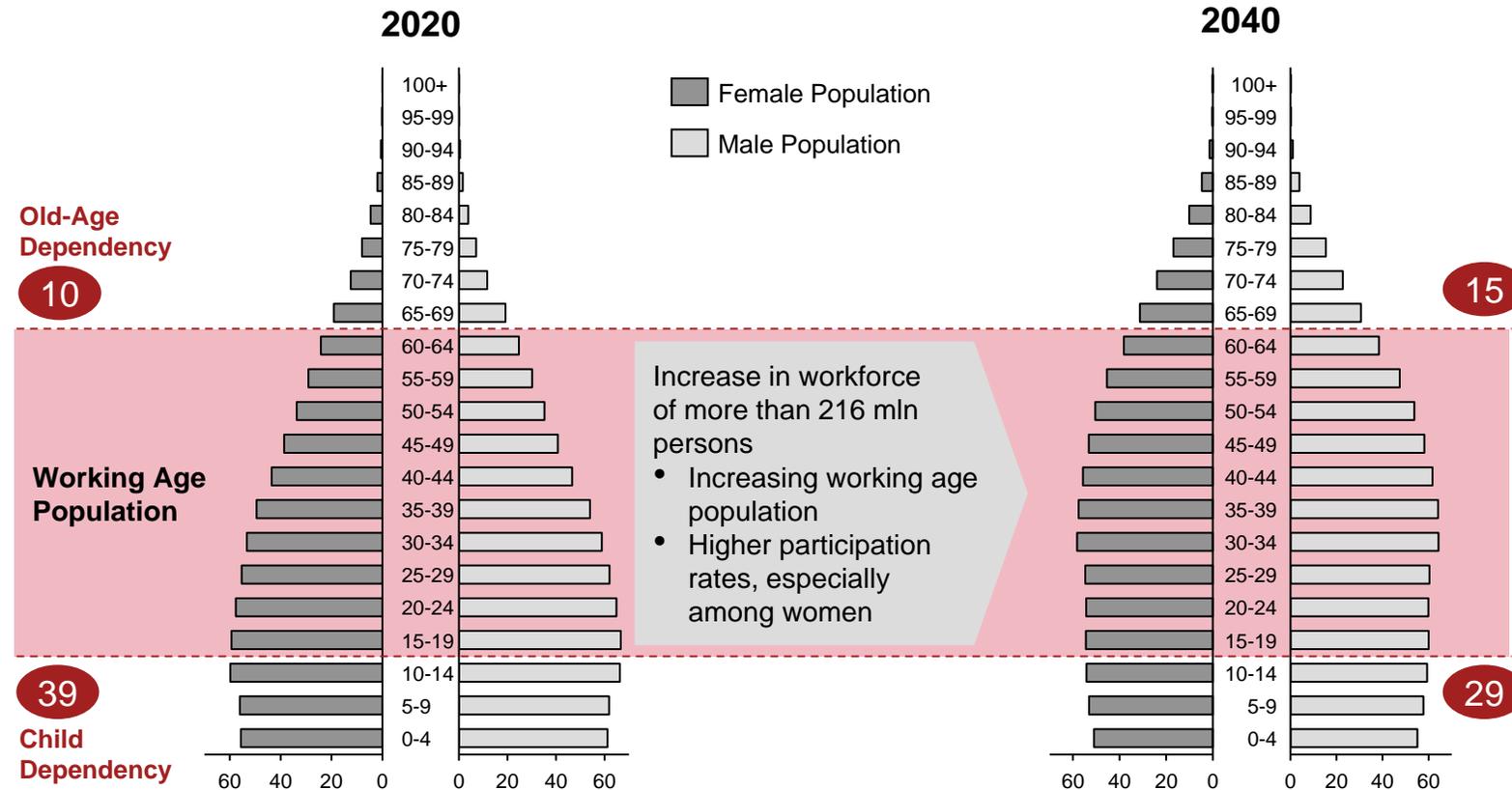
Global Chemicals Trends

Opportunities for India

 Accelerating commoditization Consolidation for greater scale, portfolio prioritization downstream	O&G players exploring petrochemicals and downstream opportunities; ease feedstock challenges, achieve scale to fortify competitiveness
 Deglobalization Trade conflicts cause uncertainty and shift in global supply chains	Supplement chemicals supply for downstream players reducing dependence from China, offering an accessible market
 Sustainability ESG impact becomes management imperative, stricter regulations	Sourcing from China under scrutiny following disruptions due to stricter EHS norms; opening chances for Indian players in certain segments short-term
 Digitization Technology as lever for efficiency and productivity	Expand profit margins through enhancing digital and analytics capabilities, access to young and skilled workforce
 Shift of economic power Emerging players drive consolidation and strive for self-sufficiency	Benefit from rising domestic demand in chemical end-use sectors and improved ease of doing business

India can use its demographic dynamics as a basis for further growth

India Age Structure, Population in Mio per age group¹

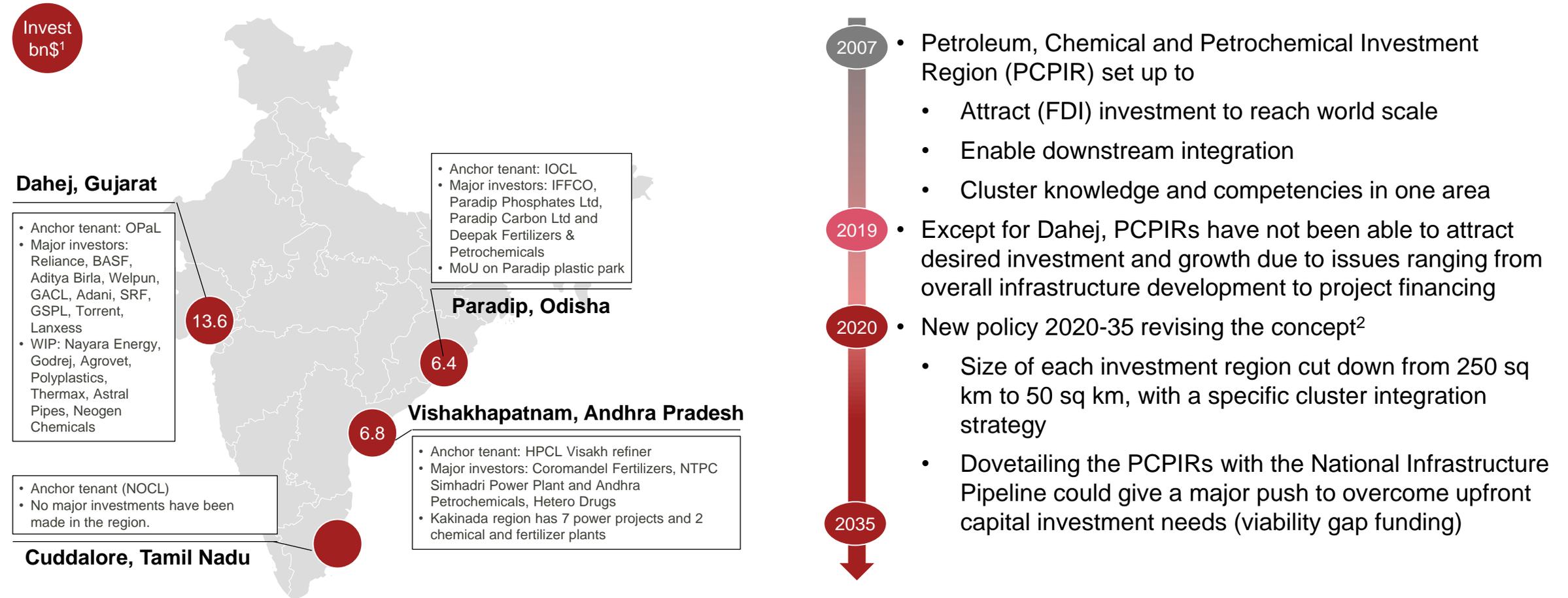


Realizing the Demographic Dividend

- India's population is amongst the youngest in the ageing world, yet with great heterogeneity across the states (e.g. relation working-age/ non-working age population)
- Harnessing the demographic dividend depends upon employability of working-age population, i.e. health, education, vocational training and skills, as well as appropriate land and labor policies, as well as good governance
- India spends 4.6 per cent² of its total GDP on education, and ranks 62nd in total public expenditure on education per student
- Expanding quality of education to increase number of highly qualified employees and greater female participation in workforce on governmental agenda
- Increasing wealth and domestic consumption, i.e. move up the income ladder from bottom of pyramid to emerging middle class expected for large parts of population and shift consumption beyond food towards consumer goods

Key to foster growth are the PCPIR clusters which are being refocused for attracting investments

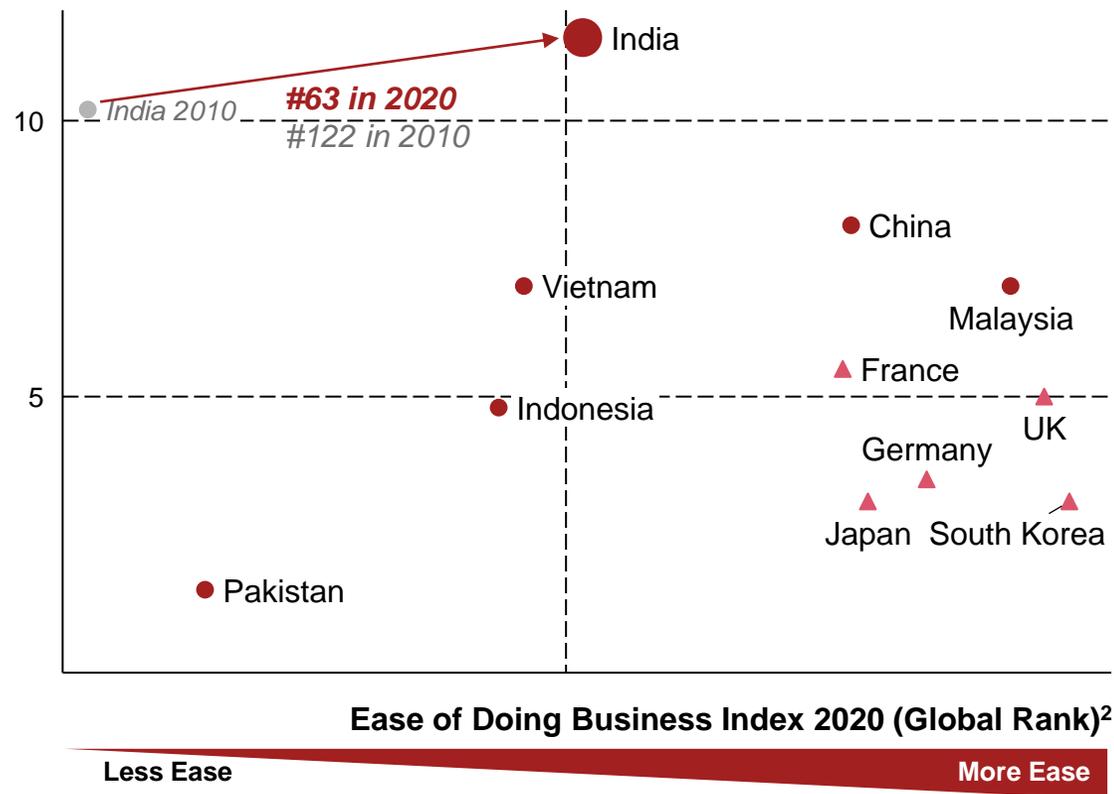
PCPIR manufacturing hubs



India remains an attractive investment hub for chemical companies

Success drivers for India

GDP Growth Projection 2021 (%)¹



Ease of doing business

- Increasingly liberal regulatory frameworks in line with international practices, relaxation of FDI norms
- Recent changes to corporate tax rates that have shaped a more supportive ecosystem

Rising domestic demand

- End-use sectors (agro, consumer, retail, auto, health, infrastructure,...) spur ~50% of incremental growth
- Expected to drive chemical demand, creating lucrative value pools across chemical subsegments

Competitive cost and capabilities

- Attractiveness as a manufacturing destination due to competitive labor costs and plant building cost
- Specialty players with distinctive capabilities and established supply relationships with global networks

Accessibility and Infrastructure

- Overcome lack of well-developed infrastructure with global standard, incl availability of reliable utilities
- Enhance partnering with international companies for access to advanced process technologies

Thank you

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