Agri-food investment opportunities

INVESTMENT OPPORTUNITY

Olive oil production

استثمر في السعودية
INVEST SAUDI

Investment Opportunity: Olive oil production (1/2)

Opportunity Overview

Description
- Establishing a fully integrated facility to produce high quality extra-virgin olive oil

Rationale
- Increasing demand for olive oil & awareness of its health benefits
- Increasing applications of olive oil

Types
- Two main types of processed olive products, with opportunity focusing on primary processing



Primary: taken from 100% natural olive juice using mechanical processes (incl. virgin and extra virgin olive oil)



Secondary: refined olive oil using chemical processes or is a mixture of refined and mechanically processed olive oil

Market attractiveness

Global market

+4% CAGR '22-'27 of olive oil market



- Increased applications of olive oil
- Increased acceptance of olive oil for cooking

Governments and players' involvement



Active governments in the space



New deals and initiatives in the space

Investment trends

+240 Total deals in olive oil ('16-'22)

+2.0B USD investment olive oil ('16-'22)

Fit with KSA

Market size and growth

Olive oil market CAGR ('22-'27)	+8%	Olive oil market size in 2027	+825M SAR
Olive oil consumption CAGR ('17-'20)	+9%	Annual consumption per capita ('22-'26)	+7%

Alignment with country and strategy's objectives and ESG perspective

64% Current SSR

- Olive mill waste products could be exploited as by-products[1]

Inputs & raw materials | Prim. processing | Second. processing | Retail (Packaging, Distrib.)

- Potentially unlocking opportunities across the entire value chain

KSA strengths
- Development of food processing clusters, & industrial zones
- Provision of loans by the SIDF to support the food industry
- Favorable conditions for agricultural activities
- Initiatives to support agricultural activities in KSA

Key success factors for the opportunity[2]

Localized raw material supply	Currently available raw material from locally farmed olives
Strong know-how and brand	Current local olive oil products in KSA are considered to be one of the best in the market
Effective marketing & advertisement	Olive oil industry is highly reliant on marketing & advertisement efforts, which has been proven to be effective with consumers in KSA

1. To be used as fuels, fertilizers, or other intermediate products for the food, nutraceutical, cosmetic, and pharmaceutical industries, 2. 3/6 main key success

te; SIDF: Saudi Industrial Development Fund

Investment Opportunity: Olive oil production (2/2)

Stakeholders' interaction and incentives

Key stakeholders

Saudi Food & Drug Authority · وزارة الصناعة والثروة المعدنية · National Industrial Development and Logistics Program · National Center for Environmental Compliance · Industrial Center · صندوق التنمية الزراعية Agricultural Development Fund · SIDF

Financial and socio-economic impact

Financial projections

Socio-economic impact

- Benchmarked 30+ peers
- Interviewed 3 experts

- SAR ~ 110 M CAPEX
- 5-10% IRR
- ~20% Avg. EBITDA
- ~220 Jobs impact
- ~SAR 0.5 B GDP 10 year impact
- ~SAR 100 M BoT impact[1]

Investment

Type of investment

- Investment through expansion of processing capacity of local player to introduce olive farming or olive oil bottling
- JV with international leading player to expand operations in olive oil production

Players

Global: JOYL · Deoleo · Salov · Borges · AORN · Cobram · Ekizkimya · sovena

Local: Almarai · nadec · United Foods · Koratter S.A. · alreef · IFFCO

ar 1 when bottling facility is working at full capacity. BoT impact estimated as Revenues in year of full capacity * (1-imports ratio for). BoT impact only considered on final product for simplicity, using industry import rate average

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

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