



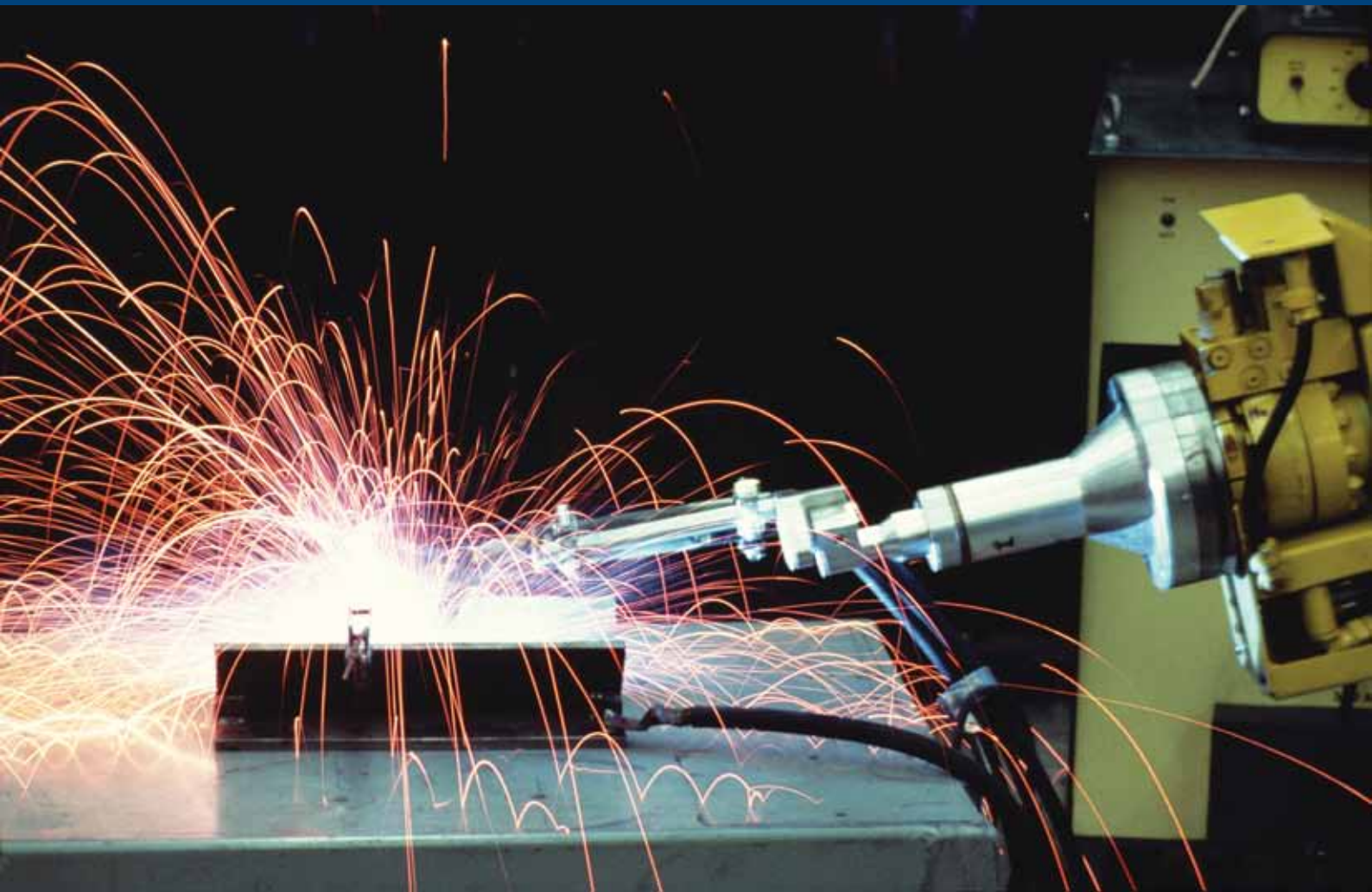
هيئة تشجيع الاستثمار الفلسطينية
Palestinian Investment Promotion Agency



مؤتمر فلسطين للاستثمار
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INSPIRING BUSINESS



Manufacturing Sector

Soap Factory Expansion

Project Number:	PIC-2010-IO-017
Project Name:	Soap Factory Expansion
Sponsor Company:	Nablus Soap & Detergent Co.
Contact Details:	Mr. Mujtaba Tbeleh Beit Foreik Nablus Governorate, Palestine Tel: +970-9-2501006 Email: info@nablussoap.ps
Total Cost of the Project:	US \$ 1,575,000
Investment by Current Owners:	US \$ 315,000
Required Investment:	US \$ 315,000
Debt:	US\$ 945,000

Project Description:

Nablus olive oil soaps have been renowned in the region for centuries. This initiative by Nablus Soap & Detergent Co. seeks to capitalize on this traditional, historic craft by developing a sophisticated soap manufacturing line to increase production capacity as well as quality. In addition the company plans to introduce new products such as custom-made soap bars for hotels and hospitals.

1. Nablus Soap and detergent products are world-renowned for their usage of virgin olive oil as the main ingredient in the production process. The factory currently produces:
2. All-natural soap from olive oil laced with organic materials and herbs used for skin care and treatment;
3. Al-Nabulsi soap, “the original”, traditional soap-bar that has been produced according to the same method and ingredients for centuries.

The addition of high-capacity production lines as well as diversifying its product portfolio will help the company capitalize on the growing demand for its natural soap and skin care products for both the local and export markets.

Current Owners' Profile:

Over 400 years ago, the “Tubeileh” family began working in the soap industry, originally specializing in cutting the vast tubs of soap into small individual blocks. The ‘cutting man’ eventually came to be referred to as the “Tubeli” throughout the olive oil soap industry. Today, the descendants of the original Tubeileh family still own the only factory in the world

to still use virgin olive oil in Nabulsi soap manufacturing. The company applies various techniques to the soaps:

- Developing the shape of the soap block to match consumer preferences.
- Adding new herbal components to give skin softening and other natural & medical components to cure some skin diseases and sensitive skin.
- Packing the Nabulsi Soap in a new packaging style and design.

Some of the ingredients the company uses in the production of natural soaps are honey, ginger, lemon, pomegranate, lavender, black cumin, saffron, tea tree oil, fig, thyme, grape, dates, milk, mint, avocado, cinnamon, sage, and Dead Sea mud.

The company's export markets currently include Malaysia, Indonesia, Canada and Japan. Nablus Soap & Detergent Co. looks forward to expanding its operations to achieve higher export sales, and penetrate new markets which would include: the Gulf region, the United States and Europe.

Industry Highlights:

The cosmetics sector is represented by an industrial association that needs to be strengthened and institutionalized. The estimated number of regulated companies working in the industry is 60, five in producing cosmetics, five in the production of paints and inks and the remaining are working in the detergents production. The actual number of unregulated producers is much more than that. Some factories produce both detergents and cosmetics.

Sector diversification:

This sector is comprised of three major categories; paints and ink, detergents and cosmetics. Traditional olive oil-based cosmetic products are sometimes categorized as traditional industries. A growing tendency in developing these products is being noticed. There is an overlap in industries which produce detergents and cosmetics with companies which produce medicines, veterinary products, detergents and cosmetics.

Quality as an advantage:

The chemical industry deserves more attention because of its direct correlation with human health. Therefore increasing awareness among both manufacturers and consumers is vitally important for the development of the industry. Quality is a demand at the manufacturers' side according to 33% of the questioned factories. Quality will help increase the fair competitiveness of the locally regulated licensed industries.

Marketing position:

There is a potential for exporting certain cosmetic products. Markets like Jordan, Algeria, Gulf States and Yemen need to be pursued for export along with the necessary prerequisites in terms of standards, quality, certificates and promotion. Packaging and labeling is an issue of concern to the industry in building the image and brand. Companies need to learn how to more effectively position themselves. In addition, promotional materials should be heavily invested in within the sector at large.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> • The use of natural ingredients in the production process • Low production costs when compared with similar competitors • Nabulsi olive oil soap's brand equity dates back centuries • Availability of raw materials 	<ul style="list-style-type: none"> • Low production capacity due to the time consuming traditional production process • Weak distribution channels • Limited experience with marketing, branding, and promotional strategies

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> • Increasing production capacity to meet local and export markets demand 	<ul style="list-style-type: none"> • Tight Israeli restrictions on Nablus, limiting movement of people and goods

Financial Projections in US\$ for the whole project (old and new investments)

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	764,505	1,068,750	1,650,000	1,831,250	2,014,375
Gross Profit	288,178	406,132	720,486	814,572	896,029
Net Income	228,278	139,511	462,016	593,723	681,683
Cash Flow Accounts					
Operating Cash Flow	52,128	338,682	651,663	773,308	850,6390
Investing Cash Flow	(1,650,000)				
Financing Cash Flow		1,358,393.00	(216,607)	(216,607)	(216,607)
Balance Sheet Accounts					
Total Assets	600,0280	2,145,693	2,429,339	2,834,629	3,317,251
Total Liabilities		776,154	597,783	409,351	210,290
Total Equity	600,028	1,369,539	1,831,556	2,425,279	3,106,961
Profitability Indicators					
Return on Assets	38.04%	6.50%	19.02%	20.95%	20.55%
Return on Equity	38.04%	10.19%	25.23%	24.48%	21.94%

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