

# Food Ingredients

## INVESTMENT OPPORTUNITY SCORECARD

### FOOD PROCESSING

Aug 2021



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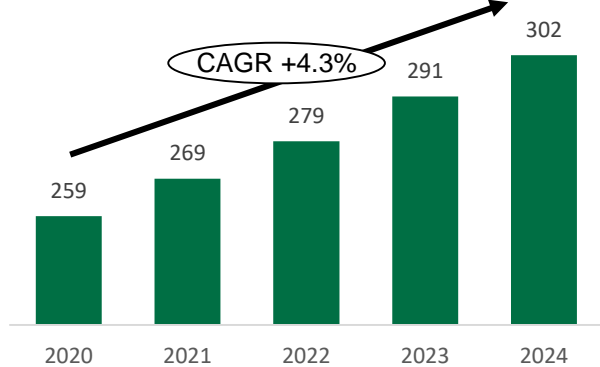
## Food Ingredients

Public / متاح

**OPPORTUNITY'S DESCRIPTION:** Opportunity to establish a shared food processing facility to produce food ingredients as final products or raw materials.

### DEMAND

#### KSA FOOD INGREDIENTS RETAIL MARKET SIZE, USD MN



### INVESTMENT HIGHLIGHTS

- **Scope** – Factory for producing a variety of food ingredients focusing on:
  - Producing raw materials for manufacturers
  - Grinding production line
  - Packaging production line

### INVESTMENT OVERVIEW

#### VALUE PROPOSITION

- KSA's high dependency on imports raised ambitions to significantly substitute imports with opportunities within KSA food industry. The importation of food ingredients was ~ \$1.4 Bn in 2019. <sup>1</sup>
- With KSA's GDP of \$785 billion, KSA is positioned to be the largest economy in the Arab world.
- KSA's strategic location and favorable trade agreements (eg: GAFTA) offers potential for local manufacturers to serve emerging markets.
- Saudi Arabia could be the hub for food ingredients industry supplying the demand of surrounding countries. (importation of \$3.4 billion in 2018 in Middle East <sup>2</sup>. Indonesia, Turkey)

### KEY DEMAND DRIVERS

- Demand is driven by increase in consumer spending (1.4% on average) and population growth (1.73% on average).
- KSA consumes around 5% of overall Middle East and Africa food ingredients retail sales in 2019.
- The consumer spending on food products (restaurants and retails) has reached \$2.7 bn in the month of June, 2021.
- Growth of online digital platforms to ease the purchase of food products.
- Additionally, increasing number of restaurants and hotels further scale the consumption of food items

### MARKET OVERVIEW

#### MARKET READINESS AND COMPETITOR ANALYSIS

- Any food product produced in KSA is under very high Halal standards set by SFDA, which makes food products attractive to Muslims and non-Muslims alike
- Limited opportunity for existing/stand-alone players to invest in food ingredient production due to lack of scale and cost competitiveness

#### COMPETITOR ANALYSIS



#### GLOBAL TRENDS

- The global average of retail sales growth of food ingredients is between 3-4%
- Shifting in consumers' behaviors towards healthy food and the food safety has increase the demand on food ingredients.
- As the change of consumers' tastes, food ingredients provides specific properties to food that could be easily meet different nations' tastes.

# 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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