Food & Drink Market Analysis, Saudi Arabia

Foodex Saudi 2013
8th to 11th December 2013
Jeddah Centre for Forums and Events
Jeddah, Saudi Arabia

www.foodexsaudi.com
Industry market shares 2011

Source: AMR International 2011 ‘Globex’ market report; RX analysis

Total market share represented by top 14 companies = 22%
Why Saudi Arabia?

PHENOMENAL GROWTH
• 47% of the Gulf’s GDP, growth 5.5% - 6.8% last 2 years.
• World’s 8th fastest growing economy (IMF)
• Non oil growth 7.2%

HIGH VOLUME OF IMPORTS
• $120 billion in 2012
• High volume sectors include construction, fit-out, interior products and textiles
• Growth in import partners year-on-year

FAST EXPANDING, YOUNG AND INCREASINGLY WEALTHY POPULATION
• 30 million by 2016, of which
  • 66% is under 29.
  • Per capita income $33,500 by 2020
Why Saudi Arabia?

RANKED 6TH IN THE WORLD FOR MACROECONOMIC STABILITY

• $102.9 billion budget surplus
• Heavy investment in non oil industries

DIVERSIFYING INDUSTRY, DIVERSIFYING TASTES

• “Europeanisation” of peoples tastes
• Entrepreneurial spirit, energetic private sector
• Availability of capital, stability in exchange & protection of trade marks

FISCAL FREEDOM

• 4th globally for ‘fiscal freedom’
• 7th most rewarding tax system (World Economic Forum)
• Easy capital movement and repatriation of profits
“Saudi Arabia’s only exhibition 100% dedicated to the food and drink sector”

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The Most Potential in the Mena Region (BMI)

Local food producers, manufacturers, retailers & service providers are enjoying a boom in Saudi. Global firms can benefit from this outstanding potential. Saudi Arabia is a secure country with a low cost exporting base, which is experiencing a significant rise in consumption.

Key Facts

• Saudi food consumption is 3130 calories per capita per day
• Saudi Arabia’s food sector witnessing annual growth of 18.5 per cent
• Saudi Arabia imports $14.2 Billion per annum in food and drink
• The Saudi population represents 70% of the GCC (approaching 29 million)
• Due to a rising population and economic growth, consumption will grow 55.3% in 4 years to reach $70 Billion per annum
• King Abdullah has launched an $800 million Food Security initiative
Massive growth in consumption

<table>
<thead>
<tr>
<th>Country</th>
<th>2011</th>
<th>2013</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>64.9%</td>
<td>64.5%</td>
<td>64.0%</td>
</tr>
<tr>
<td>UAE</td>
<td>18.3%</td>
<td>18.5%</td>
<td>18.9%</td>
</tr>
<tr>
<td>Qatar</td>
<td>3.6%</td>
<td>3.7%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Oman</td>
<td>6.1%</td>
<td>6.2%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>5.5%</td>
<td>5.5%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Bahrain</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>GCC Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Arab Agricultural Statistics Yearbook, Alpen Capital

<table>
<thead>
<tr>
<th>Category</th>
<th>2011 ('000 tonnes)</th>
<th>2013 ('000 tonnes)</th>
<th>2015 ('000 tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td>14,705</td>
<td>15,722</td>
<td>16,655</td>
</tr>
<tr>
<td>Milk &amp; Milk products</td>
<td>3,586</td>
<td>3,948</td>
<td>4,326</td>
</tr>
<tr>
<td>Vegetables</td>
<td>3,393</td>
<td>3,720</td>
<td>4,060</td>
</tr>
<tr>
<td>Fruits</td>
<td>2,911</td>
<td>3,216</td>
<td>3,514</td>
</tr>
<tr>
<td>Meat</td>
<td>1,478</td>
<td>1,673</td>
<td>1,877</td>
</tr>
<tr>
<td>Others</td>
<td>1,863</td>
<td>2,197</td>
<td>2,556</td>
</tr>
<tr>
<td>Total</td>
<td>27,936</td>
<td>30,476</td>
<td>32,988</td>
</tr>
</tbody>
</table>

Source: Alpen Capital, IMF
Massive growth in the MGR sector

<table>
<thead>
<tr>
<th></th>
<th>2011e</th>
<th>2012f</th>
<th>2013f</th>
<th>2014f</th>
<th>2015f</th>
<th>2016f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarkets</td>
<td>8.88</td>
<td>9.84</td>
<td>10.90</td>
<td>11.96</td>
<td>13.04</td>
<td>14.21</td>
</tr>
<tr>
<td>Hypermarkets</td>
<td>13.29</td>
<td>14.83</td>
<td>16.54</td>
<td>18.23</td>
<td>19.97</td>
<td>21.86</td>
</tr>
<tr>
<td>Co-ops</td>
<td>0.53</td>
<td>0.58</td>
<td>0.65</td>
<td>0.71</td>
<td>0.78</td>
<td>0.85</td>
</tr>
<tr>
<td>Discount stores</td>
<td>0.86</td>
<td>0.99</td>
<td>1.12</td>
<td>1.28</td>
<td>1.45</td>
<td>1.64</td>
</tr>
<tr>
<td>Convenience stores</td>
<td>2.42</td>
<td>2.79</td>
<td>3.20</td>
<td>3.68</td>
<td>4.18</td>
<td>4.72</td>
</tr>
<tr>
<td>Total mass retailers</td>
<td>25.98</td>
<td>29.03</td>
<td>32.42</td>
<td>35.86</td>
<td>39.43</td>
<td>43.29</td>
</tr>
</tbody>
</table>

Source: Central Department of Statistics, BMI
A growing dependence on imports

<table>
<thead>
<tr>
<th>GCC Food Imports Estimates (USD billion)</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>2010</td>
<td>2015</td>
<td>2020</td>
</tr>
<tr>
<td>Bahrain</td>
<td>0.7</td>
<td>1.1</td>
<td>1.6</td>
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<td>Kuwait</td>
<td>2.3</td>
<td>3.6</td>
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<td>4.8</td>
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<td>Saudi Arabia</td>
<td>16.8</td>
<td>24.5</td>
<td>35.2</td>
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<tr>
<td>UAE</td>
<td>3.6</td>
<td>5.5</td>
<td>8.4</td>
</tr>
<tr>
<td>GCC Total</td>
<td>25.8</td>
<td>36.3</td>
<td>53.1</td>
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</table>

Source: EIU
# BMI’s Risk Reward Ratings

<table>
<thead>
<tr>
<th>Table: MENA Risk/Reward Ratings Subcategories, Q312 (scores out of 10)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rewards</strong></td>
</tr>
<tr>
<td>Food consumption per capita</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Market fragmentation</td>
</tr>
<tr>
<td>Per capita food consumption five-year CAGR</td>
</tr>
<tr>
<td>Population size</td>
</tr>
<tr>
<td>GDP per capita, US$</td>
</tr>
<tr>
<td>Youth population %</td>
</tr>
<tr>
<td><strong>Risks</strong></td>
</tr>
<tr>
<td>MGR penetration</td>
</tr>
<tr>
<td>Regulatory environment</td>
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BMI’s Risk Reward Ratings

<table>
<thead>
<tr>
<th>Income distribution</th>
<th>7</th>
<th>9</th>
<th>7</th>
<th>1</th>
<th>7</th>
<th>7</th>
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<th>7</th>
<th>7</th>
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</thead>
<tbody>
<tr>
<td>Lack of bureaucracy</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>4</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Market orientation</td>
<td>6</td>
<td>7</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>4</td>
<td>7</td>
<td>2</td>
<td>5</td>
<td>5</td>
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<tr>
<td>Physical infrastructure</td>
<td>3</td>
<td>7</td>
<td>5</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

The Food & Drink Risk/Reward Rating is the principal rating. It comprises two sub-ratings, rewards and risks, which have 60% and 40% weightings respectively. Source: BMI
Of interest to International Companies

RE-EXPORTATION
Member of Gulf Cooperation Council, lower-cost export base than other GCC

HIGH INDUSTRY GROWTH
Capital injected up 18.6% year on year
Labour force up 13.0% to over 131,000

LARGEST MGR & DAIRY SECTOR IN GCC
Hypermarket sector developed, supermarkets and grocery stores growing

CONSUMPTION OF NON STAPLES GROWING FAST
Meat, Poultry, Fish
Fruits, vegetables
Eggs, cheese
Sugar, Oil
Of interest to International Companies

Young population susceptible to western trends makes Saudi a good regional entry point

Higher disposable incomes, aspirational consumer base brand loyal, interested in premium and innovative products.

High value processed and packaged goods on the up. Tastes and preferences evolving and busier lifestyles

Per capita soft drink consumption high, growth in bottled water and fruit juice segments

Rising health consciousness

Demand for organic foods is steadily increasing
Foodex Saudi

Foodex Saudi will showcase the entire food and beverage marketplace in one spectacular event. The must-attend expo for global brands and niche providers.....

an estimated 20,000 visitors from the Retail and Horeca channels will pack the Jeddah Centre for Forums and Events.....

hungry for new experiences and to do some serious business.
An estimated 300 exhibitors from Egypt, Germany, Greece, France, India, Pakistan, South Africa, Taiwan, Thailand, the UK and more

TASTES OF THE WORLD (International Pavilions)
GROCERY, FRUIT & VEG
MEAT, POULTRY, SEAFOOD
DAIRY
PRESERVED & FROZEN, READY TO EAT
FRESH PREPARED
GOURMET, ORGANIC, HEALTH
CONFECTIONARY
BEVERAGE
FOOD COURT
Over 20,000 visitors will attend Foodex Saudi 2013. Targeted buyers and leading industry professionals

SUPERMARKETS AND HYPERMARKETS
NICHE GROCERY STORES
INDEPENDENT RETAILERS
WHOLESALERS AND LOCAL DISTRIBUTORS
AGENTS
LEADING HOTELS AND RESTAURANTS
FAST FOOD OUTLETS
SERVICE PROVIDERS
AFFLUENT CONSUMERS
Event Features

Main Exhibition
70% international, 30% National

Saudi Food Forum
The Saudi Food Forum (celebrated within Foodex) will bring national and international Buyers together with leaders in Halal, Food Security, Food Safety, Supply chain logistics, and Food Marketing. The provisional programme includes speakers from the FAO, ITC, IDB, SMIIC, and various national governmental institutions plus talks and live demonstrations from leading brands, retailers, restaurants and hotels.

International Taste Experience
Tunnel leading visitors into the centre of the exhibition will showcase taste of the world from major pavilion sponsors

Masterchef
Cooking demonstrations and tasting areas will introduce new tastes from Horeca leaders
Reed Exhibitions’ Global Vision...

“TO DELIVER CONTACTS, CONTENT AND COMMUNITIES WITH THE POWER TO TRANSFORM YOUR BUSINESS”

Delivering contacts - the essence of what we do; bringing people together

content - providing a definitive source of information and inspiration

and communities - we draw industries and markets together

with the power to transform your business - our vision is to offer each and every customer the potential for dramatic change. We are committed to helping our customers grow their business and to maximise their return on investment
The Value of a strong local partner

Sunaidi Exhibitions, part of the Alfadl Group of companies
Local knowledge, international expertise. Alfadl is one of Jeddah’s oldest and most respected companies. Sister companies in Food import – export, construction, health, logistics, PR & marketing

Extensive industry knowledge and contacts
Enables fast and efficient development of new events and sectors

Helped create the guide to doing business in Saudi
To inform and reassure companies in organizing their participation

Visas
Visas from the US and Europe can be obtained within a week, from elsewhere within a month

Getting exhibits into Saudi Arabia
Representatives in Jeddah’s ports, open line of communication with authorities
The Value of exhibiting with Reed

Sell more...
- Key decision makers
- Hosted buyer schemes
- Appointment setting
- Tailored packages
- Innovative event models
- Must attend events
- Export opportunities via International Sales Group
- Exhibitor training
- Product directories

Network more...
- Online matchmaking
- Product finders
- Planning tools
- Interactive maps and trails
- Business lounges
- Social media communities
- Industry gatherings
- Social networking events

Learn more...
- Educational programmes
- Industry research studies
- Training webinars
- Industry portals & magazines
- Partnerships and links with leading trade associations
- Digital news content
- Professional accreditation

Foodex Saudi Presentation
Simon Blazeby, Group Exhibition Director, Reed Exhibitions
Thank You