

BUTTER

INVESTMENT OPPORTUNITY SCORECARD

FOOD PROCESSING

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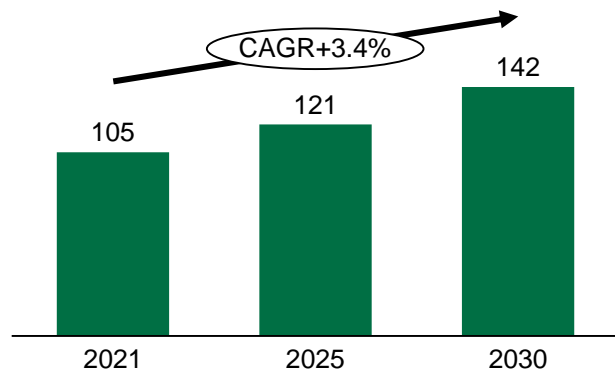


FOOD PROCESSING BUTTER

OPPORTUNITY'S DESCRIPTION: Opportunity to establish a shared food processing facility to localize butter production

DEMAND

KSA MARKET SIZE, USD MN



INVESTMENT HIGHLIGHTS

- **Scope** – factory for butter production focusing on:
 - Unsalted/salted butter
 - Sweet cream butter
 - Organic butter
 - Etc.
- Opportunity to utilize excess raw milk in by local companies

INVESTMENT OVERVIEW

VALUE PROPOSITION

- KSA's high dependency on imports raised ambitions to significantly substitute imports with opportunities within KSA food industry to enhance food security, self-sufficiency in Milk production has reached 109%+
- Opportunity to leverage recent FDI measures to motivate private sector participation in 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

KEY DEMAND DRIVERS

- Factors such as increasing disposable income and growing population are expected to continue supporting market growth for butter in the Kingdom
- Overall increase in ease of availability of food items like butter through supermarket/ hypermarket, online platforms and other distribution channels will further impact demand amongst the consumers
- Additionally, increasing number of restaurants and hotels further scale the consumption of food items
- Rising health concerns over trans fats along with changing lifestyles and emerging fat-based diets such as Keto have spurred demand for various healthier oils and spreadable fats options such as butter

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- The Saudi market for butter is mainly dependent on imports, over ~90% from developed dairy geographies
- Local players import in bulk and re-package locally for sale under respective brand name
- Limited opportunity for existing/stand-alone players to invest in butter production due to lack of scale and cost competitiveness



Non-exhaustive list.

COMPETITOR ANALYSIS



GLOBAL TRENDS

- The global butter market is growing at a CAGR of 3.9% (2020-2025) estimated to reach USD 28 Bn driven by the increasing demand for bakery and confectionery as it is one of the vital ingredients in these industries
- Global exports are dominated by New Zealand and Denmark due to their developed dairy industries
- Fonterra is the biggest milk powder producer in the world. It contributes to dairy raw materials supply sustainability, as milk powder is used as an input of in dairy products manufacturing. The company is responsible for approximately 30% of the world's dairy supply

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	Demand 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	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	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
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	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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