

SWEET BISCUITS

INVESTMENT OPPORTUNITY SCORECARD

FOOD PROCESSING

APRIL 2021



FOOD PROCESSING SWEET BISCUITS

Public / متاح

High Potential

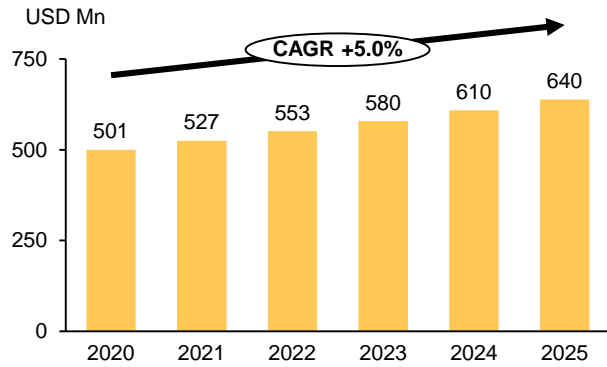
Moderate Potential

Low Potential

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

DEMAND

KSA MARKET SIZE, USD MN



INVESTMENT HIGHLIGHTS

- Current investment opportunity to setup facility to produce sweet biscuits is ~USD 16 Mn
- Expected IRR: 14%
- Expected payback period: 9.2 years
- Investment model: 100% private investment

INVESTMENT OVERVIEW

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
- Opportunity to leveraging recent FDI measures to motivate private sector participation in KSA food industry

KEY DEMAND DRIVERS

- Rising health concerns along with changing lifestyles and diets have spurred demand for various healthy snacking options including biscuits
- Increasing disposable income of consumers and changing living standards of the middle-class population set to boost the market growth for biscuits positively
- Demand for biscuits is experiencing a rising trend owing to the product innovations involved in the sector and increasing use of high-quality ingredients
- Overall increase in ease of availability of food items like biscuits through supermarket/ hypermarket, online platforms and other distribution channels will further impact demand amongst the consumers

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Sweet biscuits market is fragmented with top 3 players capturing ~40% of the market share (Pladis – 17%, Mondelez – 12% and Hayel Saeed Anam – 11%) and rest served by local players
- ~45% of the market served through modern trade channels

COMPETITOR ANALYSIS

pladis

Mondelez
International
SNACKING MADE RIGHT



GLOBAL TRENDS

- Global sweet biscuits market size was valued at ~USD 101 Bn in 2020 and is expected to reach ~USD 130 Bn in 2025 growing at a CAGR of 4.9%
- Healthy biscuits that are made from whole grains such as millets, oats, and others, are grabbing the attention of the health-conscious millennials
- In addition, bakery manufacturers attract customers with innovative packaging solutions, which is set to drive growth in short-medium term
- Geographically, Asia Pacific holds the largest share owing to the increasing consumer demand in the region



FOOD PROCESSING SWEET BISCUITS

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

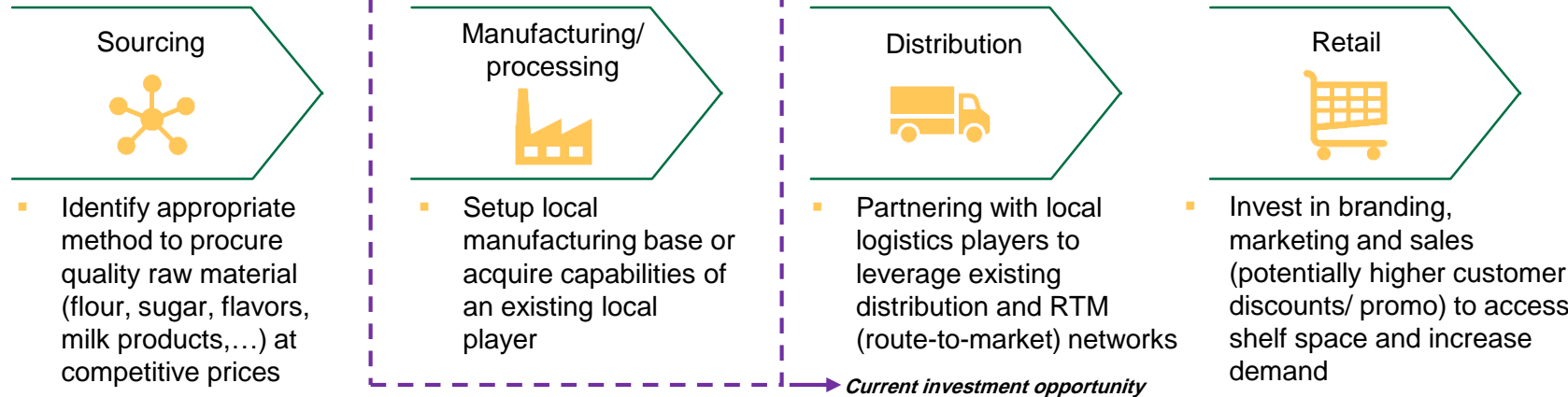
- Easy access to labor, approval of foreign suppliers, and an expedited process for licenses and permits will allow for quicker localization of the industry
- Saudi Arabia has an established F&B industry that benefits from state-of-the-art technologies and highly advanced packaging, cold chain facilities 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
Bahrain	16.8%	Netherlands	4.1%
Turkey	16.6%	Italy	3.9%
UK	8.2%	Belgium	3.6%
France	4.8%	Others	42.0%

Source: UN COMTRADE, 2019

VALUE CHAIN ANALYSIS



KEY STAKEHOLDERS



وزارة الاستثمار
Ministry of Investment

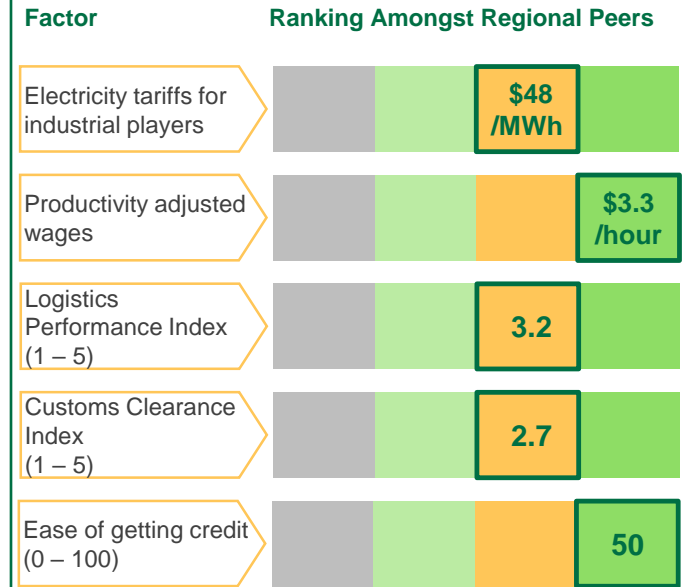


ENABLING FACTORS

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



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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