DRIED FRUITS

INVESTMENT OPPORTUNITY SCORECARD

FOOD PROCESSING

استثمر في السعودية
INVEST SAUDI

FOOD PROCESSING
DRIED FRUITS

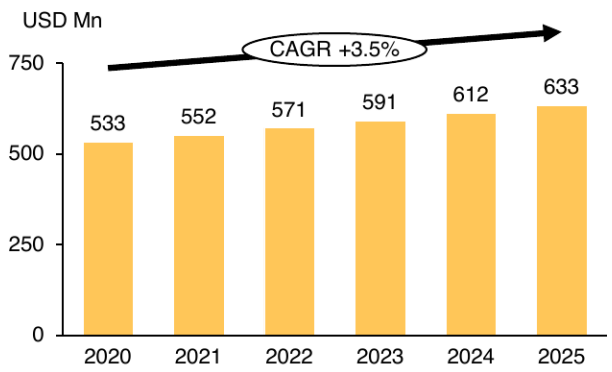
Public / متاح

High Potential | Moderate Potential | Low Potential

OPPORTUNITY'S DESCRIPTION: Opportunity to establish a facility to produce dried fruits in KSA to cater local demand

DEMAND

KSA MARKET SIZE, USD MN



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Current investment opportunity to setup facility to produce dried fruits is ~USD 26 Mn
- Expected IRR: 9%
- Expected payback period: 9.3 years
- Investment model: 100% private investment

VALUE PROPOSITION

- High dependency upon imports raises prospect of significant import-substitution opportunities within KSA food industry
- KSA's strategic location and favorable trade agreements (eg: GAFTA) offers potential for local manufacturers to serve emerging markets like Africa and South Asia as well as matured markets like Europe
- Sustainable Agricultural Rural Development Program launched in 2019, aims at boosting production, processing and availability of locally produced food items
- Opportunity to leverage recent FDI measures to motivate private sector participation in KSA food industry

KEY DEMAND DRIVERS

- Dried fruits are being increasingly preferred as a snacking option for their health benefits as they contain high amount of potassium, vitamin A and vitamin C. They also contain fiber and antioxidants known as phenols, that helps to reduce risk of cancer, heart diseases, and diabetes
- Additionally, dried fruits are widely used in dairy and bakery industries due to their flavor enhancing-ability and nutritional value
- Factors such as increasing disposable income and growing population are expected to continue supporting market growth for dried fruits in the Kingdom

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Top 3 players capture nearly 50% of the market share, rest demand is served by fragmented low-scale local/regional players
- ~60% of the market is served through modern trade channels

COMPETITOR ANALYSIS

AMERICANA | Del Monte Quality | Montana

GLOBAL TRENDS

- Global market for dried fruits reached USD 9.0 Bn in 2021 and is expected to grow at 7.1% p.a. until 2026 to reach USD 12.7 Bn
- Rising consumer awareness about health benefits has resulted in positive effect on the demand for dried fruits. Dried fruits are a widely used substitute for fresh fruits with short lifespan
- Additionally, due to their flavor enhancing-ability, dried fruits are widely used in dairy and bakery industries. On the other hand, the application of dried fruits in snacks and breakfast cereals is broadly focused due to their nutritional value

FOOD PROCESSING
DRIED FRUITS

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low | Medium | **High**

- Easy access to labor, approval of foreign suppliers, and an expedited process for licenses and permits will allow for quicker localization of the industry
- Saudi Arabia has an established F&B industry that benefits from state-of-the-art technologies and highly advanced packaging, cold chain facilities and distribution networks to enable efficient distribution of manufactured products across the country
- Continued efforts in innovation and initiatives to support use of advanced manufacturing technology to help in enhancing production efficiency

IMPORT DEPENDENCY

Country	% imports	Country	% imports
India	21.6%	Spain	5.6%
Turkey	21.0%	USA	5.6%
Thailand	19.2%	Chile	4.7%
Indonesia	5.8%	Others	16.5%

Source: UN COMTRADE, 2019

VALUE CHAIN ANALYSIS

Growing

- Use of modern methods of fruit farming such as greenhouse farming, vertical farming, hydroponics and aquaponics to ensure optimal utilization of natural resources

Importing/ sourcing wholesaling

- Adopt efficient strategy to procure seasonal fruits (locally grown vs. regional trade) to ensure cost competitiveness
- Cultivation area and farming of fruits in KSA is comparatively low except dates

Drying/ distribution

- Sorting, drying unit to develop cut/value-added products and distribute via cold chain
- Use of advanced technology for efficient distribution

Retail

- Invest in innovative customer outreach methods to enable early market penetration
- Focus on modern trade route and maximum utilization of technology

Current investment opportunity

KEY STAKEHOLDERS

وزارة البيئة والمياه والزراعة
Ministry of Environment Water & Agriculture
Kingdom of Saudi Arabia

وزارة الصناعة والثروة المعدنية
Ministry of Industry and Mineral Resources

مدن
MODON

الهيئة العامة للغذاء والدواء
Saudi Food & Drug Authority

وزارة الاستثمار
Ministry of Investment

الصندوق الصناعي
صندوق التنمية الصناعية السعودي
Saudi Industrial Development Fund

ENABLING FACTORS

ENABLERS

- Government supporting low financing cost ~75% of capex
- Low corporate income tax (20%) on profits only
- Protection against imports of low-priced finished goods from neighboring countries
- 100% foreign direct ownership allowed

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	Business 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	Global trends	Latest business developments within the sector/product category
7	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
8	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	Enablers	Factors that enable investment in the underlying opportunity
12	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of $1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

Disclaimer

1. This material must be used only to access information, and the information must not to be construed, under any circumstances, explicitly or implicitly, as an offer to sell or a solicitation to buy or sell or trade in any opportunity herein mentioned.

2. Ministry of Investment (MISA) has no undertaking to update these materials after the date, with the understanding that such information may become outdated or inaccurate.

3. Mentioned information in this material is obtained from reliable sources but its accuracy and reliability are in no way guaranteed. No guarantee of any kind is tacit or explicit when projections of future conditions are attempted. MISA has used public/or confidential data and assumptions and has not independently verified the data and assumptions used in the analyses. Changes in underlying data or operating assumptions will clearly impact the analyses and conclusions.

4. The financial evaluations, projected market and financial information, and conclusions contained in these materials are based upon standard methodologies, are not definitive projections, and are not guaranteed by MISA

5. The content of this material must not be construed as an implied promise or guarantee for profit or limited loss express or implied by or from MISA or any of its officers, directors, employees and affiliates. All mentioned investments in this material are subject to risk, which should be considered prior to making any investment decisions

6. MISA shall have no liability whatsoever to any third party, and hereby any third party waives any rights and claims it may have at any time against MISA with regard to this material, any services or other materials, including the accuracy or completeness thereof.

CONNECT WITH US FOR MORE DETAILS

Industrial@misa.gov.sa

استثمر في السعودية
INVEST SAUDI