

GCC FOOD INDUSTRY



SEPTEMBER 6, 2021

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Alpen Capital was awarded the “Best Research House” at the Banker Middle East Industry Awards 2011, 2013 and 2014

"Most of the food industry, aside from the HORECA sector, witnessed excellent growth during 2020, primarily due to the pandemic. With people spending more time at home, and because of initial stockpiling tendencies, the retail food sector had to dramatically increase production capabilities to keep up with demand.

The outlook for the rest of 2021, however, appears to be more challenging. There appear to be two primary factors influencing future trends. One is the economic anxiety currently being felt by a large number of consumers. This is causing consumers to put less into their shopping baskets. Unemployment continues to be high, and the high expatriate repatriation rate is leading to a reduction in absolute purchasing power.

Second challenge is the rising inflation rate. All commodity prices are increasing, often exponentially, to the extent that some economists are dubbing this a 'commodity super cycle.' In the food industry, we are experiencing price increases in all sectors from raw material to packaging to shipping.

Once supply catches up to demand, by late 2021 to early 2022, we expect these pressures to ease, and result in the food industry to experience the steady growth it has been witnessing for most of the past few decades."

Atul Subberwal

CEO, Al Kabeer Group of Companies, UAE

"Assuming that the COVID-19 pandemic is controlled in a consistent way across the GCC, the outlook of the GCC food industry should be positive as consumer confidence returns and becomes more measurable from a macro-economic perspective. While a number of indigenous F&B champions are expected to emerge in KSA and the UAE, we will continue to see small F&B manufacturers emerging that compete effectively in niche segments and product categories where internet-only operations fit.

COVID-19 disrupted the production and distribution of F&B ingredients, which created an imbalance in demand and supply, resulting in a dramatic increase in the price of food ingredients and essentials. Consequently, this is having an effect on the cost of food for consumers. Additionally, COVID-19 also impacted the food service industry which came to a halt owing to the lockdowns in 2020, which in some cases has lasted until 2021. This had a spiraling effect on all related sectors that were servicing/supplying the food services industry. Recently, we have seen some recovery, but the momentum is slow. This impact has been partly mitigated by the exponential growth of take away & delivery services, a trend that is expected to continue. This resulted in the phenomenon of cloud kitchens, an efficient and relatively asset light operating model, to produce and deliver various types of foods under different brands from one production site.

The rise in price for food has also been fueled by supply chain disruptions enabling greater thrust for developing local manufacturing initiatives. Incremental investments are being made by businesses in establishing food production and processing units within the GCC and neighboring countries like Egypt, so that exposure to extended and stretched supply chain lines is reduced. Innovative food related technologies adoption are being fast-tracked to ensure food security.

In the core F&B sector, there is a clear trend of consolidation as scale and cost competitiveness becomes even more critical. Plant based diet and ethnic food are picking momentum as consumers are seeking products that offer functional health benefits and authenticity.

A forward strategic vision and relevant roadmap for the F&B sector, resulting from the collaborative work of public and private sector and emerging F&B leaders, would aid growth of the sector going forward."

Ilias Assimakopoulos

Chairman of the Board, Al Islami Foods Group LLC, UAE

"The GCC Food Industry has exhibited resilience during the pandemic leading to it being a standout segment on the consumption side. The future growth will be driven by population growth and higher disposable income from the current base. There is a clear segmentation emerging in the consumption habits of the millennials and Generation Z consumers as compared to the more traditional consuming habits. This is further accelerated due to COVID-19.

The key trends emerging strongly are 'fresh and clean label' products with no preservatives and additives as there is a strong belief in 'food being a good medicine'. Regulatory authorities and consumers will seek nutritional values and ingredients to be mentioned even in Out of Home products. The emphasis on 'sustainability' is another area where consumers are leading the industry to make the change. These include both the product as well as packaging, believing that food consumption should be 'good for the individual as well as the planet'. 'Alternative Foods' is another segment destined for growth which include plant-based meats and dairy alternatives. However, source credibility will continue to be a challenge for producers as believability of meat and dairy producers offering alternatives will be looked at with skepticism. 'Locally produced' is another trend to watch for as it not only connotes freshness but also leans on nationalistic fervor prevailing across the globe.

The Food Industry will continue to be challenged with supply chain disruptions, higher costs and raw material quality owing to changing weather patterns, freight schedule uncertainty and more protectionist approach by producing nations. The industry will have to reinvent itself by deploying higher levels of automation, innovation in their offerings by ushering in a start-up culture, upskilling staff and stitching up supply contracts for raw material well in advance with reputed suppliers."

Kenneth D'Costa

Managing Director, Barakat Group of Companies, UAE

"The F&B service industry has been significantly affected due to lockdowns and travel restrictions imposed owing to the pandemic, which has consequently impacted general consumption especially impulse products and confectionery items. The pandemic has also caused massive supply chain disruptions due to shortage of containers as well as astronomical arbitrary ocean freight increases by shipping lines. This has considerably impacted international trade including the MENA region. The huge increase in freight prices has also caused inflation for consumers. Furthermore, for the first time in a decade, we are in the middle of a commodity boom. Commodity inflation coupled with increase in freight prices has put pressure on operating margins and profitability causing organizations to aggressively look at cost optimization.

Job losses amidst the pandemic and travel restrictions has led to a further exodus of expatriate population from the larger countries that were drivers of expatriate labor force; like Saudi Arabia. This has also accelerated the shift towards more value seeking behavior.

With respect to trends, we are seeing a gradual shift towards organic, gluten free and high protein products, and healthier alternatives in snacking foods. Latest trend post pandemic is for immunity boosting foods and beverages.

We are also witnessing a meteoric rise of sales through e-commerce channel. Post pandemic consumers are far more open to ordering online, esp. groceries. This is a positive development for the F&B industry as it has widened the market beyond brick and mortar stores. E-commerce has advanced a lot of new ideas, concepts and products, and having only an E-commerce platform as a first route to market entry, is giving rise to a lot of entrepreneurial innovation leading to growth in the sector. A positive byproduct of the pandemic has been that people have started to view food as a mode of excitement and comfort by experimenting new recipes and blogging/streaming them online. A lot of food blogging and innovation is taking place which is an opportunity for the sector to capitalize on.

The outlook for GCC food sector is a mixed bag filled with opportunities and challenges. Consolidations will continue primarily due to high operating costs and to achieve better efficiencies. Economic growth, robust regulatory framework, increasing domestic manufacturing, vaccination drives and upcoming mega events will support growth of the sector going forward."

Annu Gupta

CEO International Business, Britannia Industries Ltd, UAE

"The GCC Food industry is expected to show a gradual comeback in Out-Of-Home channels with the safety measures in place and the COVID-19 vaccines made available for residents. This will be complementing the growth from the retail channels which is expected to be slower than last year's considering the increase that came from the time of lockdown. Supermarkets, staple grocery items, and trusted brands are expected to be driving this growth as consumers seek leveraging one-stop shopping, doing fewer trips, and optimizing spends.

COVID-19 has created a shift in consumer behaviors and led to the emergence of trends which in turn impact the food industry. Consumers post COVID-19 are seeking more convenience and value for money in their choices. They also have become more mindful in their eating, looking for not only healthier alternatives but also considering the benefit to the environment and to their local communities. This has led to a rise in plant-based alternatives, as well as a preference for fresh products, for instance. Additionally, cooking and baking at home have captured interest of many, including explorers, and is a trend that is likely to stay.

Some of the challenges facing the food industry in the region include supply chain disruptions, and increase in costs of raw materials, packaging, and freight, which will require manufacturers to consider more opportunities for value engineering, optimizing efficiencies, and leveraging strong partnerships. Global QSR chains for example, will be looking for local supply chain solutions to address that. Further, the introduction of import duties on several food segments in KSA will require companies to reassess their supply chain.

That being said, there are definitely factors that will aid growth in the food sector this year. The development of e-commerce in this region is expected to continue to grow stronger riding on the convenience it brings. Innovations that are consumer-centric and supported with meaningful communication will be appreciated more by consumers and retailers. Delivery services for eateries and cloud kitchens will aid in bringing growth to the OOH channel as people would want to still get this food experience into their homes. Finally, with the steady measures, tourism is expected to capture traction gradually again, and the EXPO for the UAE is expected to bring some movement into this sector with the influx of temporary residents and visitors to the country.

All in all, slowly but surely, the GCC food industry is likely to show a slight shift from the over-dependence on the retail channels witnessed last year, with the return of the OOH customers while keeping the safety measures in place.”

A F Merchant

Executive Director, IFFCO, UAE

“We expect the GCC Food industry to witness growth at a moderate level, wherein the value growth is likely to outstrip the volume growth. The various initiatives taken by the GCC governments to make the sector self-sustainable and reduce dependence on imports coupled with population increasing measures, will aid growth of the sector. The COVID-19 pandemic has been a challenge for the food industry, but it has also presented an opportunity for the sector to be innovative in order to sustain and continue to grow in the current circumstances. Although the scenario is very different from what we had envisaged two years back, there is more demand in the market than supply, which has led us to widen our presence in the GCC countries.

Unpredictability in the market, non-payment and stringent regulations are some of the operating challenges the sector is facing. However, the sector has witnessed a rise in the number of creative platforms and e-commerce businesses, especially during the pandemic, to cater to the consumers. Furthermore, we have also observed that a rising number of people are adopting a flexitarian diet and are spending more on premium quality products to lead a healthier lifestyle given the current situation. Going forward low-cost brands could face difficulty sustaining while premium brands continue to expand owing to this shift in preferences.

Presently, companies with a strong portfolio and with optimized costs is vital to service the market efficiently. Therefore, smaller players without scale and efficiency run the risk of losing business due to operating challenges and lack of capital. Although, we do not expect to witness high-value acquisitions, leading market players will look at acquiring smaller businesses for consolidation and to improve growth prospects.”

Garry Walsh

CEO, Mezzan Holding Co., Kuwait

“The GCC Food industry is expected to witness modest growth despite the sluggish economic conditions and impact of the COVID-19 pandemic. In addition to the growing population and projected post-pandemic economic recovery, factors like improving business confidence, vaccination drives and easing of travel restrictions will also aid growth of the food industry. Upcoming mega events like EXPO 2020 and FIFA World Cup 2022 are expected to provide further boost in consumption.

The demand for high value nutritious and organic food has soared since the onset of the pandemic in the bid to strengthen immunity levels. There has also been a significant change in consumption pattern as most people adopted work-from-home that led to a spike in at-home consumption. This accompanied with the lockdown-imposed closure of the F&B industry and movement restrictions amidst the pandemic, have led all the major operators to establish online delivery platforms to cater to the growing needs of their customers.

The GCC nations continue to battle with challenges of import dependency and limited arable land. The supply chain disruptions caused by the pandemic has accelerated the efforts of the government to build adequate food reserves and diversify import sources. There has been significant development in the AgriTech sector through investments and public private partnerships to improve sustainable production.

Although M&A activity was subdued during 2020 due to the pandemic, 2021 witnessed a few cross border deals as economies reopened and businesses revived. Going forward we expect to see consolidations in the industry to not only improve operational efficiencies but also expand product portfolio to prevail in this increasingly competitive environment.”

Rohit Walia

Executive Chairman and CEO, Alpen Capital (ME) Limited, UAE

1. Executive Summary

Demand for food in the GCC has remained relatively conservative, growing at a slower pace amid economic and geo-political concerns in recent years. While demand has been supported by growing population and evolving consumer preferences among the locals and expatriates alike, the fall in per capita income since the slowdown in oil prices in mid-2014 has affected the sector. Nevertheless, the GCC food sector has become more self-reliant, supported by the various efforts by the governments to increase domestic production, especially through investments in technology. The onset of the COVID-19 pandemic and the consequent restrictions on food exports, barriers on cross-border transport upended food supply chains worldwide and stoked fears of food shortages in the GCC. To mitigate the risks of food shortages, the GCC nations were prompt to diversify their import sources, streamline their logistics and distribution, and build adequate food reserves. Moreover, collaboration between the public and private sector has helped the GCC nations build a strong food ecosystem, which will continue to help the region withstand the pandemic.

1.1. Scope of the Report

As an update to Alpen Capital's GCC Food Industry report in 2019, the publication gives an overview of the current scenario of the food sector in the GCC. The report covers the demand-supply dynamics in the region across major food categories. It further highlights the COVID-19 implications on the food industry, trends, growth drivers and challenges prevailing in the industry, along with the sector outlook until 2025. Some of the leading food and beverage (F&B) companies in the GCC have also been briefly profiled in this report.

1.2. Industry Outlook

- Demand for food in the GCC is expected to grow at a CAGR of 2.3% to reach 52.4 million MT in 2025 from 46.8 million MT in 2020. This growth is likely due to an increase in population, post pandemic recoveries in tourism, higher per capita income and overall economic growth. The re-opening of economies facilitated by extensive vaccination programs coupled with the rise in consumer confidence will aid the food industry to return to normalcy. Consumption is also likely to be driven by the pandemic-led changes in eating habits, and upcoming mega events like the Expo 2020 in the UAE, and the FIFA World Cup 2022 in Qatar.
- Being the staple food of the region, cereals will continue to remain the most consumed food category. However, it is expected to witness the slowest growth rate over the five-year period compared to the rest of the food categories. Share of most of the food categories is anticipated to have minimal change through 2025.
- The share of food consumption in GCC will continue to be driven by Saudi Arabia and the UAE, backed by the size of population in these countries in the GCC. However, combined share of the two countries is expected to stand at 76.7% in 2025, marginally low from 77.9% in 2020. Country wise food consumption share in the GCC is projected to change marginally through 2025.
- Saudi Arabia's food consumption is forecasted to reach 29.6 million MT in 2025 from 27.4 million MT in 2020, growing at an annualized rate of 1.6%. During the forecast period, consumption in Oman (4.2% CAGR), Kuwait and Bahrain (4.1% CAGR each) is expected to grow the fastest across the GCC.

1.3. Growth Drivers

- Economic activity in the GCC is expected to pick up in 2021 as global demand for commodities increases and COVID-19 induced lockdown restrictions ease further. Business confidence in the region is slowly reviving with the reopening of

restaurants, food parks and shopping malls as lockdown restrictions have eased. The gradual reopening of borders and easing of travel restrictions will help boost the tourism industry – a catalyst for the food sector in the region.

- Growing population, largely comprising of young and working class professionals, together with high proportion of expatriates continue to be a major driver for the GCC's food sector. Demand will continue to grow as population across the GCC is expected to reach 66.5 million by 2025, registering a CAGR of 2.3% since 2020.
- GCC governments have taken various steps and precautions to improve food security and production, while ensuring supply, streamlining logistics and distribution. The nations have also diversified import sources, increased investments, introduced policy reforms and forged international collaborations to contain imports and ensure steady supply of food through home-grown produce.

1.4. Challenges

- Lower revenues due to slump in oil prices, coupled with travel restrictions hampering the hospitality and tourism industry, have put the regional governments under increased pressure in terms of spending. Moreover, the application of VAT on food items have made products expensive and led to higher food inflation. All these factors could affect the food consumption patterns in the region.
- The COVID-19 pandemic has highlighted and exposed the GCC to one of the most important challenges of food security. The region is heavily reliant on imports from other countries as they have limited home-grown resources. The dependence on imports is expected to continue on account of production constraints and growth in food consumption, largely supported by favorable demographics.
- Over 85% of the food requirement in the region is imported, exposing the GCC to global price fluctuations and causing inflationary pressure due to supply chain disruptions; similar to those that occurred during the recent pandemic-imposed lockdowns.

1.5. Trends

- Due to high prevalence of lifestyle diseases in the GCC, there is a growing awareness of healthy eating habits, which has boosted demand for organic food.
- The desire to strengthen immunity levels amid COVID-19 has encouraged people to eat more home-cooked, non-GMO, pesticide-free food with high nutrition value. Consumers are preferring fresh produce and have shifted to plant-based products.
- Increasing popularity of large modern food retail formats and the entry of global food companies continue to boost the popularity of food in packaged and ready-to-cook food among consumers. The demand for packaged food products has soared amid the COVID-19 pandemic and the subsequent lockdowns throughout 2020.
- Growing popularity of modern retailing has strengthened the demand of private label products. As consumers are becoming more price sensitive, large supermarkets, hypermarkets and even discounters continue to invest in private labels, which have emerged as an important source of revenue with high margins.
- Large-scale movement in the AgriTech sector via investments and partnerships between the private players and governments with the aim of gradually building a capability to produce high quantities of food with minimal resource utilization.

The GCC's demographics and reviving macroeconomic factors are expected to bolster its food industry. The regional governments' efforts to enhance local food production is encouraging international as well as local players to expand their foothold in the sector while also helping reduce the demand-supply imbalance and consequently food costs.

2. The GCC Food Industry Overview

Demand for food in the GCC has remained relatively conservative, growing at a slower pace amid economic and geo-political concerns in recent years

To mitigate the risks of food shortages amid COVID-19, the nations were prompt to diversify their import sources, streamline their logistics and distribution, and build adequate food reserves

Demand for food in the GCC has remained relatively conservative, growing at a slower pace amid economic and geo-political concerns in recent years. While demand has been supported by growing population and evolving consumer preferences among the locals and expatriates alike, the fall in per capita income since the slowdown in oil prices in mid-2014 has affected the sector. Moreover, the diplomatic crisis leading to Qatar's blockade in 2017¹, coupled with factors such as large-scale outflow of expatriate population in Saudi Arabia since the end of 2016 has led to the growth of food consumption in the GCC to remain flat between 2014 and 2019². Nevertheless, the GCC food sector has become more self-reliant over the last decade. The various efforts undertaken by the GCC governments to increase domestic food production, reduce food waste, support research and development, and formulate favorable import policies have aided the region's food sector. The region has invested heavily in local desalination capacity over the last few years, while also increasing food production, logistics and storage to increase self-sufficiency³. Consequently, the participation of the private sector has increased over time with technology implementation rapidly becoming an integral part of agriculture across the region. This has supported the GCC in production of different varieties of fruits, vegetables and cereals such as rice, which were until recently not feasible to grow due to lack of freshwater and harsh climatic conditions.

The continuous collaboration between the public and private sector has helped the GCC nations build a strong food ecosystem, which could withstand the COVID-19 pandemic. While these positive developments have raised the GCC's rank on food security, the region strives to reduce its import-dependency, which continues in the wake of persistent supply-side challenges. To mitigate the risks of food shortages, the GCC nations were prompt to diversify their import sources, streamline their logistics and distribution, and build adequate food reserves⁴. At the same time, the pandemic provided further impetus to the regional governments to increase their focus towards AgriTech businesses. Growing health consciousness among consumers in the region has propelled the demand for organic food items. This has led to several food manufacturers and food services operators expand their food portfolio to offer organic food products, while also facilitating the entry of new players in the segment in recent years.

Population in the GCC region grew at CAGR of 2.4% since 2015 to reach 59.5 million in 2020 (see Exhibit 1)⁵. Majority of people living in urban areas, increase in the number of working couples and growing influence of global culture are driving the demand of international cuisines, ready to eat meals and food delivery platforms. While increasing modernization is driving demand for convenient food products, the growing realization of the importance of health and well-being among the millennial population has created a significant market for plant-based and organic food products. The region's large expatriate population has also augured demand for different international cuisines.

The decline in oil prices since mid-2014 has reduced the income levels in the GCC region⁶. In 2020, the average per capita income in the GCC stood at US\$ 23,651 compared to US\$ 26,305 in 2015⁷. Qatar, with the second lowest population in the region, had the highest per capita income of US\$ 52,144, marginally higher than the average of advance countries in

¹ Source: "Qataris are scrambling to stock up on money and food after Arab nations cut off ties with country", Business Insider, June 5, 2017

² Source: "Expatriate exodus from Saudi Arabia as more than 800,000 leave in 18 months", International Investment, April 12, 2018

³ Source: "Investing in food security - The opportunities for ensuring sustainable food supply in the UAE and GCC", Mashreq, June 2021

⁴ Source: "Pandemic spurs GCC to explore newer ways to ensure food security", Zawya, April 22, 2021

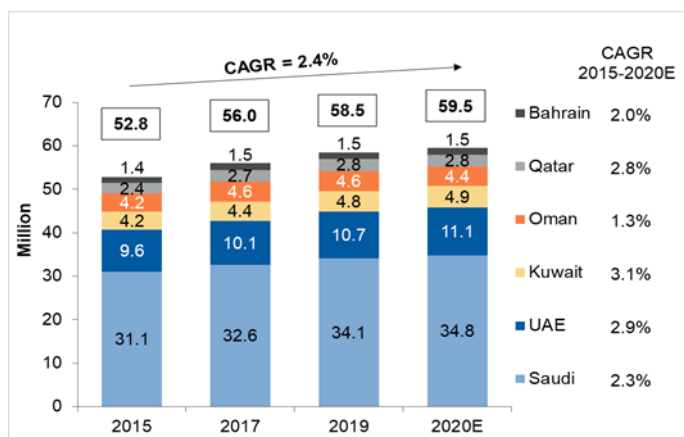
⁵ Source: "World Economic Outlook Database", IMF, April 2021

⁶ Source: "Opportunities in the GCC food landscape", Strategy&, 2019

⁷ Source: "World Economic Outlook Database", IMF, April 2021

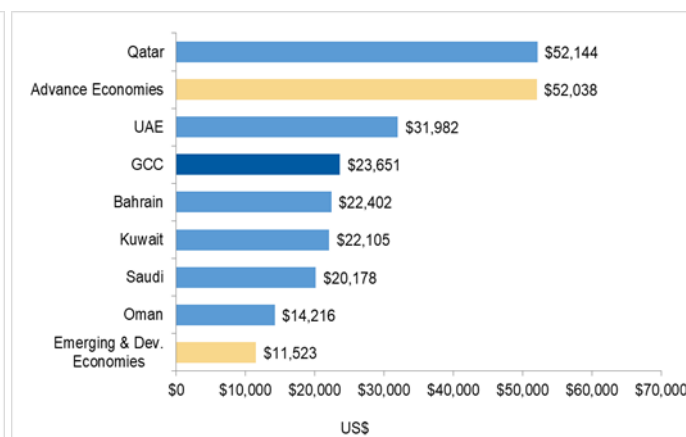
the world and substantially higher (120%) than the GCC average. In addition to Qatar, UAE (US\$ 31,982) had per capita income higher than the GCC average. Per capita income of Saudi Arabia, the largest nation in the bloc, stood at US\$ 20,178 in 2020, followed by Bahrain (US\$ 22,402) and Kuwait (US\$ 22,105). Oman recorded the lowest GDP per capita at US\$ 11,523 in the region. Nevertheless, the GCC countries recorded higher per capita income than the average of Emerging & Developing Economies in 2020⁸ (see Exhibit 2).

Exhibit 1: Population Growth in the GCC



Source: IMF - April 2021

Exhibit 2: GDP Per Capita (PPP) in the GCC (2020 E)

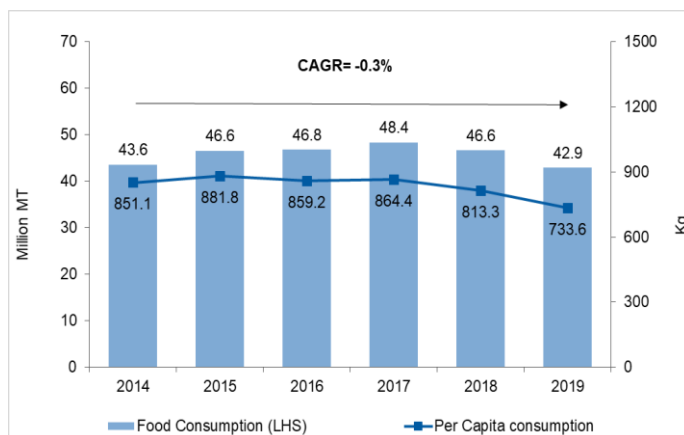


Source: IMF - April 2021

In 2019, the GCC consumed 42.9 million MT of food products, with an annual consumption of 733.6 kg per person

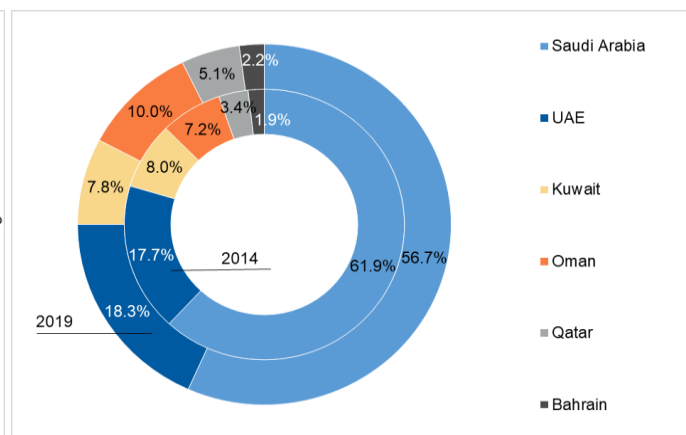
In 2019, the GCC consumed 42.9 million metric tonnes (MT) of food products, with an annual consumption of 733.6 kilogram (kg) per person. The total consumption in the region fell at an annualized rate of 0.3% since between 2014 and 2019 (see Exhibit 3). Saudi Arabia and UAE, the two largest food markets in the GCC, cumulatively accounted for 75.0% of total food consumption in the region given their larger population base. Smaller countries like Oman and Qatar witnessed an increase in their share to total food consumption from 7.2% and 3.4% to 10.0% and 5.1%, respectively, between 2014 and 2019⁹ (see Exhibit 4).

Exhibit 3: Food Consumption in the GCC



Source: GAS of Saudi Arabia, NSCI of Oman, CIO of Bahrain, MDPS of Qatar, FAO

Exhibit 4: Country-wise Food Consumption Share



Qatar and Oman's per capita food consumption remained higher than the average consumption of food in the GCC

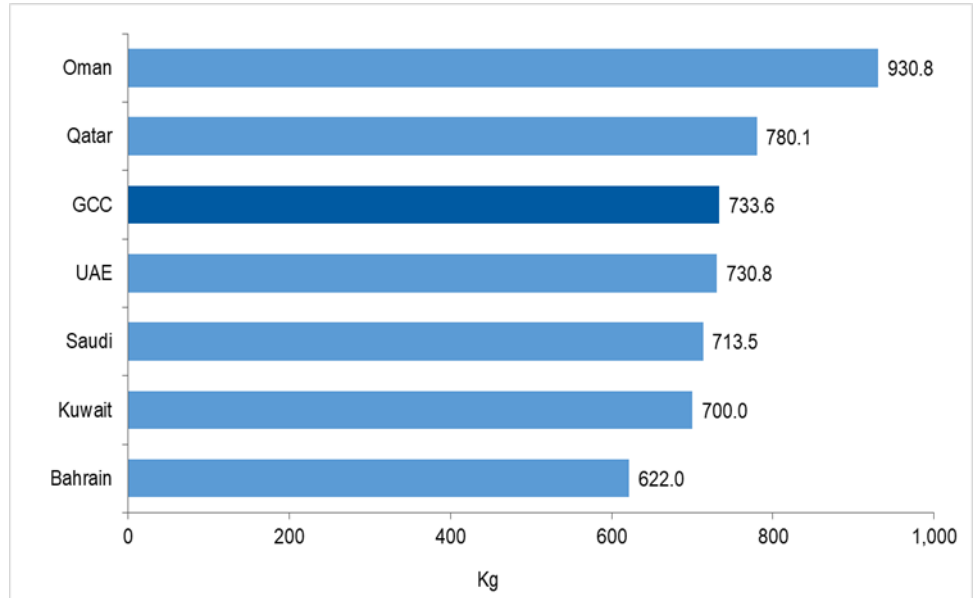
Amongst the individual nations, Oman recorded the highest per capita consumption at 930.8 kg in the region, while Bahrain had the lowest at 622.0 kg in 2019. Qatar (780.1 kg) and Oman's per capita food consumption remained higher than the average consumption of 733.6 kg in the GCC, while UAE (730.8 kg), Saudi Arabia (713.5 kg), Kuwait (700.0 kg) and

⁸ Source: "World Economic Outlook Database", IMF, April 2021

⁹ Source: FCSA of UAE, NSCI of Oman, CIO of Bahrain, MDPS of Qatar, GAS of Saudi Arabia, IMF, FAO

Bahrain (622.0 kg) had below average per capita consumption¹⁰ (see Exhibit 5). The wide disparity comes in light of increased consumption of fish (21.8% CAGR), pulses (21.1% CAGR), and vegetables (13.8% CAGR) in Oman vis-à-vis decline in consumption of cereals in Saudi Arabia (-6.4% CAGR) and the UAE (-5.0% CAGR) between 2014 and 2019¹¹.

Exhibit 5: Per Capita Food Consumption in the GCC (2019)



Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

Cereals was the most consumed food category among the GCC nations at 17.6 million MT in 2019; however, consumption of cereals have declined at a CAGR of 5.0% since 2014

Cereals was the most consumed food category among the GCC nations in 2019, as it remains a staple food item for Arabs and expatriates. Total cereals consumed in the region stood at 17.6 million MT in 2019. However, the share of cereals in total food consumption has declined from 52.3% in 2014 to 41.1% in 2019. Other food categories such as vegetables, fruits, meats and dairy witnessed an increase in their share in total consumption by 2.0% to 4.0% approximately since 2014 (Exhibit 6)¹². The consumption of vegetable grew at a quicker pace compared to other food categories, with an annualized growth rate of 5.5% during the five-year period. On the other hand, consumption of cereals declined in the region at an annualized rate of 5.0% (Exhibit 7). Consumption pattern in the GCC is gradually shifting towards value added, convenient, and healthier alternatives. Food categories, which are rich in carbohydrates and proteins, coupled with pesticide-free food with high nutrition value are being preferred due to increased globalization and rising health awareness. As a result, the governments in the region have been proactively introducing various initiatives, which are likely to make healthier options more attractive for consumers¹³.

¹⁰ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, IMF, FAO

¹¹ Source: "World Economic Outlook Database", IMF, April 2021

¹² Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, IMF, FAO

¹³ Source: Opportunities in the GCC food landscape", Strategy&

Exhibit 6: Category-wise Food Consumption Share

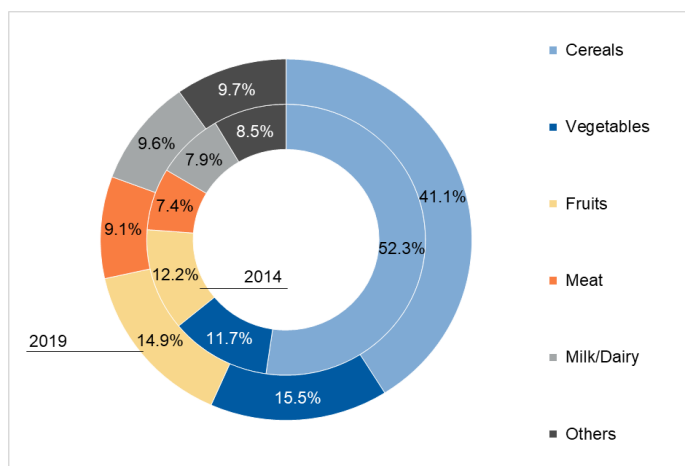
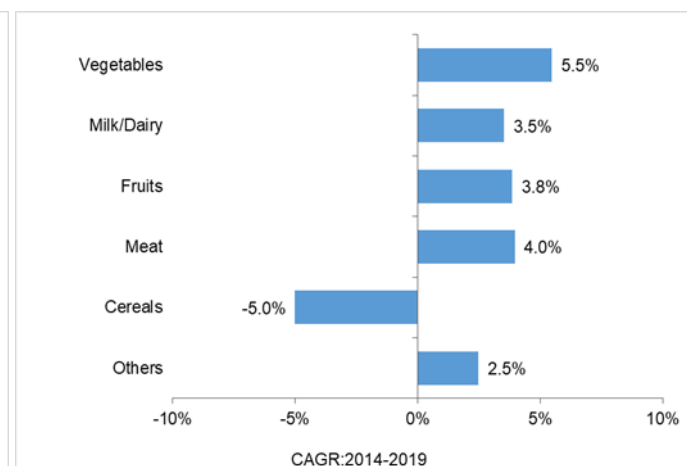


Exhibit 7: Category-wise Food Consumption Growth



Source: GAS of Saudi Arabia, NSCI of Oman, CIO of Bahrain, MDPS of Qatar, FAO

GCC nations are encouraging conservation and boosting investments in water-saving technologies for food production

Total food production in the region grew at a CAGR of 4.3% since 2014 to reach 13.4 million MT in 2019

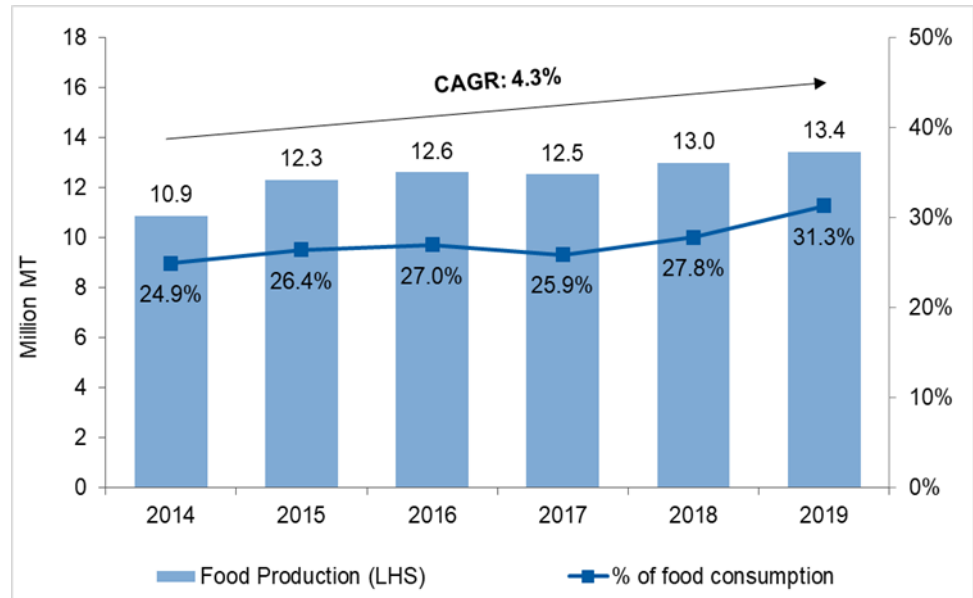
GCC nations rely heavily on desalination of seawater and aquifers to meet their water needs. Desalination is however expensive and energy-dependent, which makes it an unsustainable solution in the long-term. Deep aquifers are progressively depleting due to their over exploitation for agricultural purposes which accounts for 80% of the total water consumption in the region¹⁴. Population growth, unsustainable consumption, and climate change have further put strain on these scarce natural water resources. This, in turn, has increased the need to set up additional desalination plants in the region. To overcome these challenges, the GCC nations are encouraging conservation and boosting investments in water-saving technologies for food production¹⁵.

Total food production in the region grew at a CAGR of 4.3% since 2014 to reach 13.4 million MT in 2019. Saudi Arabia accounted for 65.3% (8.8 million MT) of the region's total food production in 2019. However, Qatar recorded the highest increase (15.2% CAGR) in domestic production during the five-year period. The embargo imposed on Qatar in 2017 forced the country to become more self-sufficient through increase in local production. Oman's domestic food production too increased at a robust pace (11.8% CAGR) as a result of the Sultanate's various investments in the fisheries and agriculture sector. The overall self-sufficiency of the region improved during the five-year period, increasing from 24.9% in 2014 to 31.3% in 2019. The improvement reflects the region's successful efforts and initiatives taken towards reducing import dependency through higher domestic production.

¹⁴ Source: "Challenges and Prospects of Using Treated Wastewater to Manage Water Scarcity Crises in the Gulf Countries", MDPI, July 12, 2020

¹⁵ Source: "In the Middle East, countries spend heavily to transform seawater into drinking water", Azcentral, November 29, 2019

Exhibit 8: Food Production in the GCC



Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

Although total food production increased in Saudi Arabia at a CAGR of 2.3% between 2014 and 2019, the Kingdom's share in total production has been taken over by other countries including the UAE, Oman, and Qatar

While Saudi Arabia produces the largest quantity of food in the region, the nation's food consumption share has declined over the past few years on the back of reduced production of cereals to save water resources. Although total food production increased in Saudi Arabia at a CAGR of 2.3% between 2014 and 2019, the Kingdom's share in total production has been taken over by other countries including the UAE, Oman, and Qatar whose share increased by 2%, 4% and 1%, respectively, in 2019 (see Exhibit 9). Among food categories, milk and dairy had the highest share (24.5%) in total food production in the region, while cereals had the lowest share in production accounting for 8.2% of the total food produced in 2019. Total production of cereals in the region dropped at a CAGR of 8.2% since 2014, offset by an increase in production of other food categories such as eggs and fish. Among all the food categories, vegetables, fruits and dairy together constituted 65.8% of the total food produced in 2019 (see Exhibit 10)¹⁶.

Exhibit 9: Country-wise Food Production in the GCC

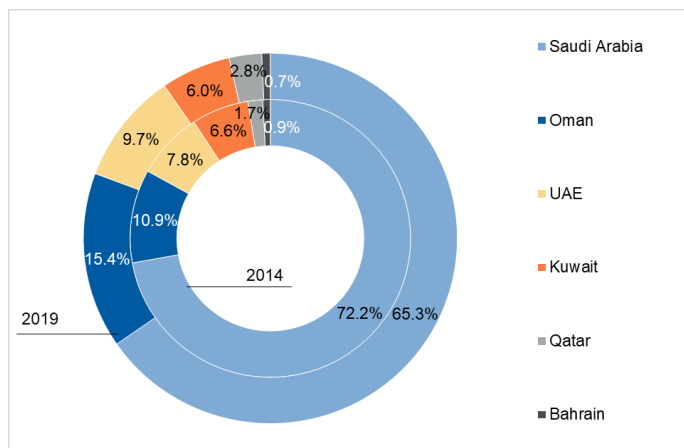
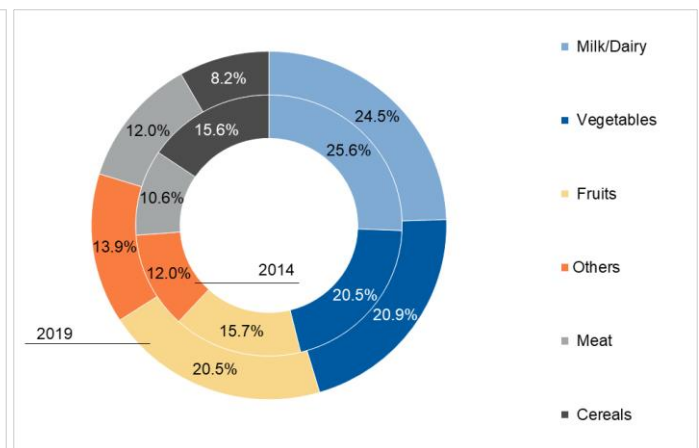


Exhibit 10: Category-wise Food Production in the GCC



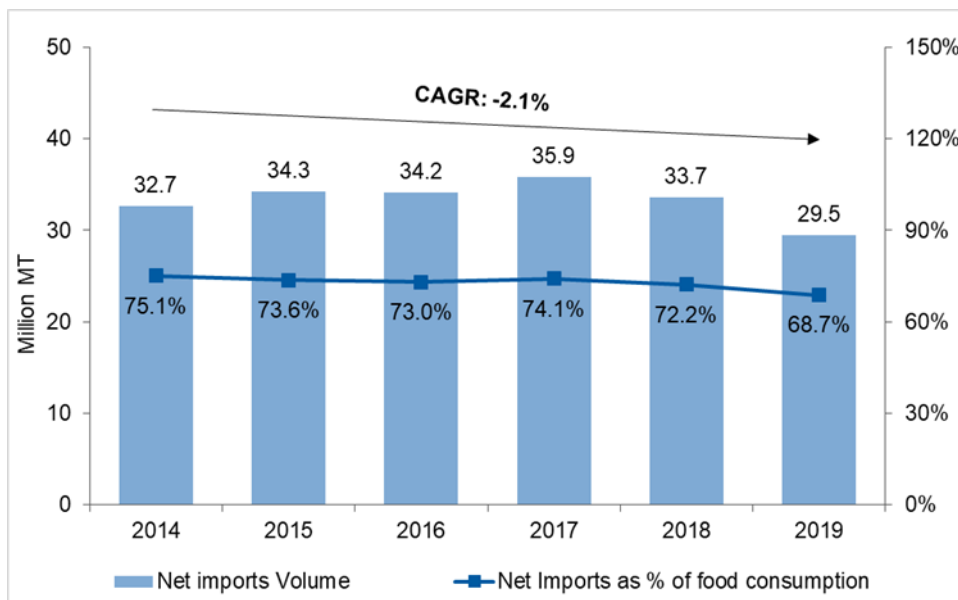
Source: GAS of Saudi Arabia, NCSI of Oman, CIO of Bahrain, MDPS of Qatar, FAO

¹⁶ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, IMF, FAO

Net food imports for the GCC fell at an annualized rate of 2.1% since 2014 to reach 29.5 million MT in 2019

The effect of GCC countries' constant efforts to improve food security has resulted in reduced dependency on imports. As a result, net imports for the GCC fell at an annualized rate of 2.1% since 2014 to reach 29.5 million MT in 2019. The proportion of net imports to total consumption also improved from 75.1% in 2014 to 68.7% in 2019 (see Exhibit 11)¹⁷.

Exhibit 11: GCC Net Import by Volume



Source: GAS of Saudi Arabia, NSCI of Oman, CIO of Bahrain, MDPS of Qatar, FAO

Saudi Arabia and UAE remained the largest importers in the GCC, accounting for 74.9% of the region's net imports

Saudi Arabia and the UAE remained the largest importers in the GCC, accounting for 74.9% of the region's net imports (22.1 million MT) in 2019 (see Exhibit 12). Net food imports in Saudi Arabia declined at a CAGR of 4.1% between 2014 and 2019, outpacing the decline in net imports volume in the UAE (-0.9% CAGR) and Kuwait (-1.8% CAGR). Smaller countries like Oman (2.8% CAGR) and Bahrain (2.8% CAGR) saw their net imports increase moderately, while Qatar registered a 6.9% CAGR increase in its volume during the five-year period¹⁸. The substantial rise in import volume in Qatar can be largely attributed to the measures taken by the government in 2018 and 2019 to source food items at a larger scale in order to mitigate the risks arising from the embargo. Cereals and vegetables remained the largest food item imported in the region, accounting for 56.1% and 13.1% of the total net food imports, respectively, in 2019. Milk and dairy products, on the other hand, had the smallest share of 2.8% in the total net food import volume in 2019¹⁹ (Exhibit 13).

¹⁷ Source: FCSA of UAE, NSCI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, IMF, FAO

¹⁸ Source: FCSA of UAE, NSCI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, IMF, FAO

¹⁹ Source: FCSA of UAE, NSCI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, IMF, FAO

Exhibit 12: Country-wise Composition of Net Food Imports Volume (2019)

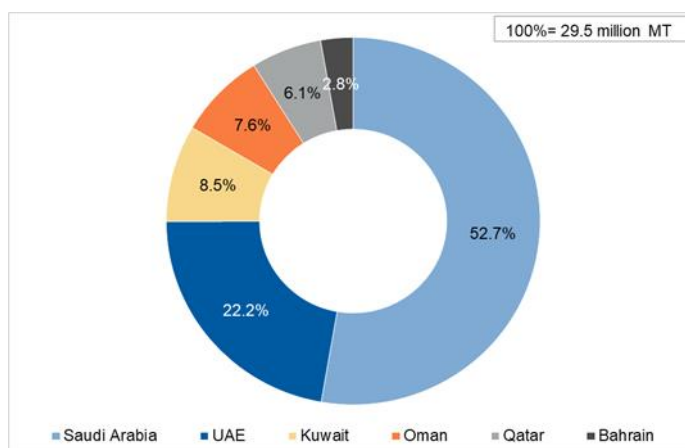
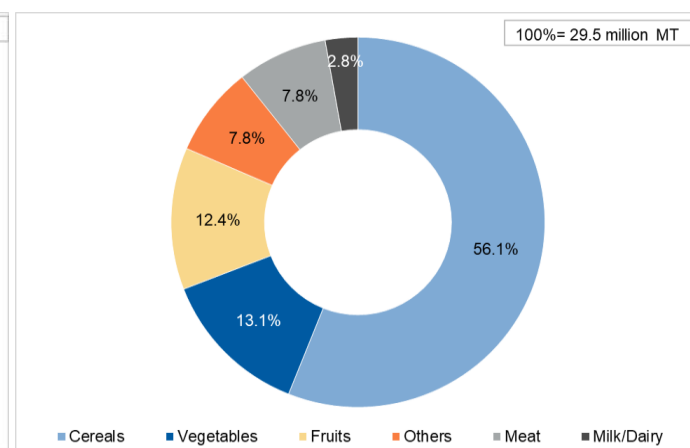


Exhibit 13: Category-wise Composition of Net Food Imports Volume (2019)

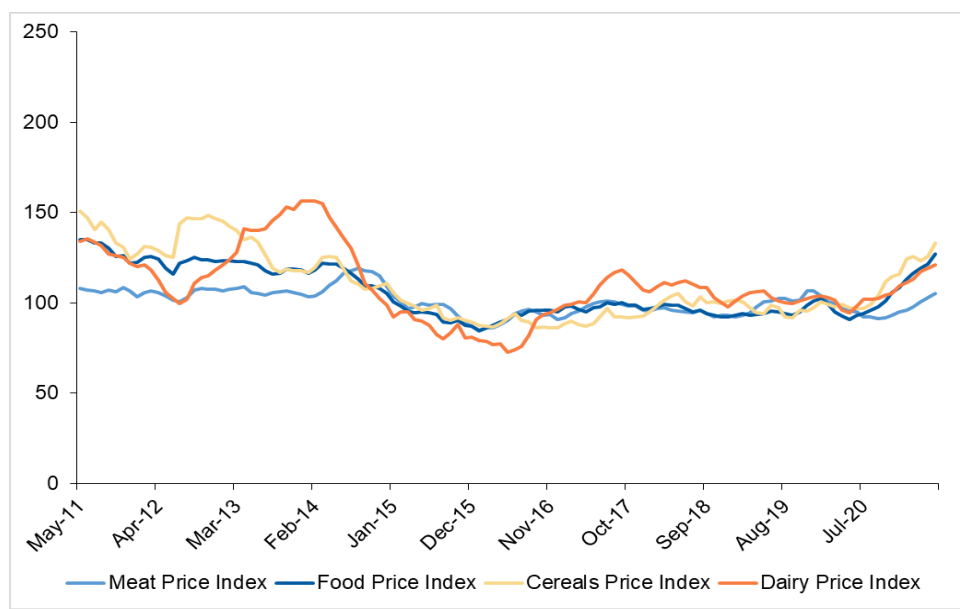


Source: GAS of Saudi Arabia, NSCI of Oman, CIO of Bahrain, MDPS of Qatar, FAO

Food prices grew by 24% since the beginning of 2020, reflecting the impact of supply chain disruptions caused by the COVID-19 pandemic

Historically, the GCC nations have been meeting most of their food demand through imports, largely due to limited internal resources for production. Food price fluctuations therefore remains a threat to the region's food security as it places them at a higher risk of a food crisis. Following the declining trend since 2011, food prices continued to fall in 2014 but exhibited volatility during the second half of the year due to sharp fall in oil prices causing economic instability. For the period 2015 to 2019, food prices remained relatively stable, fluctuating in the range of 16 points. However, food prices grew by 24% since the beginning of 2020, reflecting the impact of supply chain disruptions caused by the COVID-19 pandemic. For individual commodities, cereals contributed highest to the inflation, while there was no major fluctuation in prices of meat since 2020. The food price index grew 39.7% y-o-y to reach 127.1 in May 2021, the highest level in last 12 months (see Exhibit 14)²⁰.

Exhibit 14: Global Food Price Indices



Source: FAO

²⁰ FAO

2.1. Country-Wise Market Overview

Saudi Arabia

In 2019, Saudi Arabia accounted for 65.3% and 56.7% of the total regional food production and consumption, respectively

Growing consciousness towards the importance of healthy eating has been driving demand for healthier food choices in the Kingdom

Saudi Arabia's total food consumption recorded a fall of 2.1% CAGR between 2014 and 2019

Saudi Arabia retained its position as the largest producer and consumer of food products in the GCC. This is largely due to the Kingdom's favorable characteristics, including a large consumer base (comprising 58.5% of the region's population)²¹, land area (84% of the total GCC area), and arable land (96% of the region's arable land)²². In 2019, the Kingdom accounted for 65.3% and 56.7% of the total regional food production and consumption, respectively²³. Saudi Arabia is also home to a population with significant levels of wealth, and high disposable incomes. In addition, factors such as substantial expat population, global exposure leading to adoption of western lifestyles among citizens, growing involvement of women in the working population²⁴, rising religious tourism, coupled with an expanding hospitality sector augur well for the local food industry.

In recent years, growing consciousness towards the importance of healthy eating has been driving demand for healthier food choices in Saudi Arabia. At the same time, high prevalence of non-communicable diseases (NCDs) such as diabetes has resulted in the locals turning health conscious²⁵. Notably, 17.9% of the adult population in Saudi Arabia suffers from diabetes and over 40% of the Kingdom's citizens are obese²⁶. This has led to increased demand for healthier, clean and functional foods with consumers preferring intake of nutritious whole grains, fresh dairy, poultry, and low-calorie beverages²⁷. Consequently, the demand for highly processed food is on the decline²⁸. Amid the shift in demand, several eateries across the Kingdom have started offering healthy-eating options as part of their menu²⁹. The government has also focused on minimizing health challenges through initiatives as part of its 'Vision 2030'. For instance, the Saudi Food and Drug Authority (SFDA) announced new regulations in 2019 mandating restaurants and cafes in the Kingdom to display calorie contents of foods, in a bid to curb rising obesity³⁰. Earlier in 2018, the SFDA, in collaboration with other government entities, developed a Healthy Food Strategy in response to the increase of NCDs in the Kingdom. The strategy aims at enhancing lifestyles of the residents and reducing the intake of salt, sugar, saturated fatty acids and trans-fatty acids³¹. Other major initiatives by the government include the National Strategy for Diet and Physical Activity³².

Saudi Arabia's total food consumption recorded a fall of 2.1% CAGR between 2014 and 2019³³. This can be attributed to a large size outflow of expatriate population since the end of 2016 against a backdrop of tougher rules governing foreign workers in the Kingdom³⁴. Although cereals remained the largest consumed food category with a 49.1% share in 2019, it recorded a fall of 6.4% CAGR during the five-year period to reach 11.9 million MT. Consumption of potatoes also recorded a fall of 4.3% CAGR to reach 0.4 million MT during the same period. Healthy eating habits led to higher consumption in food categories such

²¹ Source: "World Economic Outlook Database", IMF, April 2021

²² Source: FAO Land Use Statistics, September 10, 2020

²³ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO, AOAD

²⁴ Source: Saudi Arabia Food Service Market Forecast Analysis Report 2020-25, Market Data Forecast, February 2020

²⁵ Source: "Global Health Observatory data repository", WHO

²⁶ Source: "Privatization, Localization, and Digitalization will Determine the Future of the KSA Healthcare Market", Frost & Sullivan, July 16, 2020

²⁷ Source: "Calorie-conscious Saudi millennials usher in era of healthy eating", Arab News, March 16, 2020

²⁸ Source: "Saudi's e-commerce trends: Preference for processed food dips as health demands soar" Food Navigator, March 13, 2019

²⁹ Source: "Calorie-conscious Saudi millennials usher in era of healthy eating", Arab News, March 16, 2020

³⁰ Source: "Saudi Arabia brings in mandatory calorie labels on menus", The National News, January 2, 2019

³¹ Source: "Saudi Arabia's Healthy Food Strategy: Progress & Hurdles in the 2030 Road", May 31, 2021

³² Source: "Policy - KSA National Strategy for Diet and Physical Activity for the Years 2014- 2025", WHO

³³ Source: GAS of Saudi Arabia, FAO, AOAD

³⁴ Source: "Expatriate exodus from Saudi Arabia as more than 800,000 leave in 18 months", International Investment, April 12, 2018

Food consumption in the Kingdom reached 24.3 million MT in 2019, significantly higher than the domestic production of 8.8 million MT

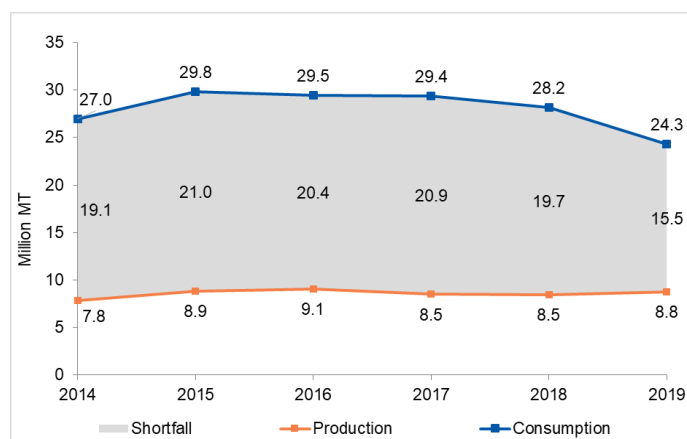
The Kingdom's self-sufficiency ratio grew to 36.1% in 2019

as eggs (+12.2% CAGR), fruits (+8.5% CAGR), and vegetables (+4.5% CAGR). In addition to cereals, fruits (3.4 million MT) and vegetables (2.7 million MT) were the most consumed food categories, with a share of 13.8% and 11.2%, respectively, in 2019³⁵.

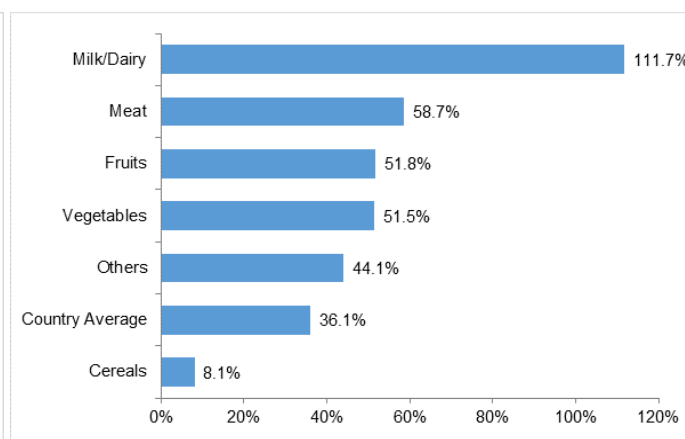
Food consumption in the Kingdom reached 24.3 million MT in 2019, significantly higher than the domestic production of 8.8 million MT (+2.3% CAGR between 2014 and 2019). Although the gap between production and consumption continues to remain substantial, the total food shortfall in Saudi Arabia has considerably reduced since its peak in 2015. Between 2014 and 2019, the shortfall has declined at a CAGR of 4.1% from 19.1 million MT in 2014 to 15.5 million MT in 2019 (see Exhibit 15). This was achieved despite a fall in imports (-3.6 CAGR between 2014 and 2019)³⁶ due to the end of import subsidies on most feeds and grains during 2019. Saudi Arabia's food imports have been varying as the Kingdom's trade policies have altered in recent years³⁷. Since 2015-16, the Kingdom has implemented a domestic ban of wheat production due to concern of groundwater depletion. However, Saudi Arabia eased the ban in late 2018 allowing 202,000 tonnes to be produced in 2019-20³⁸.

The Kingdom's self-sufficiency ratio grew from 29.1% in 2014 to 36.1% in 2019. In 2019, Saudi Arabia's self-sufficiency was the highest for dairy products (111.7%), followed by potato (100.0%), eggs (94.5%), meat (58.7%), fruits (51.8%), and vegetables (51.5%) (see Exhibit 16)³⁹.

Exhibit 15: The Saudi Arabian Food Landscape (2014-2019) Exhibit 16: Self-sufficiency Ratio in Saudi Arabia (2019)



Source: AOAD, GAS of Saudi Arabia



Source: AOAD, GAS of Saudi Arabia

In 2019, the UAE accounted for 9.7% and 18.3% of the total regional food production and consumption, respectively

UAE

UAE is one of the most vibrant food destinations in the GCC, with high emphasis on manufacturing, trade and tourism making it a lucrative F&B hub. The nation attracts several expatriates and tourists every year, and is home to the second largest population in the GCC (~11.1 million people as of 2020)⁴⁰. The country's diverse expatriate population (comprising over 80% of the total population) has driven demand for food products, especially to cater to a wide variety of global cuisines. Dubai, which has the highest concentration of expatriates in the country, boasts of the second highest number of restaurants as percentage of

³⁵ Source: GAS of Saudi Arabia, FAO

³⁶ Source: GAS of Saudi Arabia, FAO, AOAD

³⁷ Source: "Saudi Arabia's corn, rice imports expected to fall", World Grain, April 23, 2020

³⁸ Source: "Saudi Arabia's corn, rice imports expected to fall", World Grain, April 23, 2020

³⁹ Source: GAS of Saudi Arabia, FAO, AOAD

⁴⁰ Source: "World Economic Outlook Database", IMF, April 2021

The demand for a diverse range of cuisines has enabled several major foodservices operators to avail higher profitability and revenues

Food consumption in the UAE grew at a modest pace of 0.4% CAGR between 2014 and 2019

UAE's domestic production grew at a CAGR of 9.0% between 2014 and 2019

The UAE's self-sufficiency ratio rose to 16.6% in 2019, up from 11.0% in 2014

population⁴¹. In 2019, the UAE accounted for 9.7% and 18.3% of the total regional food production and consumption, respectively⁴².

The country has been witnessing increasing demand for nutritious food and organic produce in recent years amid rising incidence rates of NCDs (77% NCD related mortality cases as of 2019⁴³). Sedentary lifestyle has increased the prevalence of high-risk diseases like diabetes and obesity (~30% of adults in the UAE were obese as of 2019)⁴⁴. Adding to this, government efforts through strategies such as the UAE National Action Plan in Nutrition to limit unhealthy eating have resulted in rising consciousness around healthy food⁴⁵. In 2019, consumption of natural food products in the country increased by approximately 10%, while consumption of organic products and free products (such as free-range eggs) increased by around 20% and 15%, respectively⁴⁶. The demand for a diverse range of cuisines has enabled several major foodservices operators to avail higher profitability and revenues through constant innovation in food offerings⁴⁷. For instance, seafood is witnessing higher demand due to the significant expatriate workforce, and halal seafood products are slowly growing in popularity⁴⁸. Meanwhile, the rising need for convenience, buoyed by influences such as busy lifestyles and evolving preferences, is boosting the demand for ready-to-eat and convenience food items, as well as frozen foods across the UAE⁴⁹.

Food consumption in the UAE grew at a modest pace of 0.4% CAGR between 2014 and 2019 to reach 7.9 million MT. Although cereals remained the largest consumed food category with a 30.6% share in 2019, it recorded a fall of 5.0% CAGR during the five-year period to reach 2.4 million MT. Among the other major food categories, vegetables that accounted for 22.8% of consumption share grew at a CAGR of 5.8%, while meat (12.5% share) and dairy products (8.8% share) grew at a CAGR of 7.9% and 11.1%, respectively, between 2014 and 2019. Consumption of fruits (18.4% share) remained relative flat during the period⁵⁰.

UAE's domestic production (1.3 million MT in 2019), which has been on the rise in recent years, grew at a CAGR of 9.0% between 2014 and 2019. Among the individual food categories, fruits (28.8% share), vegetables (23.3% share), and dairy products (17.6% share) remained the most produced items. The country's total imports increased at a CAGR of 1.3% between the five-year period to reach 9.8 million MT in 2019, while exports grew at a CAGR of 6.8% to reach 3.3 million MT. The gap between production and consumption in the UAE has relatively eased over the last two years, falling considerably from its peak in 2017. Between 2014 and 2019, the shortfall has marginally declined to 6.6 million MT in 2019 (see Exhibit 17)⁵¹.

The UAE's self-sufficiency ratio rose to 16.6% in 2019 from 11.0% in 2014. The self-sufficiency ratio has remained highest for fish (100%), followed by eggs (37.1%), and dairy products (33.5%). Notably, the country's self-sufficiency for fruits rose sharply from 13.0% in 2014 to 26.0% in 2019. On the other hand, self-sufficiency was the lowest for cereals (3.9%) in 2019 (see Exhibit 18)⁵².

⁴¹ Source: "UAE's F&B industry believes worst is behind it", Gulf News, February 26, 2019

⁴² Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO, AOAD

⁴³ Source: "National accountability and response for noncommunicable diseases in the United Arab Emirates", International Journal of Noncommunicable Diseases, March 18, 2019

⁴⁴ Source: "2020 Outlook of the KSA and UAE F&B Market", Frost & Sullivan, June 3, 2020

⁴⁵ Source: The UAE National Action Plan in Nutrition 2017-2021, UAE Ministry of Health and Prevention

⁴⁶ Source: "Demand for healthy food and organic produce in the UAE", IsraelAgri, November 3, 2020

⁴⁷ Source: 2020 Outlook of the KSA and UAE F&B Market, Frost & Sullivan, June 3, 2020

⁴⁸ Source: UAE Frozen Food Market - Growth, Trends, COVID-19 Impact, and Forecasts (2021 - 2026), Report Linker, January 2021

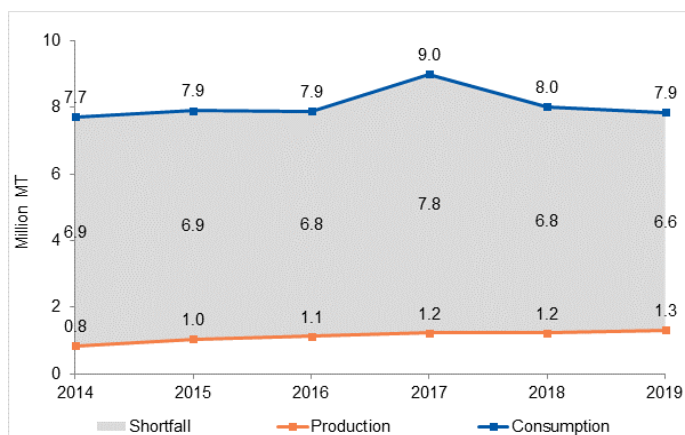
⁴⁹ Source: UAE Frozen Food Market - Growth, Trends, COVID-19 Impact, and Forecasts (2021 - 2026), Report Linker, January 2021

⁵⁰ Source: FCSA of UAE, FAO, AOAD

⁵¹ Source: FCSA of UAE, FAO, AOAD

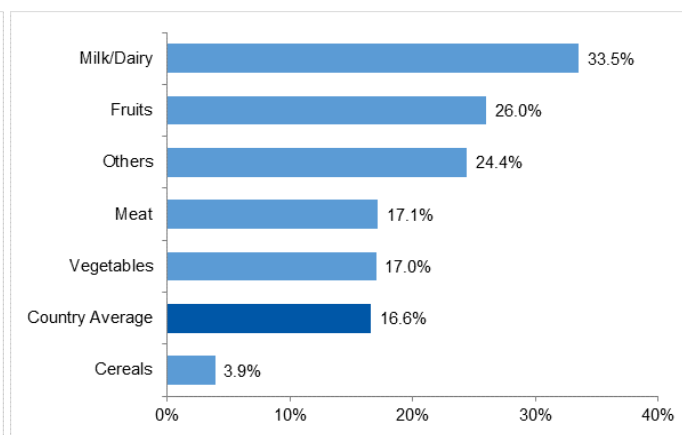
⁵² Source: FCSA of UAE, FAO, AOAD

Exhibit 17: The UAE Food Landscape (2014-2019)



Source: FCSA of the UAE, FAO Stat

Exhibit 18: Self-sufficiency Ratio in the UAE (2019)



Source: FCSA of the UAE, FAO Stat

In 2019, Kuwait accounted for 6.0% and 7.8% of the total regional food production and consumption, respectively

Kuwait

Kuwait, albeit one of the smaller nations compared to other GCC countries, is a prominent and fast-growing food market. The country's population has expanded steadily over the last few years, recording a 3.3% CAGR between 2014 and 2019⁵³, and comprises a large number of expatriates - approximately 70% of the total population as of 2019⁵⁴. This, coupled with the rising urbanization trends due to the young population⁵⁵ has brought about increased global influence of eating habits leading to a shift in preference towards a diverse cuisine. Consequently, the number of foodservices operators in the country has been rising constantly⁵⁶. Busy lifestyles and unhealthy eating habits has led to high rates of obesity and prevalence of NCDs such as diabetes among the population. As of 2019, NCD related mortality cases in Kuwait stood at 79.4%⁵⁷ with ~37% of adults in the nation being obese⁵⁸. Consequently, the perception of healthy eating has grown in recent years, with people willing to spend more money on organic produce due to its perceived health and safety benefits⁵⁹. The huge demand for organic agriculture in Kuwait is leading to a transfer of knowledge on specific standards and methods of organic food production systems. This is slowly making organic agriculture a sustainable solution to meet the rising demands of the residents in an environmentally sustainable and healthy way⁶⁰. In 2019, Kuwait accounted for 6.0% and 7.8% of the total regional food production and consumption, respectively⁶¹.

Kuwait's food production grew at a CAGR of 2.5% between 2014 and 2019

Kuwait, with its limited arable agricultural land area, cultivates crops with the help of artificial techniques. Over the years, the Kuwaiti government has been increasingly investing in sophisticated agricultural technologies to ramp-up food production. For instance, in April 2020, Wafra International Investment Company, which manages about US\$ 6 billion in Kuwaiti sovereign wealth fund, invested US\$ 10 million in UAE-based vertical farming venture Pure Harvest Smart Farm with plans to invest up to a total of US\$ 100 million to

⁵³ Source: "World Economic Outlook Database", IMF, April 2021

⁵⁴ Source: "Kuwait wants to bring down migrant population from 70% to 30%", The Economic Times, June 05, 2020

⁵⁵ Source: "Urban Planning and its Legacy in Kuwait", LSE, April 23, 2020

⁵⁶ Source: "Huge rise in number of restaurants, many illegal with sub-standard, unhygienic food", Arab Times, August 18, 2019

⁵⁷ Source: "Kuwait - Share of deaths from noncommunicable diseases", Knoema, 2019

⁵⁸ Source: "Global Health Observatory data repository", WHO

⁵⁹ Source: "Demand for organic food and public perception in the state of Kuwait: A Comparison of conventional and organic vegetable produce quality", Abdirashid O Elmi, Kuwait University, October 2, 2019

⁶⁰ Source: "Demand for organic food and public perception in the state of Kuwait: A Comparison of conventional and organic vegetable produce quality", Kuwait University, October 2, 2019

⁶¹ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO, AOAD

support the expansion of the company's farms⁶². In September 2020, Pure Harvest Smart Farms announced plans to invest over US\$ 30 million to build a dedicated high-tech farm producing locally grown fresh fruits and vegetables to supply Kuwaiti supermarket retailer The Sultan Center⁶³. Kuwait's food production grew at a CAGR of 2.5% between 2014 and 2019 to reach 810,784 MT⁶⁴. Among the individual food categories, vegetables (40.5% share), eggs (16.7% share), fruits (14.2% share), and meat (13.7% share) remained the most produced items. The country, which has historically depended on imports to meet its consumption, saw its total imports fall by 1.3% CAGR during the five-year period to reach 2.9 million MT in 2019. Cereals have remained the highest imported food item in the country, accounting for 48.0% of the total in 2019. However, it witnessed a marginal decline in imports between 2014 and 2019 owing to the increased emphasis towards homegrown produce. Production of cereals in the country grew by 3.3% CAGR during the same period. Total food exports, on the other hand, grew at a CAGR of 1.8% over the five-year period⁶⁵.

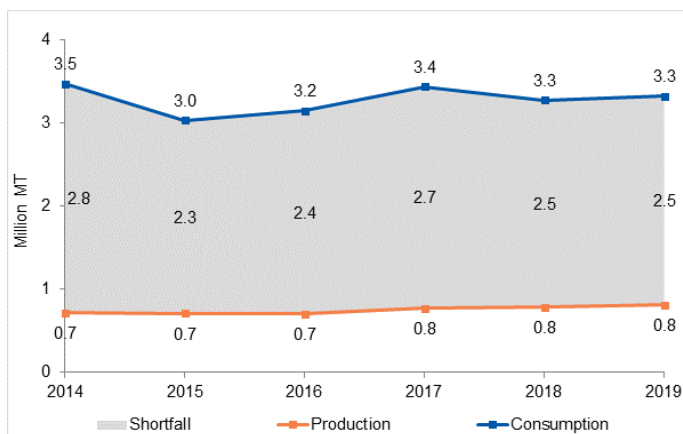
Food consumption in Kuwait declined at a CAGR of 0.9% between 2014 and 2019

Food consumption in Kuwait declined at a CAGR of 0.9% between 2014 and 2019 to reach 3.3 million MT. Cereals, vegetables and meat were the largest consumed food categories, accounting for a combined 70.4% of the total consumption in 2019. Although cereals remained the largest consumed food category with a 39.8% share in 2019, it recorded a fall of 0.9% CAGR during the five-year period to reach 1.3 million MT. Among the other major food categories, vegetables that accounted for 20.6% of consumption share remained relatively flat (-0.2% CAGR), while meat (9.9% share) and dairy products (7.8% share) grew at a CAGR of 3.5% and 7.4%, respectively, between 2014 and 2019. Consumption of eggs witnessed the fastest growth between 2014 and 2019, recording a CAGR of 25.0%. Consumption of fruits (8.2% share) recorded a decline of 12.4% CAGR over the period. A higher rate of consumption compared to production led to a shortfall of 2.5 million MT in 2019. Between 2014 and 2019, the shortfall declined at a CAGR of 1.8% (see Exhibit 19)⁶⁶.

Kuwait's self-sufficiency ratio rose to 24.4% in 2019, up from 20.7% in 2014

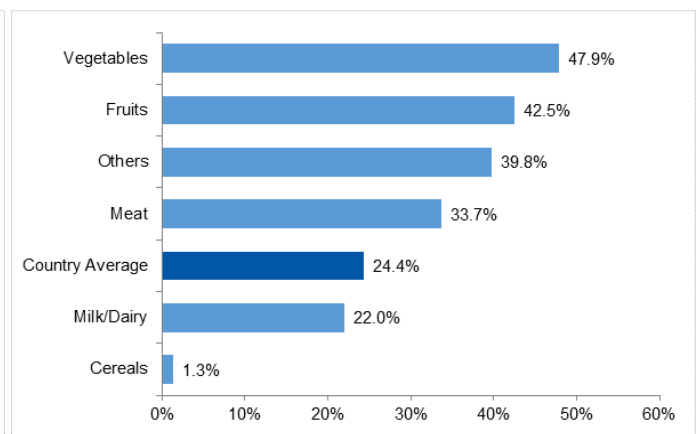
Kuwait's self-sufficiency ratio rose to 24.4% in 2019 from 20.7% in 2014. The self-sufficiency ratio for fruits surged the highest amongst all the categories from 24.1% in 2014 to 42.5% in 2019, while the ratio for eggs witnessed the steepest fall from 109.4% in 2014 to 73.8% in 2019. Self-sufficiency was the lowest for cereals (1.3%) in 2019 (see Exhibit 20)⁶⁷.

Exhibit 19: The Kuwaiti Food Landscape (2014-2019)



Source: FAO Stat

Exhibit 20: Self-sufficiency Ratio in Kuwait (2019)



Source: FAO Stat

⁶² Source: "Amid Covid-19, the Gulf region commits \$200m to safeguard its food security with agtech", AFN, April 15, 2020

⁶³ Source: "UAE's Pure Harvest to open \$30m facility in Kuwait to supply retailer Sultan Center", Gulf Business, September 8, 2020

⁶⁴ Source: FAO, AOAD

⁶⁵ Source: FAO, AOAD

⁶⁶ Source: FAO, AOAD

⁶⁷ Source: FAO, AOAD

In 2019, Oman accounted for 15.4% and 10.0% of the total regional food production and consumption, respectively

Oman's total food production grew at a CAGR of 11.8% between 2014 and 2019

Total food consumption in Oman grew at an annualized rate of 6.6% between 2014 and 2019

Oman has the highest food self-sufficiency ratio amongst all GCC nations, reaching 48.0% in 2019

Oman

Oman's steady population growth, along with increasing international tourist arrivals and expatriates in the country, has supported the demand for food. The Sultanate's population, which is largely urban and young, has grown at a CAGR of 3.0% between 2014 and 2019⁶⁸. Sedentary lifestyle amid rapid modernization and higher standards of living have substantially contributed to unhealthy eating habits and higher consumption of high-calorie food. This has led to a higher demand of organic and halal food products among the health-conscious millennial population. As a result, both food production and consumption grew at more than double the pace of the population growth over the five-year period. In 2019, Oman accounted for 15.4% and 10.0% of the total regional food production and consumption, respectively⁶⁹.

Oman's total food production grew at a CAGR of 11.8% between 2014 and 2019 to reach 2.1 million MT⁷⁰. Among the individual food categories, vegetables (32.4% share), fish (28.1% share), fruits (22.7% share), and meat (8.5% share) remained the most produced items as of 2019. Potato production grew at the fastest pace, recording an annualized growth rate of 23.9% between 2014 and 2019, followed by fish (22.4% CAGR), vegetables (15.6% CAGR), and meat (10.3% CAGR) during the five-year period⁷¹. With a faster increase in demand compared to production, the country's reliance on imports has increased significantly. Total imports for the Sultanate increased by 4.2% CAGR between 2014 and 2019, reaching 3.2 million MT, driven by rising focus of the government on agriculture as a pillar of economic growth and to meet the country's rising consumption requirements. Cereals have remained the highest imported food item in Oman, accounting for 48.6% of the total in 2019. The food category witnessed a growth of 4.2% CAGR in imports between 2014 and 2019, at par with the growth in imports of vegetables (4.4% CAGR) during the same period. Import of pulses (21.2% CAGR) and fish (16.6% CAGR) in Oman grew at the fastest pace. Total food exports by Oman grew at a CAGR of 8.1% over the five-year period⁷².

Total food consumption in the Sultanate grew at an annualized rate of 6.6% between 2014 and 2019, reaching 4.3 million MT in 2019. Although cereals remained the largest consumed food category in the country with a share of 26.8%, it recorded the slowest annualized growth rate at 1.3% between 2014 and 2019. Among the other major food categories, vegetables that accounted for 19.3% of consumption share grew at a pace of 13.8% CAGR. Fruits (20.0% share), dairy products (9.0% share) and meat (7.7% share) grew at a CAGR of 3.7%, 7.1% and 6.1%, respectively, between 2014 and 2019. Consumption of fish in Oman increased at the fastest annualized rate of 21.8% over the five-year period, followed by pulses (21.1% CAGR). A higher rate of consumption compared to production led to shortfall of 2.2 million MT in 2019. Between 2014 and 2019, the shortfall has increased significantly, recording a CAGR of 2.8% (see Exhibit 21)⁷³.

The country boasts of the highest food self-sufficiency ratio amongst all GCC nations, reaching 48.0% in 2019. In 2019-2020, Oman's agriculture ministry announced that the domestic agriculture and fisheries sector recorded a growth of 9.8% y-o-y⁷⁴. The Sultanate was able to meet over 50% of the fruits, eggs and meat demand, and over 80% of the demand for vegetables through domestic production. The self-sufficiency ratio has remained

⁶⁸ Source: "World Economic Outlook Database", IMF, April 2021

⁶⁹ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO, AOAD

⁷⁰ Source: NCSI of Oman, FAO Stat, AOAD

⁷¹ Source: NCSI of Oman, FAO Stat, AOAD

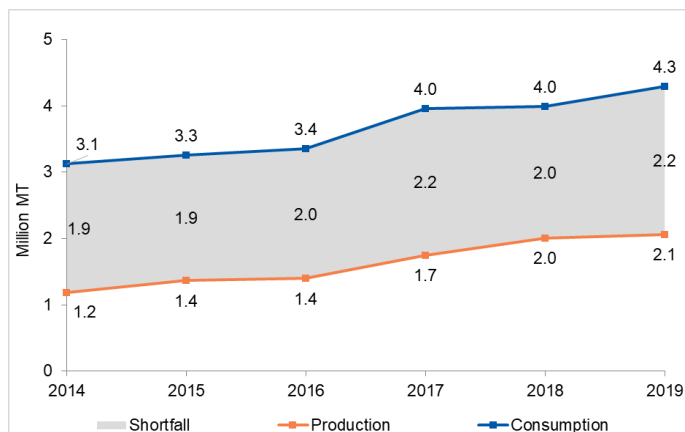
⁷² Source: NCSI of Oman, FAO Stat, AOAD

⁷³ Source: NCSI of Oman, FAO Stat, AOAD

⁷⁴ Source: Oman Fruits and Vegetables Market - Growth, Trends, Covid-19 Impact, and Forecasts (2021 - 2026), Mordor Intelligence

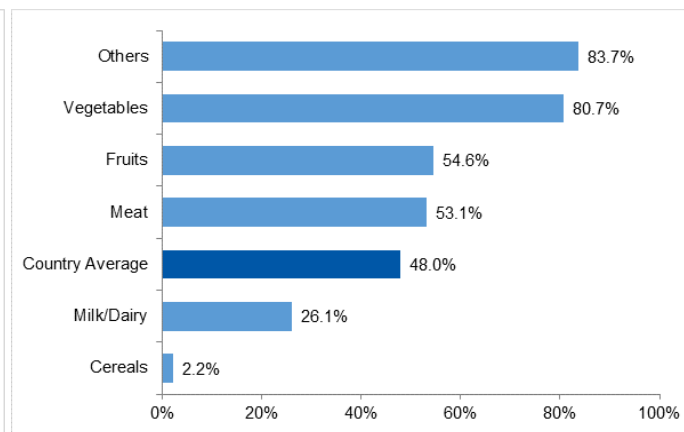
highest for fish (141.3%) as of 2019, while self-sufficiency for cereal products (2.2%) has been the lowest in the Sultanate (see Exhibit 22)⁷⁵.

Exhibit 21: The Omani Food Landscape (2014-19)



Source: NCSI of Oman, FAO Stat

Exhibit 22: Self-sufficiency Ratio in Oman (2019)



Source: NCSI of Oman, FAO Stat

In 2019, Qatar accounted for 2.8% and 5.1% of the total regional food production and consumption, respectively

Production of major food categories in Qatar increased at a CAGR of 15.2% between 2014 and 2019

Qatar

Rapid urbanizing has led to a population explosion in Qatar over the last few years. The country's population base has grown at a robust pace of 4.8% CAGR between 2014 and 2019, the highest in the GCC⁷⁶. Moreover, approximately 57% of the population falls under the working-age group of 25–54 years. Qatar is also one of the richest countries globally, with a per capita income of US\$ 62,919 in 2019⁷⁷. All these factors coupled with the country's high standards of living, strong purchasing power and disposable incomes, and low unemployment rate (0.09% in 2019)⁷⁸ have led to a sharp increase in food consumption. The government has also made significant efforts towards diversification of its economy, in tandem with the 'Qatar National Vision 2030'. Moreover, the upcoming FIFA 2022 World Cup has attracted huge expatriate inflow, leading to increased investment, spending on goods and services, net exports, and overall consumption⁷⁹. Similar to the other GCC nations, Qatar has witnessed a trend towards increased consumption of healthier food in recent years, boosting the demand for vegetables, fruits and other organic food. Such factors have positively influenced the overall consumption of food in the country. In 2019, Qatar accounted for 2.8% and 5.1% of the total regional food production and consumption, respectively⁸⁰.

Qatar is largely dependent on food imports to meet the domestic demand due to extremely high temperatures, desert climate, acute lack of rain/water, and limited availability of fertile soil. However, the country has made significant efforts to ramp up production of food. Since the Gulf Rift in 2017, it has made significant strides in increasing local food production, with Qatari agricultural, fish, animal and dairy products experiencing a multi-fold increase. In fact, Qatar invested heavily in procurement of dairy cattle, equipment, and technologies from the US and Europe since the embargo in a bid to become self-sufficient⁸¹. This has also enabled the country to bridge some part of the shortfall in domestic production, making it more

⁷⁵ Source: NCSI of Oman, FAO Stat, AOAD

⁷⁶ Source: "World Economic Outlook Database", IMF, April 2021

⁷⁷ Source: "World Economic Outlook Database", IMF, April 2021

⁷⁸ Source: "Unemployment rate in Qatar 2020", Statista, April 1, 2021

⁷⁹ Source: "The effect of the world cup 2022 on Qatar's economy", Warsaw University, 2019

⁸⁰ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO, AOAD

⁸¹ Source: "QATAR – OPPORTUNITIES IN FOOD/FARMING SECTOR", International Trade Administration, US Department of Commerce – year not mentioned

resilient to volatility in food availability. Consequently, the production of major food categories in Qatar increased at a CAGR of 15.2% between 2014 and 2019 to reach 376,896 MT. Among the individual food categories, dairy products (53.0% share), vegetables (24.3% share), and meat (9.8% share) remained the most produced items as of 2019. Dairy production grew at the fastest pace, recording an annualized growth rate of 23.8% between 2014 and 2019, followed by meat (20.2% CAGR), and vegetables (12.6% CAGR) during the five-year period. Total imports for Qatar increased by 6.8% CAGR between 2014 and 2019 to reach 1.8 million MT, recording the fastest growth rate in the GCC. Cereals have remained the highest imported food item in Qatar, accounting for 30.9% of the total in 2019. It witnessed a growth of 7.3% CAGR in imports between 2014 and 2019. Import of meat (11.0% CAGR), vegetables (10.3% CAGR), and fruits (9.9% CAGR) in the country grew at a high pace during the five-year period. On the other hand, total food exports by Qatar declined at a CAGR of 12.9% between 2014 and 2019⁸². Exports fell during the period as a result of the diplomatic rift that led to an embargo being imposed by the GCC neighbors.

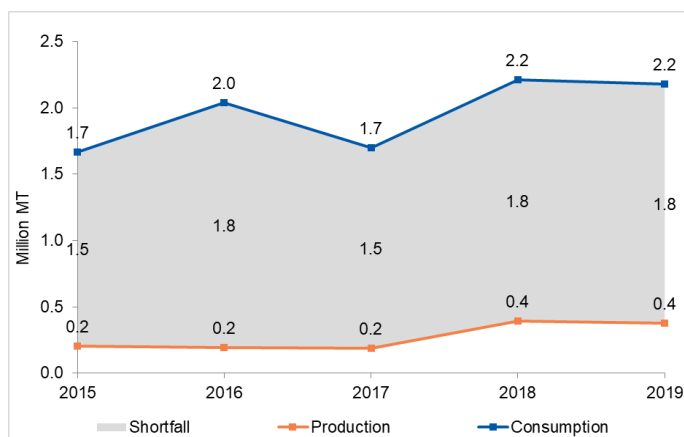
Qatar's food consumption grew at a CAGR of 8.1% between 2014 and 2019, the highest in the region

Meanwhile, Qatar's food consumption grew at a CAGR of 8.1% over the five-year period, the highest in the region, to reach over 2.2 million MT in 2019. Consumption of cereals was the highest in the country, accounting for 25.7% of total food consumption, followed by vegetables (21.7%) and meat (13.9%). Consumption of meat grew at the fastest pace of 11.9% CAGR between 2014 and 2019, followed by potatoes (11.4% CAGR), vegetables (10.6% CAGR), eggs (9.1% CAGR), and fruits (9.0% CAGR). A higher rate of consumption compared to production led to shortfall of 1.8 million MT in 2019. Between 2014 and 2019, the shortfall has increased at a CAGR of 6.9% (see Exhibit 23)⁸³.

Qatar met 17.3% of its food requirements through domestic production in 2019

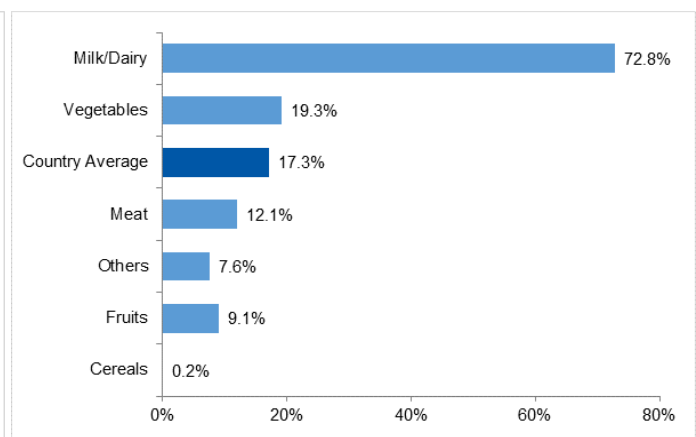
In terms of self-sufficiency, Qatar met 17.3% of its food requirements through domestic production in 2019, up from 12.6% in 2014. The country was able to meet 72.8% of its domestic demand for dairy products, while self-sufficiency was the lowest for cereals as of 2019 (see Exhibit 24)⁸⁴.

Exhibit 23: The Qatari Food Landscape (2014-19)



Source: AOAD, MDPS Qatar, FAO Stat

Exhibit 24: Self-sufficiency Ratio in Qatar (2019)



Source: AOAD, MDPS Qatar, FAO Stat

⁸² Source: MDPS Qatar, FAO, AOAD

⁸³ Source: MDPS Qatar, FAO, AOAD

⁸⁴ Source: MDPS Qatar, FAO, AOAD

In 2019, Bahrain accounted for 0.7% and 2.2% of the total regional food production and consumption, respectively

Bahrain's total food production grew at a CAGR of 1.1% between 2014 and 2019

Total food consumption in Bahrain grew at a CAGR of 2.6% between 2014 and 2019

Bahrain self-sufficiency ratio in 2019 was the lowest in the GCC

Bahrain

Bahrain has witnessed strong demand for food, driven by the country's growing population base (2.4% CAGR between 2014 and 2019)⁸⁵ and a relatively robust economy. Notably, Bahrain's economy (GDP at current prices) has grown at an annualized rate of 2.9% between 2014 and 2019, the fastest among the GCC nations⁸⁶. Bahrain is also the only country in the GCC to record a marginal growth in its per capita income, rising at a CAGR of 0.4% during the five-year period, whereas all the other GCC nations witnessed a decline⁸⁷. Moreover, the country is home to a large expatriate population (52.6% of the total as of 2020)⁸⁸ with a diverse range of taste that has cumulatively driven the demand for food in Bahrain. Globalization and high standards of living have led to sedentary lifestyles and poor dietary habits, the largest contributing risk for all health issues in the nation⁸⁹. Consequently, people have become more aware and health conscious in recent years, leading to a rise in demand for organic food including vegetables, fruits and whole-grain cereals. Nutrition profile of people aged over 25 years in Bahrain shows that the population consumes a higher share of fruits, vegetables, legumes, nuts and seeds compared to the global intake⁹⁰. This has led to higher demand for nutrition rich food products in the country. In 2019, Bahrain accounted for 0.7% and 2.2% of the total regional food production and consumption, respectively⁹¹.

Bahrain's total food production grew at a CAGR of 1.1% between 2014 and 2019 to reach 98,525 MT. Among the individual food categories, meat (42.1% share), fruits (22.5% share), and vegetables (18.6% share) remained the most produced items as of 2019. Meat production grew at the fastest pace, recording an annualized growth rate of 12.6% between 2014 and 2019, followed by eggs (10.5% CAGR), and vegetables (3.9% CAGR) during the five-year period. The country has been relying on imports of key food commodities amid increasing demand and low domestic production. Bahrain's total imports increased by 1.8% CAGR between 2014 and 2019 to reach 855,682 MT. Cereals have remained the highest imported food item in Bahrain, accounting for 28.3% of the total in 2019. The food category witnessed a growth of 3.5% CAGR in imports between 2014 and 2019. Other major food categories that the country has been heavily importing amid lower domestic production include fruits (19.4% share), vegetables (17.7% share), and dairy products (12.9% share)⁹².

Total food consumption in Bahrain reached 922,982 MT in 2019, growing at a CAGR of 2.6% between 2014 and 2019. Cereals were the most consumed food category, accounting for 26.1% of the total consumption in 2019, followed by fruits (20.0%), vegetables (17.9%), and meat (14.7%). Among the food categories, consumption of dairy products grew at the fastest rate (7.9% CAGR) during the five-year period, followed by meat (5.3% CAGR) and cereals (3.5% CAGR). Similar to other GCC nations, growing consumption of food compared to production led to shortfall of 0.8 million MT in 2019. Between 2014 and 2019, the shortfall has increased by 2.8% CAGR (see Exhibit 25)⁹³.

Bahrain was able to meet just 10.7% of its food requirements in 2019 through domestic production, the lowest self-sufficiency ratio in the GCC. The country achieved highest self-sufficiency ratio for meat (30.6%) as of 2019, with below par production of vegetables, fruits, and dairy products. Production of other major categories such as cereals, pulses, and

⁸⁵ Source: "World Economic Outlook Database", IMF, April 2021

⁸⁶ Source: "World Economic Outlook Database", IMF, April 2021

⁸⁷ Source: "World Economic Outlook Database", IMF, April 2021

⁸⁸ Source: "Bahrain: Population crosses 1.5 million, of which 52.6% are expats", Gulf Insider, October 13, 2020

⁸⁹ Source: "Common Diseases In Bahrain", Borgen Project, August 2, 2017

⁹⁰ Source: "Bahrain: Country Nutrition Profile, Global Nutrition Report; Global Burden of Disease, the Institute for Health Metrics and Evaluation, 2020.

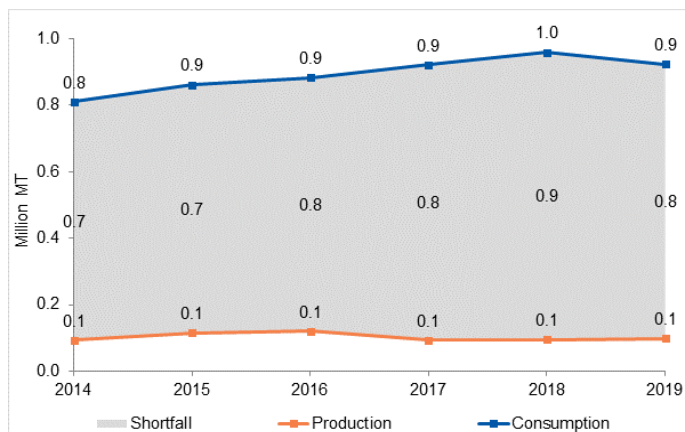
⁹¹ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO, AOAD

⁹² Source: CIO of Bahrain, FAO, AOAD

⁹³ Source: CIO of Bahrain, FAO, AOAD

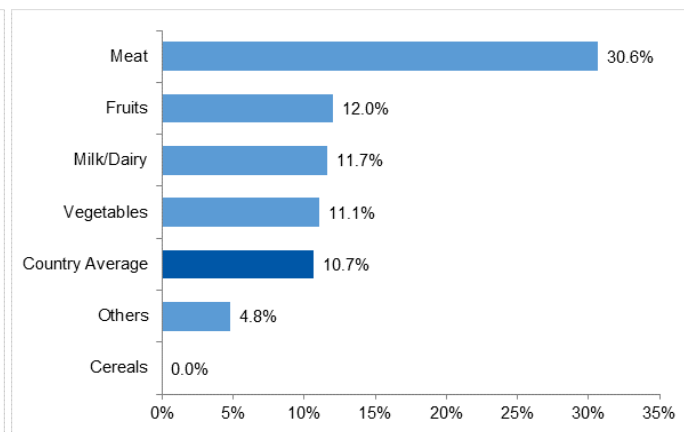
potatoes remained insignificant (see Exhibit 26). Consequently, Bahrain has remained fully dependent on imports for such food categories⁹⁴.

Exhibit 25: The Bahraini Food Landscape (2014-19)



Source: FAO Stat

Exhibit 26: Self-sufficiency Ratio in Bahrain (2019)



Source: FAO Stat

In 2019, milk and dairy products, fruits, and vegetables were among the major food items produced in the GCC with a combined share of 65.8%

GCC's overall domestic food production has been able to meet 31.3% of the local demand in 2019

2.2. Demand and Supply of Major Food Categories

In 2019, milk and dairy products, fruits, and vegetables were among the major food items produced in the GCC with a combined share of 65.8%⁹⁵. On the consumption front, cereals remained the major food category in the region accounting for 41.1% of the total as it forms a vital component to the eating preferences of GCC individuals. However, the consumption of cereals declined by 5.0% CAGR between 2014 and 2019. The decline in consumption of cereals can be partly attributed to lower domestic production, which fell by 8.2% CAGR between 2014 and 2019, on back of initiatives taken by the GCC nations to conserve their scarce water resources. Additionally, imports of cereals decreased at a CAGR of 4.2% while exports rose 5.4% during the period, creating shortage of cereals. Saudi Arabia, in particular, recorded a significant fall in cereal production as the government banned domestic cultivation of wheat and other water-intensive and major crop items in 2015-2016⁹⁶. Production and consumption amongst the other major food categories such as vegetables, fruits, meat and dairy increased at a relatively healthy pace over the five-year period.

In terms of self-sufficiency, domestic food production in the GCC has been able to meet 31.3% of the local demand in 2019 (see Exhibit 27), which is higher as compared to 24.9% in 2014⁹⁷. The various initiatives taken by regional governments to boost production through implementing organic farming, and artificial and technology-enabled processes across the food value chain have led to significant improvement over the years. Between 2014 and 2019, the region's domestic food production grew at a CAGR of 4.3% and exports increased by 4.8% CAGR, while net imports declined by 2.1% CAGR⁹⁸. This further affirms the GCC nations' success in achieving their food security goals.

⁹⁴ Source: CIO of Bahrain, FAO, AOAD

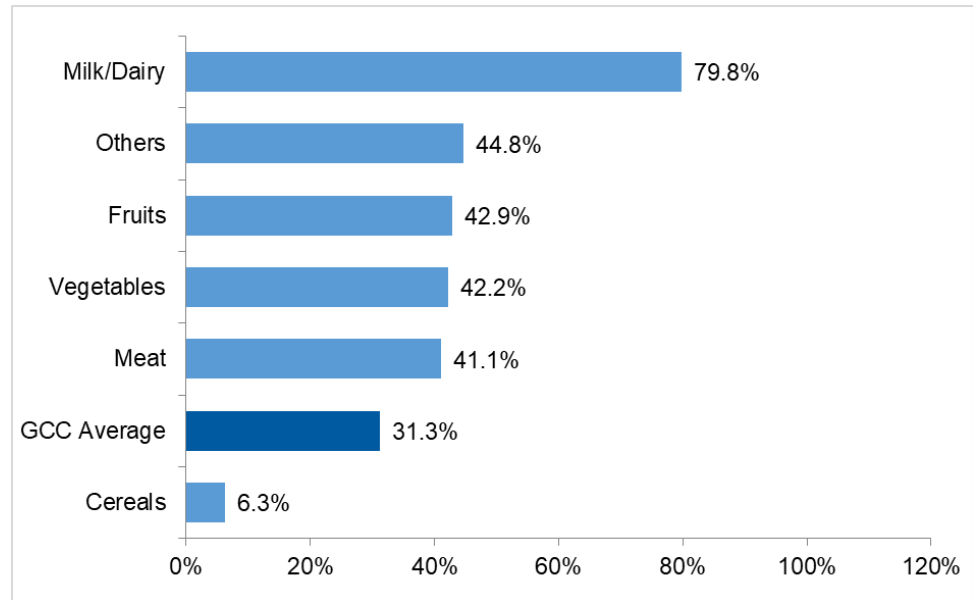
⁹⁵ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

⁹⁶ Source: "Saudi Arabia ends domestic wheat production", Miller Magazine

⁹⁷ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

⁹⁸ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

Exhibit 27: Self-sufficiency Ratio in the GCC (2019)



Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

Consumption of cereals fell by 5.0% CAGR while production declined by 8.2% CAGR in the GCC between 2014 and 2019

Cereals

Cereals have historically remained the most consumed food category in the GCC. In 2019, total cereals consumption amounted to 17.6 million MT, a decrease of 5.0% CAGR from 2014 (see Exhibit 28)⁹⁹. The decline comes in light of high consumption of processed meals comprising a greater proportion of added sugar, fats, and animal products¹⁰⁰. The fall was also due to lower production and imports, coupled with increased exports of cereals during the period that created a shortfall of the commodity. Historically, rice, barley, wheat and maize have been among the major types of cereals consumed in the GCC. At the same time, production of cereals in the GCC declined by 8.2% CAGR with UAE (11.2% CAGR), Kuwait (3.3% CAGR), and Oman (1.5% CAGR) being the only nations registering an increase over the five-year period (see Exhibit 28). The growth in these nations were offset by declines in production in Qatar (-16.3% CAGR) and Saudi Arabia (-9.5% CAGR) between 2014 and 2019. However, Saudi Arabia continues to dominate the region in terms of both consumption and production, accounting for 67.8% and 87.5% of the region's total consumption and production of cereals in 2019, respectively¹⁰¹.

The region had a self-sufficiency of 6.3% for cereals in 2019. Bahrain, with no domestic production of cereals, is entirely dependent on foreign imports. Net imports of cereals in the GCC decreased by 4.8% CAGR between 2014 and 2019¹⁰².

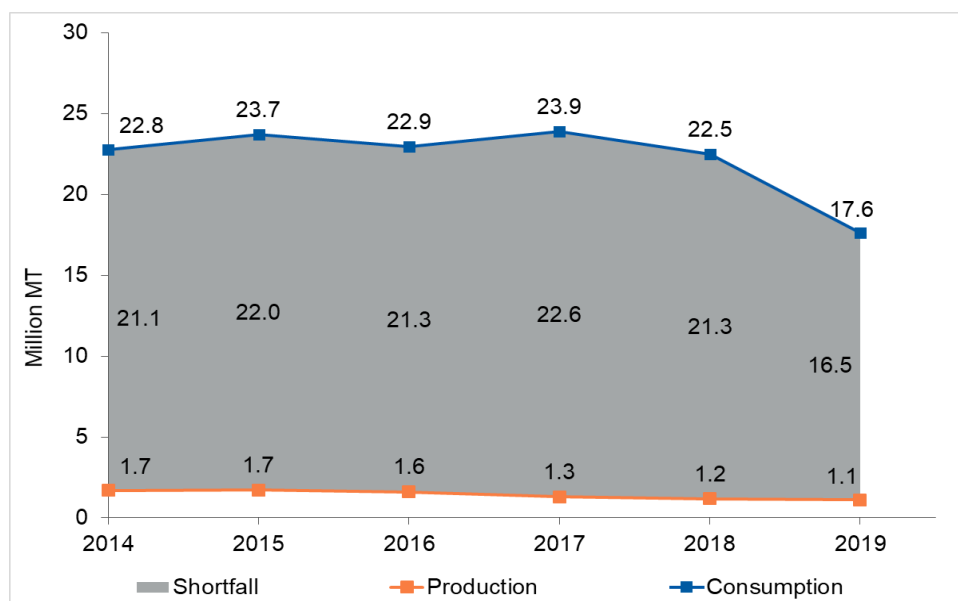
⁹⁹ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹⁰⁰ Source: "Food transition in the Gulf Cooperation Council Region", African Journal of Agricultural Research, 2020

¹⁰¹ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹⁰² Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

Exhibit 28: Demand-Supply of Cereals in the GCC



Source: FCSA of UAE, NCSI of Oman, MDPS Qatar, GAS of Saudi Arabia, FAO Stat

Vegetables

Consumption of vegetables grew by 5.5% CAGR while production rose by 4.7% CAGR in the GCC between 2014 and 2019

Vegetables are the second most consumed food category in the region. In 2019, total consumption of vegetables in the region stood at 6.7 million MT, a growth of 5.5% CAGR from 2014. On the other hand, production of vegetables grew at a CAGR of 4.7% over the five-year period to reach 2.8 million MT (see Exhibit 29)¹⁰³. Tomatoes, eggplant, zucchini, pumpkins, carrot and cucumber are among the major varieties of vegetables produced in the GCC. Historically, Saudi Arabia has been the largest producer as well consumer of vegetables in the region. Although production of vegetables in the Kingdom has grown modestly since 2014 (0.4% CAGR), consumption has increased at a much faster pace of 4.5% CAGR during the period. Saudi Arabia accounted for almost half (49.8%) of the region's total vegetable production in 2019, followed by Oman (23.8%). Production in Oman outpaced all the other GCC nations, recording a growth of 15.6% CAGR between 2014 and 2019. The UAE, which accounted for 10.8% of the region's production in 2019, witnessed a growth 12.4% CAGR during the same period. In terms of consumption, Saudi Arabia had a share of 40.8% of the total in 2019, followed by the UAE (26.9%), and Oman (12.4%). Between 2014 and 2019, their consumption increased by a CAGR of 4.5%, 5.8% and 13.8%, respectively. Consumption of vegetables in Qatar has also grown at a robust pace of 10.6% CAGR over the five-year period amid a 12.6% CAGR growth in production¹⁰⁴.

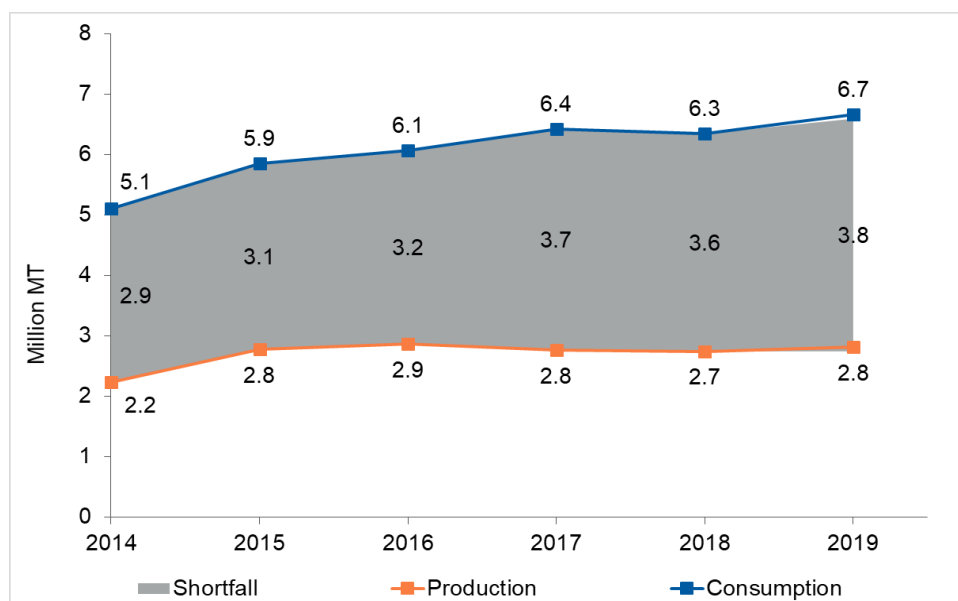
The region enjoyed a self-sufficiency of 42.2% for vegetables in 2019. Oman had the highest self-sufficiency in vegetables at 80.7%, followed by Saudi Arabia (51.5%) and Kuwait (47.9%). Bahrain, Qatar, and the UAE largely depend on import of vegetables to meet their domestic demands¹⁰⁵. The region's net vegetables imports stood at 3.8 million MT in 2019, exhibiting a CAGR of 6.0% since 2014¹⁰⁶.

¹⁰³ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹⁰⁴ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹⁰⁵ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹⁰⁶ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

Exhibit 29: Demand-Supply of Vegetables in the GCC


Source: FCSA of UAE, NCSI of Oman, MDPS Qatar, GAS of Saudi Arabia, FAO Stat

Consumption of fruits grew by 3.8% CAGR while production surged by 10.0% CAGR in the GCC between 2014 and 2019

Fruits

Consumption of fruits stood at 6.4 million MT in 2019, recording a growth of 3.8% CAGR from 2014. On the other hand, production of fruits increased at a much faster pace of 10.0% CAGR between 2014 and 2019 to reach 2.7 million MT (see Exhibit 30)¹⁰⁷. Among fruits, production of dates is highest in the region with UAE being one of the largest exporter of dates in the world¹⁰⁸. In 2019, consumption of fruits was highest in Saudi Arabia, with the Kingdom accounting for 52.4% of the regional total consumption. The UAE (22.5%) and Oman (13.4%) are the other major fruits consuming nations in the GCC. Saudi Arabia was also the largest producer of fruit in the GCC, contributing 63.3% of the region's total production in 2019. Oman (17.1%) and the UAE (13.7%) accounted for the other major producing nations in the GCC. Although the region has improved its production capacity significantly over the last few years, it remains a net importer of fruit. The region's net fruit import stood at 3.6 million MT in 2019¹⁰⁹.

The overall self-sufficiency for fruits in the region was 42.9% in 2019. Oman had the highest self-sufficiency at 54.6%, followed by Saudi Arabia (51.8%) and Kuwait (42.5%). Self-sufficiency ratio in the UAE doubled to 26.0% over the five-year period¹¹⁰. This was largely due to the 14.5% CAGR increase in production of fruits during the period, as local farmers increased harvest and marketing of newer varieties including organic fruits¹¹¹.

¹⁰⁷ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

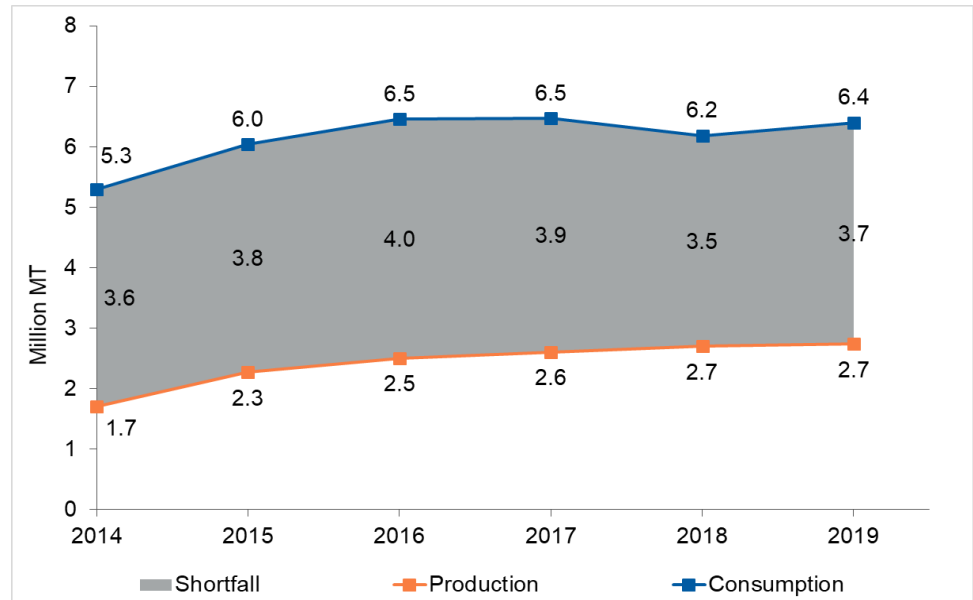
¹⁰⁸ Source: The Observatory of Economic Complexity, 2019

¹⁰⁹ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹¹⁰ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹¹¹ Source: "UAE competing globally with 70 types of fruits and vegetables", Hortidaily, April 8, 2020

Exhibit 30: Demand-Supply of Fruits in the GCC



Source: FCSA of UAE, NCSI of Oman, MDPS Qatar, GAS of Saudi Arabia, FAO Stat

Consumption of fruits grew by 3.5% CAGR while production rose by 3.3% CAGR in the GCC between 2014 and 2019

Dairy Products

Total consumption of dairy products in the GCC stood at 4.1 million MT in 2019, recording a growth of 3.5% CAGR from 2014 (see Exhibit 31)¹¹². Saudi Arabia remained the largest consumer of dairy products, constituting 58.4% of the total consumption, followed by the UAE (16.7%), and Oman (9.4%). Dairy production in the GCC grew at an annualized growth rate of 3.3% between 2014 and 2019 to reach 3.3 million MT (see Exhibit 31)¹¹³. Consistent increase in production from Qatar, Saudi Arabia and the UAE contributed to the overall growth. Within the GCC, Qatar recorded the highest production growth of 23.8% CAGR during the period, followed by the UAE (6.1% CAGR). This was partially offset by fall in production in Bahrain (-4.2% CAGR) and Kuwait (-2.0% CAGR). Saudi Arabia remained the major producer in the region, accounting for 81.7% of total production in 2019, followed by the UAE (7.0%), and Qatar (6.1%). Considering overall dairy production in the GCC grew at a slower pace as compared to consumption during the five-year period, net imports increased by 4.4% CAGR to 0.8 million MT in 2019. The UAE, Saudi Arabia and Oman were the key importers in the region, accounting for 78.7% of the total imports in 2019¹¹⁴.

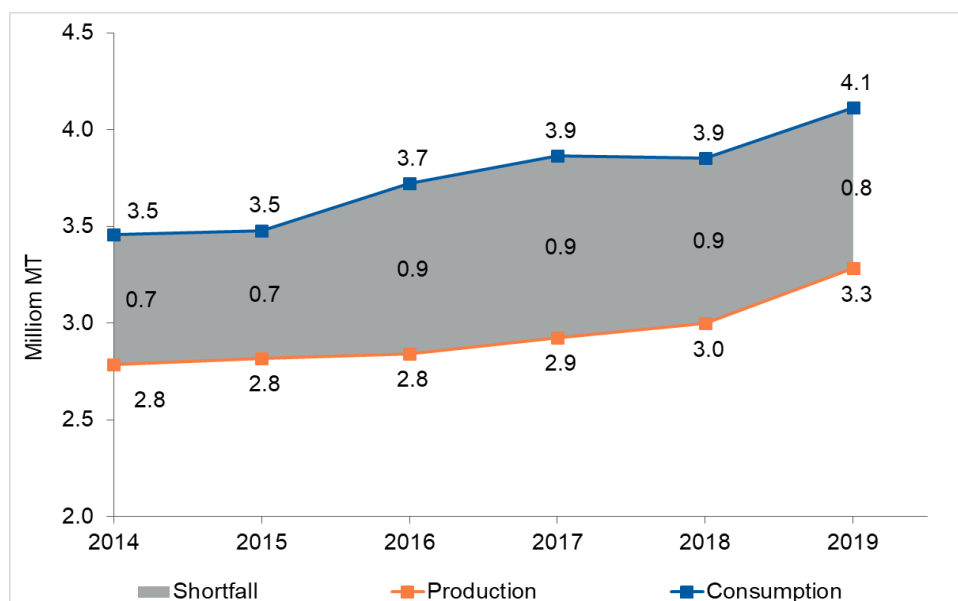
The overall self-sufficiency for dairy products in the region was 79.8% in 2019. Saudi Arabia recorded the highest self-sufficiency ratio at 111.7%, followed by Qatar (72.8%), the UAE (33.5%), Oman (26.1%), Kuwait (22.0%), and Bahrain (11.7%)¹¹⁵.

¹¹² Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹¹³ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹¹⁴ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹¹⁵ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

Exhibit 31: Demand-Supply of Dairy in the GCC


Source: FCSA of UAE, NCSI of Oman, MDPS Qatar, GAS of Saudi Arabia, FAO Stat

Consumption of meat grew by 4.0% CAGR while production rose by 6.8% CAGR in the GCC between 2014 and 2019

Meat

Meat remains a staple food item and an integral part of the diet for majority of the population in the GCC. Meat products that are imported and consumed in the region have to be halal certified. Total meat consumption in the region grew at a CAGR of 4.0% between 2014 and 2019 to reach 3.9 million MT (see Exhibit 32)¹¹⁶. Saudi Arabia had the highest share in meat consumption (46.8%), followed by the UAE (25.1%), Oman (8.5%), Kuwait (8.4%), and Qatar (7.8%). Meat production in the region grew at a CAGR of 6.8% over the five-year period to reach 1.6 million MT in 2019 (see Exhibit 32)¹¹⁷. Saudi Arabia produced more than two-thirds (66.8%) of the region's total meat production in 2019, followed by Oman (10.9%), and the UAE (10.5%). Within the GCC, Qatar recorded the highest production growth of 20.2% CAGR during the five-year period, followed by Bahrain (12.6% CAGR), and Oman (10.3% CAGR). UAE and Saudi Arabia were the biggest importers in 2019 contributing to 38.5% and 32.2% of the region's total meat import, respectively¹¹⁸.

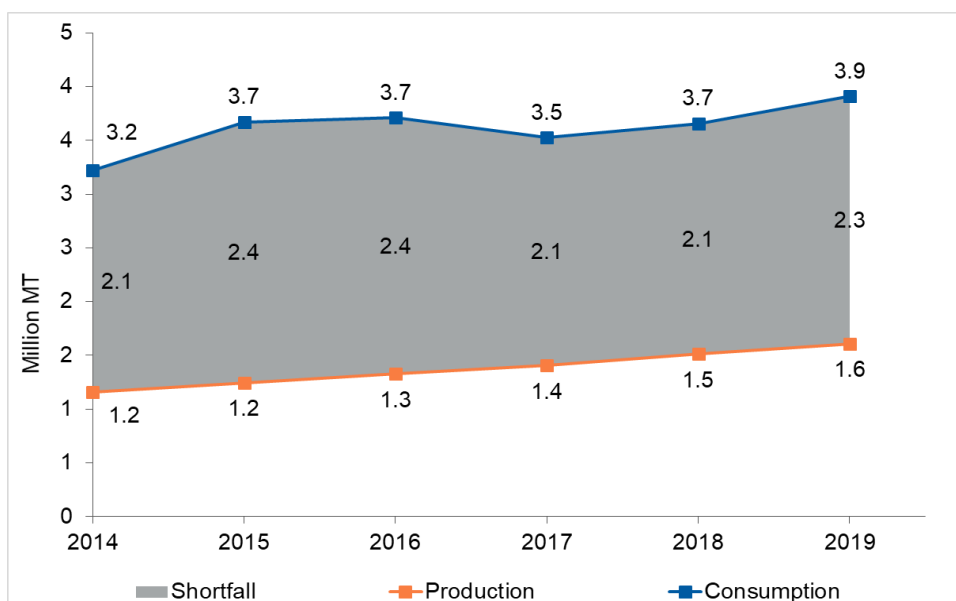
Domestic meat production was able to meet 41.1% of the region's total demand. Saudi Arabia recorded the highest self-sufficiency ratio for meat amongst its peers with 58.7%, followed by Oman (53.1%), Kuwait (33.7%), and Bahrain (30.6%). The self-sufficiency ratio remained low for the UAE and Qatar at 17.1% and 12.1%, respectively, in 2019. The regions net imports for meat products stood at 2.3 million MT in 2019, exhibiting an annual growth of 2.2% since 2014.

¹¹⁶ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹¹⁷ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹¹⁸ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

Exhibit 32: Demand-Supply of Meat in the GCC



Source: FCSA of UAE, NCSI of Oman, MDPS Qatar, GAS of Saudi Arabia, FAO Stat

Fish & Eggs

Total consumption of fish and eggs in the region grew at a CAGR of 6.6% between 2014 and 2019

Total consumption of fish and eggs in the region grew at a CAGR of 6.6% between 2014 and 2019 to reach 1.7 million MT (see Exhibit 33)¹¹⁹. In terms of individual categories, fish consumption in the region grew at a CAGR of 2.2% during the period to reach 0.9 million MT in 2019. Oman and Saudi Arabia are the major consumers of fish, cumulatively accounting for 85.9% of the regions total consumption in 2019. Total consumption of eggs reached 0.8 million MT in 2019, recording a growth of 12.7% CAGR since 2014. Saudi Arabia, Kuwait and the UAE were the top three consumers in the region, accounting for 85.9% of the total in 2019. Kuwait recorded the highest annualized growth rate in consumption over the five-year period at 25.0%, followed by Saudi Arabia (12.2% CAGR), and Qatar (9.1% CAGR)¹²⁰.

Overall production of fish and eggs in the region grew at a CAGR of 11.7% between 2014 and 2019

Overall production of fish and eggs in the region grew at an annualized rate of 11.7% between 2014 and 2019 to reach 1.4 million MT in 2019 (see Exhibit 33)¹²¹. In terms of individual categories, eggs production grew at a CAGR of 8.5% between 2014 and 2019 to reach 0.6 million MT in 2019. Saudi Arabia remained the largest producer of eggs accounting for 60.3% of the total produce in 2019, followed by Kuwait (23.3%), and the UAE (9.9%). Kuwait recorded the highest annualized growth rate in production over the five-year period at 15.5%, followed by Oman (14.1% CAGR), Qatar (12.9% CAGR), and Bahrain (10.5% CAGR). On the other hand, fish production grew at CAGR of 14.3% during the five-year period to reach 0.8 million MT in 2019. In recent years, GCC governments have amplified their efforts to develop their fisheries sector and reduce dependency on imports. Saudi Arabia, UAE and Oman in particular have taken measures to meet demand with the help of aquaculture¹²². Oman recorded the highest annualized growth rate in production over the five-year period at 22.4%, followed by Saudi Arabia (9.0% CAGR). Growth was partly

¹¹⁹ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹²⁰ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹²¹ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

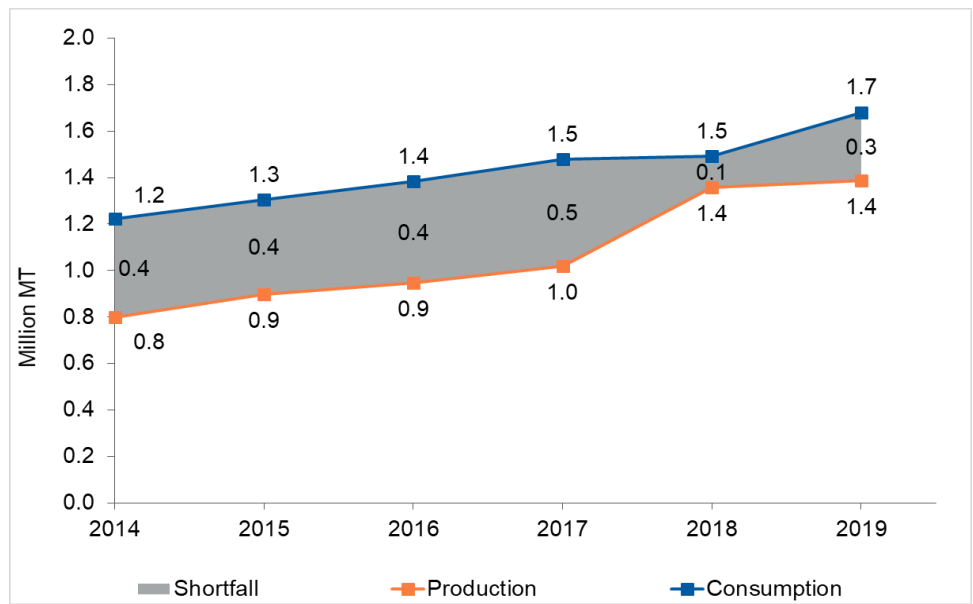
¹²² Source: "The Rise of Fish Farming in Over-Fished Gulf Nations", InsideArabia, October 27, 2019.

The overall self-sufficiency for fish and eggs in the region was 94.0% and 70.4%, respectively, in 2019

offset by slowdown in production in Qatar (-4.1% CAGR) and the UAE (-0.2% CAGR) between 2014 and 2019¹²³.

The overall self-sufficiency for fish and eggs in the region was 94.0% and 70.4%, respectively, in 2019. Oman had the highest self-sufficiency ratio for fish amongst its peers at 141.3%, closely followed by the UAE (100.0%), in 2019. With a self-sufficiency ratio of 43.2% in 2019, Saudi Arabia was the largest importer of fish in the GCC with a share of 74.4% of total, followed by Oman (13.7%) and Qatar (11.9%). Saudi Arabia had the highest self-sufficiency ratio for eggs amongst its peers at 94.5%, followed by Kuwait (73.8%) and Oman (52.2%), in 2019. The region also witnessed an increase in net imports for eggs, which grew at a CAGR 29.8% since 2014 to reach 0.2 million MT in 2019. UAE (39.4%) and Kuwait (19.3%) were the top importers of eggs in the region in 2019¹²⁴.

Exhibit 33: Demand-Supply of Fish & Eggs in the GCC



Source: FCSA of UAE, NCSI of Oman, MDPS Qatar, GAS of Saudi Arabia, FAO Stat

¹²³ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

¹²⁴ Source: FCSA of UAE, NCSI of Oman, CIO of Bahrain, MDPS Qatar, GAS of Saudi Arabia, FAO

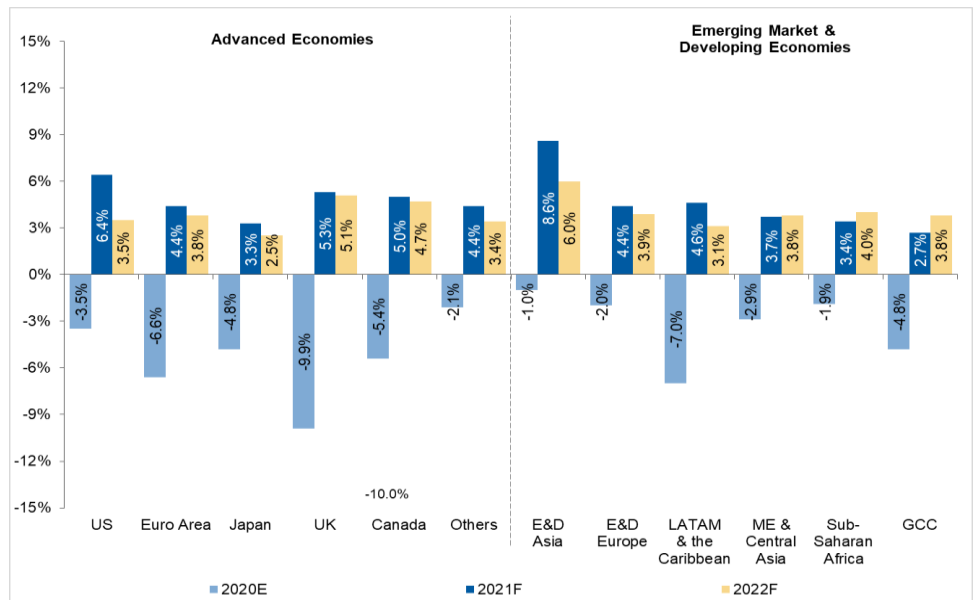
3. COVID-19 Implications

Global Impact

COVID-19 has caused significant damage to global economies; the IMF estimated a 3.3% contraction in global GDP for 2020

The outbreak of the novel coronavirus (COVID-19) prompted governments across the globe to impose lockdown measures to curb the rising transmission rates. As mitigating the impact of pandemic on human life and health took precedence, businesses and financial markets suffered from the abrupt and widespread halt in economic activity. As a result, unemployment rates soared with many nations recording a sharp spike in job losses during the year¹²⁵. Central Banks and governments accordingly announced unprecedented stimulus measures in addition to loosening of monetary policies. These measures have to an extent aided in restoring confidence, but the scale of the disruption in business activities remains challenging to business continuity and sustainability plans. The IMF, in its April 2021 World Economic Outlook (WEO) update, estimated a 3.3% contraction in global GDP for 2020¹²⁶. One year into the pandemic, global prospects remain highly uncertain due to the lasting effect of the virus on human capital, trade, tourism, education and healthcare. Although growing vaccination coverage has lifted sentiment to an extent, new virus mutations have raised new concerns. Nevertheless, the IMF expects the global economy to rebound strongly over the next two years driven by effectiveness of policy support and vaccine-powered normalization. The global economy is projected to accelerate at a pace of 6.0% in 2021, later moderating to a growth of 4.4% in 2022 (see Exhibit 34)¹²⁷.

Exhibit 34: Global Economy Growth Forecast



Source: IMF World Economic Outlook, April 2021 Update

Note: E = Estimated; P = Projected; E&D = Emerging and Developing; LATAM = Latin America; ME = Middle East

The pandemic has highlighted the vulnerabilities of global economies to disruptions in its well-functioning food value chain

The pandemic has highlighted the vulnerabilities of global economies to the disruptions in its well-functioning food value chain. The COVID-19 induced lockdowns caused lack of mobility across borders, along with labor shortages, affecting the agri-food sector. Consequently, supply of certain food products and foodservices outlets were compelled to come to a halt¹²⁸. Owing to COVID-19-related supply disruptions and consumers stockpiling

¹²⁵ Source: "Coronavirus: How the pandemic has changed the world economy", BBC News, January 24, 2021

¹²⁶ Source: "World Economic Outlook Database", IMF, April 2021

¹²⁷ Source: "World Economic Outlook Database", IMF, April 2021

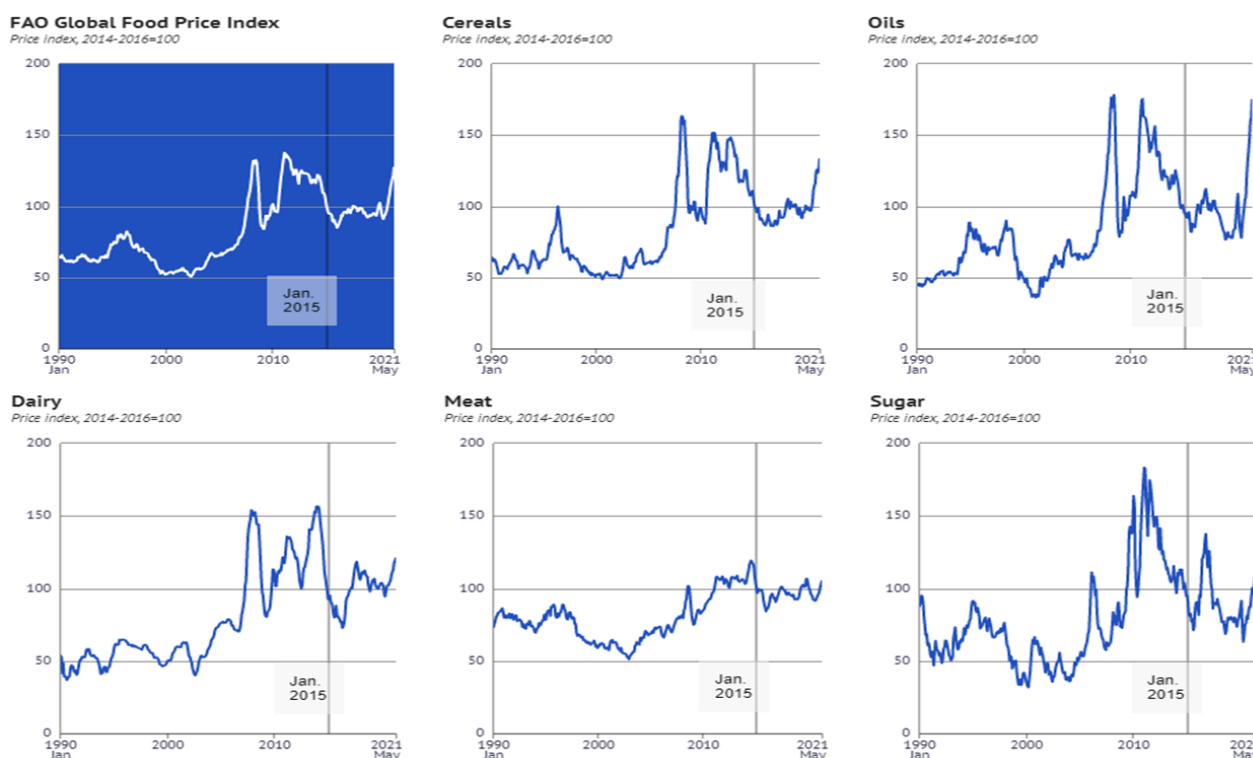
¹²⁸ Source: "Impact of COVID-19 in food supply chain: Disruptions and recovery strategy", Science Direct, November 2021

In August 2020, the prices of food products were on average 5.5% higher than in August 2019

food supplies, the prices of goods across the globe increased substantially. The food component of the Consumer Price Index (CPI) increased at a much faster rate than the overall CPI in all regions of the world. Globally, in August 2020, the prices of food products were on average 5.5% higher than in August 2019¹²⁹. In 2021, prices of key staples in major economies increased by more than 15% from pre-COVID-19 levels in 2019 while global food prices surged 40% higher than last year (see Exhibit 35)¹³⁰. On the other hand, several nations imposed export restrictions in order to meet the demand of domestic consumers, which further affected global food prices¹³¹. Additionally, a shift in consumption patterns due to the pandemic severely impacted food manufacturers across the globe¹³².

Despite the supply chain disruptions caused by the pandemic that led to an increase in food insecurity, global food consumption remained largely unaffected due to the inelastic demand of most agricultural commodities¹³³. Amid such challenging times, food production remained largely tepid. Nevertheless, the pandemic expedited several trends in the global food industry, including the use of AgriTech such as vertical farming, hydroponics, aeroponics, and aquaponics, among others to improve food production and attain self-sufficiency.

Exhibit 35: COVID-19 and Food Price Inflation (1990-2021 YTD)



Source: FAO

GCC Impact

GCC's GDP contracted by 4.8% in 2020, much lower than the previously anticipated fall of 6.0%

Similar to its global peers, the pandemic has had a profound impact on the GCC countries. The region was hit with the dual crisis of health and record low oil prices that severely impacted the economy. In addition to imposing lockdowns and restrictions on travel to lower the contamination rate, GCC governments took a number of fiscal and economic measures

¹²⁹ Source: "Covid-19 is driving up food prices all over the world", ILOSTAT, December 09, 2020

¹³⁰ Source: "Covid-19 triggers global food price inflation – leading macroeconomic influencers", Phamaceutical Technology, June 07, 2021

¹³¹ Source: "Impacts of the COVID-19 Pandemic on the Global Agricultural Markets", Springer Link, August 4, 2020

¹³² Source: "Producing the goods: Covid-19's impact on food manufacturing", Verdict Food Service, January 13, 2021

¹³³ Source: "Impacts of the COVID-19 Pandemic on the Global Agricultural Markets", Springer Link, August 4, 2020

that included stimulus packages to aid healthcare spending, social assistance, and support small businesses affected by the outbreak. Although these measures have helped in restoring confidence, key economic activities across sectors have been negatively impacted. Accordingly, the IMF noted that the GCC's GDP contracted by 4.8% in 2020, much lower than the previously anticipated fall of 6.0%¹³⁴.

Onset of the pandemic and the consequent restrictions on food exports, barriers on cross-border transport upended food supply chains worldwide and stoked fears of food shortages in the GCC. Meanwhile, convergence of other factors such as rise in fiscal deficit in the GCC nations, price hikes and rise in food import bill exposed their food ecosystem's vulnerability to external markets and shocks. These concerns have since abated considerably as the countries have eased lockdown restrictions and allowed restaurants, food parks and shopping malls to operate. However, emergence of new variants of the virus is prompting fresh lockdown measures, which remains a cause of concern for the GCC food sector.

To mitigate the risks, the GCC nations attempted to diversify their import sources, streamline their logistics and distribution while building food stockpiles/reserves

Nevertheless, the GCC countries were prompt in their response to curb COVID-19 disrupting the food market. Following the outbreak, the countries immediately coordinated their efforts to mitigate the impact of pandemic and ensure food security. In April 2020, the GCC nations unanimously approved Kuwait's proposal to establish an integrated Food Security Network, which would set up fast routes at GCC customs centers to ensure speedy clearance and delivery of food and medical supplies¹³⁵. Individually, the countries attempted to diversify their import sources, streamline their logistics and distribution, offer monetary incentives to farmers, and agri-businesses besides building food stockpiles/reserves and deterring any hoarding of foodstuffs¹³⁶. These interventions proved critical in minimizing the supply-chain risks, thus ensuring there was no major disruption of food supplies to the region¹³⁷. The pandemic further set into motion any plans to make the region's food supply chain more resilient. Investments in AgriTech businesses spurred as technology driven solutions became critical amid COVID-19 as well as in the context of their long-term ambitions to become more self-sufficient in food production and processing. The countries are therefore actively investing in AgriTech businesses, both domestic and abroad, to diversify their imports and boost local and foreign productive capacity. Many initiatives and investments in new indoor vertical farm facilities, high-tech greenhouse complexes and advanced farm technology research bases have become part of the region's contemporary plans to revamp their agriculture sector, with Saudi Arabia and the UAE leading their peers¹³⁸.

Investments in new indoor vertical farm facilities, high-tech greenhouse complexes and advanced farm technology research bases have become part of the GCC's plans to revamp the agri. sector

Even prior to COVID-19, the GCC governments had prioritized food security in their national development strategies to realize self-sufficiency in the sector. Their on-going efforts include increasing local food production through partnership with private sector and other international bodies along with formulating several support policies conducive to the growth of food industry. Regional governments are also increasingly emphasizing the importance of technology and innovation in agriculture and are encouraging the implementation of smart farming techniques such as precision agriculture, drip irrigation, vertical farming, hydroponics, aeroponics, aquaponics, desert farming, livestock technology, etc. to achieve greater productivity and efficiency in food production. Further, owing to the limited arable land in the region, the countries continue to invest in cultivable lands in Africa, Asia and Australia while developing strategic food reserves and infrastructure to gain greater control of the overall food supply¹³⁹.

¹³⁴ Source: "World Economic Outlook Database", IMF, January 2021

¹³⁵ Source: "Covid-19 pandemic: the dilemma of food security in GCC countries", TrendsResearch, November 20, 2020

¹³⁶ Source: "Pandemic spurs GCC to explore newer ways to ensure food security", Zawya, April 22, 2021

¹³⁷ Source: "Covid-19, Diversification and the Future of Food Security in the Gulf", ISPI, July 9, 2020

¹³⁸ Source: "Middle East Brief: Post-Covid-19 supply chains", EIU, September 20, 2020

¹³⁹ Source: "Pandemic spurs GCC to explore newer ways to ensure food security", Zawya, April 22, 2021

4. Food Security Initiatives

The region faces increasing demand for food from a population that is fast expanding and desires a variety of food items for consumption

The GCC's food supply problems have persisted for more than a decade and these challenges continue to undermine the region's food security. Despite successful efforts to increase production, the GCC nations rely extensively on food imports as agricultural constraints including insufficient water resources, arid/hyper-arid climate and limited arable land have put limitations on domestic production of food. Additionally, the region faces increasing demand for food from a population that is fast expanding and desires a variety of food products for consumption. To counter the long-standing challenges, the regional governments have taken a range of measures aimed at enhancing local food production, supporting food trade and diversifying sources of food imports through partnerships and investments in the sector.

According to the 2020 Global Food Security Index (GFSI), the scores for all the GCC countries deteriorated over the last five-years (see Exhibit 36). The GFSI is based on three core dimensions of food security - affordability, availability, quality & safety. In 2020, Kuwait ranked 1st amongst the GCC nations and 33rd among all 113 countries analyzed by the GFSI, followed by Oman (34th), Qatar (37th), Saudi Arabia (38th), UAE (42nd) and Bahrain (49th). Qatar reported the highest negative change in the index as the country's imports increased by a CAGR of 6.8% between 2014 and 2019, the highest in the region. The fall in ranks of the GCC nations come in light of COVID-19, as the crisis put a disproportionate impact on food import-dependent countries with all the nations facing risks of food shortage amid the pandemic.

Exhibit 36: GCC Rankings in the Global Food Security Index

Country	Overall Score and Ranking										5-yr Change in Score
	2016		2017		2018		2019		2020		
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	
Kuwait	73.5	27	74.6	26	74.8	28	74.8	27	70.7	33	-2.8
Oman	73.6	26	73.9	28	74.4	29	68.4	46	70.2	34	-3.4
Qatar	77.5	20	73.3	29	76.5	22	81.2	13	69.6	37	-7.6
Saudi Arabia	71.1	32	71.0	32	72.4	32	73.5	30	69.5	38	-1.6
UAE	71.8	30	70.9	33	72.5	31	76.5	21	68.3	42	-3.5
Bahrain	70.1	33	68.6	37	67.8	41	66.6	50	64.6	49	-5.5

Source: Economist Intelligence Unit

Note: Scores are out of 100 and rankings are amongst a total of 113 countries

Saudi Arabia

COVID-19 accelerated Saudi Arabia's plans of achieving food self-sufficiency

Saudi Arabia has the highest population in the GCC, which has put significant strain on the Kingdom's scarce natural resources. Consequently, the government has taken several initiatives to encourage sustainable agricultural practices that will enhance domestic output and at the same time conserve its finite sources, especially groundwater. The efforts taken include providing financial incentives to the private sector and encouraging use of greenhouse farming, hydroponic and aquaponic farming, while also leveraging other technologies such as artificial intelligence (AI) to increase agricultural efficiency and yield. The Kingdom also runs multiple food security programs that aim to diversify its sources of

foreign food supplies through purchase of cheap farmlands abroad such as the acquisition of 200,000 hectares of farmland of Baladjie aggregation, Western Australia's wheat belt in 2019, by Riyadh-based SALIC to offset the Kingdom's wheat shortfall¹⁴⁰. The company imported its first shipment from Australia of 60,000 tons of wheat in May 2021¹⁴¹, which forms a part of Saudi Arabia's plan to increase investment in agricultural assets abroad to produce commodities, which can later be imported back to the country. The initiatives with such objectives target crops like wheat, rice, barley, yellow maize, soybeans and green forage¹⁴².

The outbreak of COVID-19 accelerated the Kingdom's plans of achieving food self-sufficiency. The country already had strong storing capacity of more than 3.3 million tons for wheat and flour, which ensured stable supply of grains to the national market¹⁴³. Furthermore, in response to the pandemic disrupting food supply chains, the government announced two initiatives worth SAR 2.5 billion (US\$ 665 million) to support farmers and facilitate food imports. Out of the total funds allocated, SAR 2 billion (US\$ 533.3 million) was directed towards providing bank guarantees for importers of crops such as rice, soybeans, corn and sugar while SAR 300 million (US\$ 80 million) was directed towards local farmers¹⁴⁴. On the other hand, SALIC, wholly owned by Public Investment Fund (PIF) also stepped up its investments in Indian AgriTech to secure its import from India. SALIC, in partnership with National Shipping Company of Saudi Arabia, also launched the National Grain Company - a US\$ 110 million project which aims to oversee the trade, handling and storage of grains between its sources in all regions of the Black Sea, Europe, South America, and the Red Sea. The project is likely to start with a capacity of 3 million tons per day by 2022 and gradually increased to 5 million tons per year¹⁴⁵. Other measures taken by the Kingdom include a 30% discount for two months on utility bills for the agriculture sector, financing the first veterinary camel hospital in Saudi Arabia, shelter projects, broiler chicken production, a dried egg powder factory, and financial facilities for feed and animal production companies¹⁴⁶.

Even prior to COVID-19, the Kingdom had set out strategies to achieve food security. In a bid to allow the government to focus on key areas of food security, authorities announced privatization plans of all four flourmills, which were under state grain buyer SAGO (Saudi Grains Organization) in 2015. The privatization process was completed in April 2021, netting the government SAR 5.8 billion (US\$ 1.5 billion). The process was completed in two phases: the first phase saw sale of the first milling company and the third milling company to Raha AlSafi consortium, and Alrajhi-Ghurair-Masafi consortium respectively for a total consideration of SAR 2.8 billion (US\$ 740 million). In the second phase, the second milling company and the fourth milling company were fully acquired by a consortium of Abdulaziz AlAjlan Sons Co. for Commercial and Real Estate Investments, Sulaiman Abdulaziz AlRajhi International Co., NADEC, and Olam International Ltd., and another consortium of Allana International, Abdullah Al Othaim Markets, and United Feed Manufacturing Co. respectively, for total consideration of US\$ 800 million¹⁴⁷. In another initiative in 2019, the government launched Sustainable Agriculture Rural Development Program 2018-2025 worth US\$ 2.3 billion targeting eight sectors of smallholdings and traditional agriculture; production, processing and marketing of Arabic-coffee; bee-keeping and honey production; rose cultivation and marketing; fruit production and marketing; small-scale fisheries and fish farming; smallholder livestock production and rain-fed crops. The project efforts aim to fulfil

¹⁴⁰ Sources: "Pandemic spurs GCC to explore newer ways to ensure food security", Zawya, April 22, 2021

¹⁴¹ Source: "SALIC imports first Australian wheat shipment to Saudi Arabia", Saudi Gazette, May 24, 2021

¹⁴² Source: Food Security Snapshot – Saudi Arabia, Food and Agriculture Organization of the United Nations

¹⁴³ Source: "Saudi Arabia food security strategy overcame global supply crisis", Arab News, June 23, 2020

¹⁴⁴ Source: "Saudi Arabia boosts spending on food to cope with Virus", Bloomberg Quint, May 13, 2020

¹⁴⁵ Source: "\$110m project unveiled to help achieve Saudi food security", Arabian Business, August 24, 2020

¹⁴⁶ Source: "Government and institution measures in response to COVID-19", KPMG, November 18, 2020

¹⁴⁷ Source: "Saudi Arabia picks up SR5.77 billion selling off four government-owned flour mills", Gulf News, April 21, 2021

The Kingdom is actively forging partnerships with different organizations to further its food security goals

19% of total food needs of Saudi Arabia, in line with the Kingdom's 'Vision 2030' of food security¹⁴⁸. The Agriculture Development of Saudi Arabia, which was established to further advance the Kingdom's food security initiatives, also reported a 60% y-o-y rise in its budget from 2019, which included SAR 1 billion (US\$ 266.6 million) investment overseas¹⁴⁹.

The Kingdom is also actively forging partnerships with different entities to further its food security goals. In April 2021, Saudi Arabian King Abdul Aziz City for Science and Technology (KACST) and the Tanmiah Food Group signed a Memorandum of Understanding (MoU) to collaborate on innovative and sustainable food production. This collaboration aims to bridge the gap between scientific research and its application by developing newer technologies to mitigate the harmful impact of poultry production¹⁵⁰.

Exhibit 37 highlights some of the other major developments related to increase in food supply

Exhibit 37: Recent Developments to Improve Food Supply

Date	Key Developments
05-Aug-20	The Saudi Agricultural Development Fund (ADF) approved more than SAR 337 million (US\$ 90 million) in financial loans, facilities and credit guarantees to support working capital and operational costs in small and medium-sized enterprises.
16-Sep-20	ADF approved loans and credit facilities worth SAR 820 billion (US\$ 221 million) as part of initiatives taken to mitigate the impact of the pandemic. It includes backing up the standing capitals and operational costs of small and medium-sized establishments in the agriculture sector.
07-Jun-20	Red Farms (an AgTech startup established in 2018 with a vision to reduce food insecurity, carbon and freshwater use) attracted US\$10 million in venture capital (VC). The funding was led by a group of Saudi Arabian, and UAE-based investors including Saudi Aramco's entrepreneurship arm Wa'ed, the nonprofit Future Investment Initiative Institute, KAUST and Global Ventures, a UAE VC group.
04-Jun-20	Saudi Arabia increased import duty on food products which includes tariffs for dairy spreads increasing from 5% to 15%, tariff on poultry products from 20% to 25%, tariffs on vegetables and sheep from 0% to 15% and 7%, respectively.
24-May-20	SALIC acquired 29.9% stake in Dawaat Foods Ltd. from Indian Agri Business Fund. The investment is part of Saudi Arabia's strategy to invest in rice with an aim to strengthen and make the rice supply chain more efficient and robust.

Source: Arabnews, Fruitnet, The Poultry Site, Economic Times, Arabian Business, The Guardian, Gulf news, Zawya

UAE

Technology and innovation are at the heart of UAE's agricultural initiatives and the country leads the region in sustainable and tech-enabled agricultural practices

The UAE faces agricultural constraints similar to its GCC peers, which has made adoption of alternate methods of farming imperative to achieve food security. Much like in other sectors, technology and innovation are at the heart of UAE's agricultural initiatives and the country leads the region in sustainable and tech-enabled agricultural practices. As a result, local food production in the desert land has become more feasible in recent years while also keeping agriculture profitable. Utilizing Controlled Environment Agriculture (CEA) techniques in the form of vertical farming, and indoor farming along with modern irrigation methods, water desalination, and soil regeneration technology, the country has substantially increased its production of locally grown food. The country's home-grown food production

¹⁴⁸ Source: "King Salman unveils major Sustainable Agricultural Rural Development Programme", The Poultry Site, January 2019

¹⁴⁹ Source: "Saudi Arabia Boosts Food Spending at Home and Abroad to Secure Supply", Bloomberg, May 13, 2020.

¹⁵⁰ Source: "Saudi Arabia's KACST and Tanmiah collaborate on sustainable food production", Zawya, April 02, 2021

The UAE's strategic food reserves ensured that there was sufficient food supply to markets during the pandemic

grew at a CAGR of 9.0% between 2014 and 2019¹⁵¹. These developments have been facilitated by the government's numerous initiatives that have provided support to the private sector. In December 2019, the UAE established the 'Emirates Food Security Council' to ensure smooth implementation of the country's 'National Food Security Strategy' through coordination with various federal and local entities¹⁵². In June 2020, the government further approved the National System for Sustainable Agriculture to improve efficiency of farms, enhance self-sufficiency in food and create new opportunities in the sector¹⁵³. This is testament to the government's continued efforts to develop the agriculture sector and achieve food security. Over the years, the UAE has developed sustainable and integrated food security systems, which gave the country a significant advantage in their response to the COVID-19 pandemic.

The brunt of the COVID-19 pandemic was felt strongly by the UAE's agriculture sector. Labor shortages, lockdown restrictions, and shutdown of manufacturing and processing units affected the food supply chains in the UAE, bringing a slowdown in local food production as well as import¹⁵⁴. In response to the crisis, the government passed the Strategic Food Security Law in March 2020, aimed at ensuring uninterrupted supply of food products during emergencies and crisis. The law mandated food merchants and retailers in the country to maintain and manage their stock of food commodities during such events¹⁵⁵. The country's strategic food reserves also ensured that there was sufficient food supply to markets and the surplus from hotel and exhibition industries, which saw a decline in footfall, was directed to the retail sector such as supermarkets¹⁵⁶. In 2020, the government launched a '10 million' campaign in collaboration with UAE Food Bank to provide support to COVID-19 hit communities in the country. The campaign provided 15.3 million meals to low-income, disadvantaged families and individuals impacted by the pandemic¹⁵⁷. The success of the campaign emboldened the government to further launch the '100 Million Meals' campaign worth AED 13.4 million (US\$ 3.7 million) in April 2021, to provide 112,000 food parcels for families and people in the UAE as well as in 30 countries across the MENA region¹⁵⁸. Furthermore, in May 2021, in a pilot project with South Korea's Rural Development Administration, UAE harvested approximately 1,700 kilograms of rice in Sharjah¹⁵⁹.

In Dubai, the government in collaboration with Dubai Chamber of Commerce, Dubai Economy and the Dubai Port deployed AI and data analytics to track key indicators of strong food security. Lead by Smart Dubai, they developed a hi-tech system that would monitor the supply index, stock availability, local production, consumption levels and the cost of vital commodities in the Emirate¹⁶⁰. In Abu Dhabi, ADQ - a government-affiliated holding company - set up a new company, Silal, amid the pandemic to boost yields of essential products and oversee an emergency food reserve for the population¹⁶¹. In June 2020, Abu Dhabi Agriculture and Food Safety Authority (ADAFSA) provided over US\$ 174 million to 138,000 families, 30,632 breeders and farmers and 259 small-scale producers and commercial animal farms in support of the sector¹⁶². As the pandemic brought into focus the importance of increasing local food production and food storage, the UAE government as

¹⁵¹ Source: FCSA of UAE, FAO, AOAD

¹⁵² Source: "UAE Food Security Council", USDA, March 15, 2020

¹⁵³ Source: "National system for sustainable agriculture", The UAE Government Portal

¹⁵⁴ Source: "Agriculture in the UAE- Growth, trends, Covid-19 Impact and Forecasts", Mordor Intelligence, April 2021

¹⁵⁵ Source: "Coronavirus and the food industry: The UAE's law to regulate the strategic stock of food commodities - what does it mean for food retailers?", Lexology, April 7, 2020.

¹⁵⁶ Source: "Covid-19 concerns: UAE assures citizens of six-month food supply and import objectives", Food Navigator, April 8, 2020.

¹⁵⁷ Source: "10 Million Meals campaign brings home global awards", Government of Dubai, Media Office, December 5, 2020

¹⁵⁸ Source: 100 Million Meals campaign concludes with a whopping 216 million meals", ReliefWeb, May10, 2021.

¹⁵⁹ Source: "Rice in Desert: Pandemic spurs UAE to grow more of its food", Economic Times, June 02, 2020

¹⁶⁰ Source: Coronavirus: Dubai launches hi-tech scheme to boost food security amid challenges of pandemic", The National News, June 26, 2020

¹⁶¹ Source: "Abu Dhabi sets up new firm to stockpile emergency food reserves", September 20, 2020

¹⁶² Source: "UAE agricultural firm uses technology to help with food security", Arab News, July 13, 2020

COVID-19 intensified the government's efforts to encourage adoption of AgriTech solutions, which generate higher yield and are sustainable to the environment

The government has taken steps to promote R&D in the sector to help develop possible solutions aimed at achieving nation's food security goals

UAE has increasingly invested in agricultural lands abroad and forged partnerships with other nations to diversify their food-imports and secure their supply chains

part of a drive to boost food security imported 4,500 dairy cows from Uruguay¹⁶³. In January 2021, Abu Dhabi Ports Company, part of ADQ, signed a 50-year lease agreement with Anchorage Investment for the development of grain storage and processing plant with a capacity of 300,000 MT at Khalifa Port¹⁶⁴.

COVID-19 also intensified the government's efforts to encourage adoption of AgriTech solutions, which generate higher yield and are sustainable to the environment. In April 2020, Abu Dhabi Investment Office (ADIO) announced investment of US\$ 100 million in four AgriTech companies - Aero Farms, Madar Farms, RNZ and Responsive Drip irrigation. The investment will go towards supporting these companies to build R&D and production facilities in Abu Dhabi to develop next-generation farming technology¹⁶⁵. Following the initiative, in November 2020, ADIO formed partnerships with Pure Harvest Smart Farms, Pure Harvest, FreshToHome and Nanoracks, wherein ADIO will provide companies financial and non-financial incentives totaling US\$ 41 million to develop agricultural solutions that are locally feasible and globally exportable. The initiative is a continuation of ADIO's efforts to facilitate growth of Abu Dhabi's AgriTech ecosystem through the US\$ 272 million AgriTech Incentive Program, established under the Ghadan 21 - Abu Dhabi's accelerator program¹⁶⁶. These investments are significant additions to the growing aquaculture and indoor agriculture landscape in the country.

The UAE government has also taken steps to promote R&D in the sector to help develop possible solutions aimed at achieving nation's food security goals. Sharjah Research Technology and Innovation Park (STRIP) has been developing innovative inland and coastal modular farming technologies that utilize brine or seawater for irrigation. Investments in vertical farms, aquaculture, and robotics have gained momentum in recent years and the country has bolstered its R&D capacity with facilities like the International Centre for Bio saline Agriculture, Seawater Innovation Center, and Marine Innovation Park¹⁶⁷. Focus has also been towards producing crops that consume less freshwater and are climate-resilient such as quinoa, pearl millet, sorghum, and several salt-tolerant forages¹⁶⁸.

Since the UAE has limited arable land, it owns farms in more than 60 countries globally¹⁶⁹. The country has increasingly invested in agricultural lands abroad and forged partnerships with other nations to diversify their food-imports and secure their supply chains. The UAE-India 'US\$ 7 billion Food Corridor' was launched in 2019 as part of the country's food security initiatives. It aims to invest up to US\$ 5 billion in mega food parks and similar facilities in different Indian cities in addition to investment of US\$ 2 billion in contract farming, sourcing of agro commodities and related infrastructure in India¹⁷⁰. On the other hand, Khalifa Industrial Zone Abu Dhabi (KIZAD) and Khalifa Port Free Trade Zone (KPFTZ) have become home to few of the largest food products manufacturers in the region by providing fast-track business formation processes and liberal policies such as 100% foreign ownership, duty free imports and re-exports along with no restriction on repatriation of capital and profit¹⁷¹.

Food wastage is a significant concern for the GCC nations, costing them AED 13 billion (US\$ 3.5 million) annually. On this front, the UAE has pledged to reduce its food wastage by 50% by 2030¹⁷². Further to secure long-term goals of food security, the UAE government

¹⁶³ Source: "UAE buys thousands of Uruguay dairy cows to boost food security", Bloomberg Quint, July 6, 2020

¹⁶⁴ Sources: "PROJECTS: Abu Dhabi Ports to host mega grain storage and processing complex", Zawya January 21, 2021

¹⁶⁵ Source: "How the UAE can improve food security amid Covid-19", Gulf News, May 28, 2020

¹⁶⁶ Source: "41 million dollar investment to boost Abu Dhabi's agriculture technology", HortiDaily, November 11, 2020

¹⁶⁷ Source: "From vertical farms to robots: How UAE secured food supply amid COVID-19", Khaleej Times, April 9, 2021

¹⁶⁸ Source: "How the UAE can improve food security amid Covid-19", Gulf News, May 28, 2020

¹⁶⁹ Source: "Rice in the desert: Pandemic spurs UAE to grow more of its food", Economic Times, June 02, 2020

¹⁷⁰ Source: "UAE entities to invest up to USD 7 billion in India-UAE food corridor: Piyush Goyal", October 16, 2019

¹⁷¹ Source: "Pandemic spurs GCC to explore newer ways to ensure food security", Zawya, April 22, 2021

¹⁷² Source: UAE working to cut food waste by half by 2030, says minister", National News, February 18, 2020

is actively encouraging youth to consider careers in agriculture, for which it is building five learning centers¹⁷³.

Exhibit 38 highlights some of the other major developments related to increase in food supply

Exhibit 38: Recent Developments to Improve Food Supply

Date	Key Developments
14-Jun-21	UAE introduced a new food safety standard system under the Ministry of Climate Change and Environment initiative to ensure only top quality food products are imported in the country. Previously the food imported in the country fell into three categories – A, B, and C with A representing the highest quality. With introduction of new food safety standard system, food that only fall under category 'A' will be allowed to enter the country.
01-May-21	Dubai will build a new business park called 'Food Tech Valley' to host specialized agricultural firms as the Middle East's business hub pushes for food security. The initiative aims to create an integrated modern city that will serve as a hub for future clean tech-based food and agricultural products. The Food Tech Valley will be home to four main cluster namely agricultural technology and engineering, R&D facilities, an advanced smart food logistics hub and a food innovation center.
10-Mar-21	UAE's first Emirati grocery delivery platform, Food Crowd, collaborated with Al Silal, a government initiative with an aim to actively support and promote the UAE's food security vision. The collaboration focuses on increasing locally grown produce, providing an e-commerce platform for local produce and promoting entrepreneurship amongst farmers.
15-Dec-20	Abu Dhabi plans to invest AED 524 million (US\$143 million) in local farm projects to boost local production of fish, cattle and poultry in its effort to improve food security. Most of it will be directed towards new technologies to improve large-scale production of food in climate-controlled conditions.
06-Sep-20	Al Dahra, a UAE-based agribusiness, digitalized end-to-end procurement processes with SAP Arabia Solutions saving 10% to 15% procurement cost, while helping the region avoid a potential food shortage during the crisis.
02-Oct-20	The construction of a 17.5 hectares indoor farm in the desert of Abu Dhabi is being led by a joint venture between Grow Group IFS and Rain MKRS Capital Investment. The Green Factory Emirates will be the biggest indoor farm in the world, which uses 95% less water compared to conventional outdoor farming.
29-May-20	ADQ acquired 50% stake in multinational agribusiness Al Dhara Holding Company, in a move to enhance food security across the UAE.

Sources: Arabnews, Fruitnet, The National News, Economic Times, Arabian Business, Gulf news, Bloomberg, ITP, Zawya

Kuwait

Kuwait has focused on increasing domestic food production in recent years to become more self-sufficient. The government has taken several initiatives to address the issues of domestic production and food waste while the high prevalence of NCDs among its population has drawn the government's attention towards food nutrition. Moreover, development of technology in agriculture has become paramount for Kuwait, similar to other

¹⁷³ Source: "UAE to ban low-quality food imports under tough new safety standards", The National News, June 13, 2021

COVID-19 made the government more aware of Kuwait's fragile food system that is susceptible to external shocks

countries in the GCC. The Kuwait Investment Authority (KIA) plays an instrumental role in implementing technology to the sector and driving the nation's food security initiatives.

The pandemic made the government more aware of the country's fragile food system that is susceptible to external shocks. The restrictions put in place on transport of goods, had clogged the country's ports, which posed a serious threat of food shortage in the country. Unable to obtain security permits for shipping agencies, customs clearance companies and many food trucks found themselves unable to unload goods¹⁷⁴. However, the government in response demonstrated strong commitment towards addressing the adverse effects of pandemic on the food sector. In April 2020, the government struck a deal to streamline the import of Egyptian products, which were earlier subject to extensive testing, and also approved imports of beef from Brazil¹⁷⁵. The lockdowns imposed had further resulted in acute shortage of vegetable and onion in the country. However, the government quickly responded by sending trucks to purchase 120,000 kg of onion from Yemen¹⁷⁶.

The harsh climate of the country has forced the government to explore AgriTech solutions to circumvent challenges of food waste and low domestic production. CEA techniques, which are sustainable and enable production of high value and nutrient rich crops like fruits and vegetables, have received growing interest in the country. Moreover, e-commerce platforms that connect farmers with producers and digitalization of supply chains are among emerging themes in Kuwait that have the potential to overcome food-supply challenges in the country¹⁷⁷.

Exhibit 39 highlights some of the other major developments related to increase in food supply

Exhibit 39: Recent Developments to Improve Food Supply

Date	Key Developments
11-May-21	Kuwait and French growers chose for an innovative aeroponic growth system that enables plants to grow without soil. The system allows salads and aromatic herbs to grow with 97% less water, while improving productivity by a factor of 30 because of high-performing aeroponic system that is free of pesticides.
09-Sep-20	UAE-based Pure Harvest signed a deal worth US\$ 35 million with The Sultan Center to build a dedicated high-tech farm in Kuwait.
24-Aug-20	A joint venture between Kuwait's NOX Management and a German company has opened the first commercial indoor vertical farm. The farm will now be able to grow up to 250 varieties of greens and herbs with the help of Dryponics technology.
06-Apr-20	Kuwait's International Investment Company (Wafra) invested US\$ 100 million in Abu-Dhabi based Pure Harvest Smart Farms, one of the largest investment in agriculture technology in the MENA region.

Source: Arabnews, Hortidaily, The Poultry Site, Kuwait Times, SME10x

Qatar

Importance of food security grew in Qatar following the embargo imposed on the country in 2017, which cut food supply lines from Saudi Arabia, UAE, Bahrain, and Egypt¹⁷⁸. To

¹⁷⁴ Source: "Kuwait Ports Paralyzed, Food security threatened", Arab Times, May 19, 2020

¹⁷⁵ Source: "How Covid-19 is honing Kuwait's focus on food security", Oxford Business Group, May 4, 2020

¹⁷⁶ Source: "Amid Covid-19, the Gulf region commits \$200m to safeguard its food security with agtech", AFN, April 15, 2020

¹⁷⁷ Source: "Supply chain during COVID-19 crisis in Kuwait webinar series", UN Kuwait, July 16, 2020

¹⁷⁸ Source: "Beating the blockade: How Qatar prevailed over a siege", Al Jazeera, June 5, 2020

Importance of food security grew in Qatar following the embargo imposed on the country in 2017; Consequently, Qatar ramped up its domestic production of food

Qatar has sufficient food storage capacity for basic food items, which enabled the country to meet local demand for food during the pandemic

overcome the challenges of food security, Qatar ramped up its domestic production of food, which increased by a CAGR of 15.2% between 2014 and 2019, the highest in the region¹⁷⁹. In an effort to ensure there was no food shortage in the country, Qatar also established ties with Turkey, Iran, Oman, Morocco and India. It has since developed alternative trade links and flight routes through other countries for its food supply¹⁸⁰. Qatar's self-sufficiency in food significantly improved as a direct result of these efforts and in 2019, Qatar ranked 1st in GCC in the GFSI index and 13th globally. The State Food Security Projects 2019-2023 launched by the Ministry of Municipality and Environment (MME) further aims to make Qatar 70% self-sufficient in fresh vegetable production by 2023. To achieve this, the government has taken steps to make existing farms productive round the year by equipping them with greenhouses, latest technology, seeds, and fertilizers, in addition to providing them with marketing platforms. The government is also emphasizing on private sector participation in the sector with a number of projects that are currently on-going and under construction¹⁸¹.

When COVID-19 hit Qatar, it was already better prepared to tackle the challenges due to previous experience with the blockade. Qatar has sufficient food storage capacity for basic food items, which enabled the country to meet local demand for food during the pandemic¹⁸². In March 2020, the government signed contracts with 14 major companies to increase stocks of strategic commodities like wheat, rice, cooking oils, sugar, frozen red meat, and milk. The government deployed an electronic system to monitor and track the level of strategic commodities to help make decisions regarding stock supply¹⁸³. The Ministry of Commerce and Industry (MoCI) also set maximum permitted retail prices for fruits and vegetables and locally grown fish and seafood to avoid any surge in prices from increased food demand amid the pandemic¹⁸⁴.

Qatar's food landscape expanded rapidly after the embargo. The country diversified its sources of dairy imports, which prior to the blockade had just been from four countries that accounted for more than 90% of its dairy imports¹⁸⁵. At present, Qatar-based Baladna meets more than 95% of the country's milk demand¹⁸⁶. The Ministry of Municipality and Environment has plans to increase livestock and fish production to 30% and 65%, respectively, by 2022¹⁸⁷. Through state support in the form of loans from Qatar Development Bank, free seeds, etc., many local farmers and companies have bolstered their supply of fresh fruits and vegetables to local supermarkets¹⁸⁸. Qatari government has also invested in agriculture technology such as greenhouses and AI to enhance domestic production of food. In April 2021, Hassad Food, the investment arm of the nation's sovereign wealth fund signed a MoU with the College of Science and Engineering (CSE) to collaborate on R&D in the area of food production¹⁸⁹. Further investment of QAR 1.6 billion (US\$ 439.4 million) in Hamad Port Security Project aims to construct food security facilities and warehouses for the processing and manufacturing of rice, raw sugar, and edible oils. Qatar's flagship public-private partnership (PPP) sustainability program will build storage facilities for 22 identified food and non-food items to last for at least six months¹⁹⁰.

¹⁷⁹ Source: MDPS Qatar, FAO, AOAD

¹⁸⁰ Source: "Beating the blockade: How Qatar prevailed over a siege", Al Jazeera, June 5, 2020

¹⁸¹ Source: "Qatar provides 72 greenhouses to 24 local farms", Horti Daily, June 16, 2021

¹⁸² Source: "Measures in place to counter possible COVID-19 effect on food supply chain", The Peninsula, March 10, 2020

¹⁸³ Source: "Qatar signs deals to raise strategic food reserves", Gulf Times, March 26, 2020

¹⁸⁴ Source: "Ministry sets retail prices for fish, fruits and vegetables", Gulf Times, March 20, 2020

¹⁸⁵ Source: "Qatar's Supply Chains and Logistic Systems: Confidence Amid COVID-19", Hamad Bin Khalifa University

¹⁸⁶ Source: "Your food, made in Qatar", Marhaba, August 21, 2019.

¹⁸⁷ Source: "Food production in Qatar grows by 400% since 2017", The Peninsula, March 19, 2020

¹⁸⁸ Source: "Qatar's food security boost post-blockade", Al Jazeera, June 9, 2020

¹⁸⁹ Source: "HBKU, Hassad Food sign MoU to advance technology in food production", The Peninsula, April 11, 2020

¹⁹⁰ Source: "Qatar to develop storage facility for 22 essential items for atleast six months", The Peninsula, December 11, 2019

Exhibit 40 highlights some of the other major developments related to increase in food supply

Exhibit 40: Recent Developments to Improve Food Supply

Date	Key Developments
25-Jun-21	In an effort to develop an efficient waste disposal solution and boost food production in Qatar, a team of researchers from Qatar Foundation's Hamad Bin Khalifa University (HBKU) is exploring the means to utilize food waste and other organic matter for producing biochar.
16-Jun-21	MME reported that it had distributed 72 greenhouses to 24 local farms to help them continue with vegetable production during summer seasons.
10-Jun-21	LuLu Group signed a MoU with a Russian company to study and bring vertical farming in Qatar, in line with the country's vision to achieve food security.
09-Jun-21	The MME launched an initiative to farm over 600 tonnes of tilapia fish in a year with the support of registered agricultural farms in Qatar in order to provide additional income to farmers.
06-Jun-21	The MME announced that it will provide 100 Polycarbonate Drying House (PDH) to date farms to help reduce wastage of local dates and improve its marketing quality.
01-Jun-21	Hassad Food announced plans that it is exploring investment opportunities in Russia in the fields of grain production, meat processing and agriculture technology as part of its strategy to expand its global footprint.
31-May-21	Finnish AgriTech company iFarm entered into a multi-year partnership with Sadarah Partners to bring 'next-generation' sustainable vertical farming to Qatar. The partnership aims to optimize the growing of leafy vegetables, strawberries and edible flowers.

Source: Arabnews, Fruitnet, The Poultry Site, Economic Times, Arabian Business, The Guardian, Gulf news, Zawya

Oman

Increasing local production of food and reducing dependency on food imports have long been at the forefront of Oman government's food security initiatives

Increasing local production of food and reducing dependency on food imports have long been at the forefront of Oman government's led food security initiatives. Between 2014 and 2019, Oman increased domestic food production by a CAGR of 11.8%, second highest in the region¹⁹¹. The government recognized the agriculture and fisheries sectors as two out of the five main pillars in Oman's economic expansion plans with the state rolling out various initiatives for the development of the sectors¹⁹². The Sultanate's 'Sustainable Agriculture and Rural Development Strategy 2040' further laid out different plans to achieve sustainable food security objectives through investments, forging PPPs, and implementation of technology in the agriculture sector, among others¹⁹³.

While COVID-19 brought a significant slowdown in different sectors of the economy, the agriculture and fisheries sector showed resilience amid the pandemic. The two sectors registered a combined growth of 9.8% to reach OMR 571 million (US\$ 1,483.2 million) by the end of September 2020 compared to OMR 520.1 million (US\$ 1,351.0 million) in September, 2019¹⁹⁴. The Sultanate, connected to more than 86 ports in 40 countries through

¹⁹¹ Source: NCSI of Oman, FAO Stat, AOAD

¹⁹² Source: "Oman government eyes 35% of revenues from non-oil sector", Zawya, November 5, 2020

¹⁹³ Source: SARDS 2040 Investment Pla, 2016-2020

¹⁹⁴ Source: "9.8% rise in agricultural activities", Oman Observer, February 09, 2021

direct shipping lines and weekly flights, had supply chains function smoothly amid the pandemic, which allowed the nation to meet demand during the lockdown¹⁹⁵.

Oman had been taking steps to ensure food security much before the pandemic. State-owned Oman Food Investment Holding Company (OFIC) has been the primary entity carrying out government's various projects and initiatives. As of November 2020, OFIC had a portfolio of 23 companies and investments totaling around US\$ 1.5 billion in projects such as the Mazoon Dairy, Al Namma Poultry, etc. in the agriculture sector¹⁹⁶. Oman Investment Authority (OIA), a company affiliated to Oman Food Investment Holding Company (OFIC) announced a project worth OMR 11.5 million (US\$ 29.9 million) in July 2020. The project in partnership with the private sector will carry out marketing of locally produced vegetables and fruits in addition to production of high-quality vegetables and fruits which can be sold locally as well exported to other nations¹⁹⁷. In another project spearheaded by OFIC worth US\$ 100 million, it plans to increase domestic capacity of edible oils supply, as well as increase production of high-quality feed for the Sultanate's rapidly expanding poultry industry¹⁹⁸. OFIC's plans include setting up a Food Techno Park, Food Logistics Company, an Integrated Coconut Farm, Food Private Equity Fund and an online Oman Commodity Platform¹⁹⁹. The Sultanate has further recognized the need for the agriculture sector to embrace more technology to help local production, and attract more youth in the sector²⁰⁰. For this, the government signed an agreement with Agricultural and Fisheries Development Company (AFDC) in January 2021 to establish US\$ 16.5 million Smart Agriculture Project in Wilayat of Al Kamil W'al Wafi. The project leased 100 acres of land to the company to cultivate variety of vegetables using technologies such as green houses, shade houses, and soilless farming, among others²⁰¹. The project is a move towards introducing sustainable and advanced farming techniques in Oman's agricultural sector. At present, smart farming is at a nascent stage in Oman as it faces many challenges including unqualified workers and inadequate infrastructure for its implementation. However, the Sultanate has already implemented some successful projects by using smart agricultural techniques involving drones in addition to hydroponics, aquaponics and advance technologies in irrigation and fertilization²⁰².

Additionally, the government has undertaken significant initiatives to expand its fishery and food sector. In January 2021, Fisheries Development Oman signed a deal with OPAZ (Public Authority for Special Economic Zones and Free Zones) to develop, operate and manage the multipurpose port at Duqm, which could become a wider hub for all kinds of food industries on the country's Southeastern coast. The project garnered investment worth OMR 50 million (US\$ 129.9 million)²⁰³. In April 2021, the Ministry of Agriculture, Fisheries, and Water Resources signed an investment agreement with Afaq Consultancy and Business Development Company to build a fish collection center in Ras Madrakah in the Wilayat of Duqm. The project aims to provide supporting services to upgrade quality of fish products such as sorting out, cleaning and packaging fresh fish directly received from anglers²⁰⁴.

Exhibit 41 highlights some of the other major developments related to increase in food supply

¹⁹⁵ Source: "Supply chain intact to meet demand during Oman lockdown", Zawya, July 22, 2020

¹⁹⁶ Source: "Securing Supply, Food Security Strategies in the GCC and Egypt", Mashreq, March 2021

¹⁹⁷ Source: "OIA Announces Project to Market Vegetables and Fruits in Sultanate", Oman News Agency, July 27, 2020

¹⁹⁸ Source: "\$100m oilseeds project to support food security in Oman", Zawya, January 20, 2020

¹⁹⁹ Source: "Oman Food Investment Holding Company, Future Projects

²⁰⁰ Source: "Oman's agriculture sector needs to embrace more technology", Zawya, November 02, 2020

²⁰¹ Source: "\$16.9m agreement to set up smart agriculture project in Oman", Zawya, January 06, 2021

²⁰² Source: "Move to ensure food security through smart farming in Oman", Zawya, May 12, 2020

²⁰³ Source: "Duqm set to host Oman's second biggest food industries hub", Zawya, January 25, 2021

²⁰⁴ Source: "Investment agreement signed to build fish collection centre in Duqm, Times of Oman, April 26, 2021

Exhibit 41: Recent Developments to Improve Food Supply

Date	Key Developments
01-Jun-21	Salalah Mills Co. plans to establish a new food industrial center with an investment between US\$ 26 million to US \$31 million (OMR 10 to 12 million). The proposed food industries center will contain an industrial bakery and set of subsequent operations for production of frozen and semi cooked pastries in the first phase.
15-Apr-21	Oman announced exemption of 500 products from VAT amid the pandemic some of which include milk, tea, eggs, meat, fish, poultry, vegetable, fruit, olive oil, sugar, salt and drinking water.
25-Nov-20	Khazaen Economic City announced the signing of three new tenancy agreements with United Vision for Investment and Development and Al Maha Food Industries LLC, an Oman-Saudi joint venture. The agreements are valued at nearly OMR 3 million (US\$ 7.8 million). Oman-Saudi joint venture plans to set up seven food and drink factories in the economic city of Khazaen.
30-Aug-20	Oman government signed an agreement with Sohar Flour mills for handling of grains and commodities imported from different countries, and their storage in warehouses with an intention to strengthen the Sultanate's food security.
12-Aug-20	Asyad (Oman's national logistics group) partnered with Indian agro-food authorities to promote import of fruits and vegetables for importers and traders in Oman. Asyad aims at encouraging fruits and vegetables based industries and ensuring the availability of required raw material at reasonable prices to support such industries.
21-Apr-20	Khazaen City is expected to play an important role in boosting Oman's direct imports and food security through projects such as Khazean Dry Port and Food Cluster Project. Khazaen Dry Port will offer customs-bonded services and opportunities across the warehousing service value chain whereas Food Cluster will enhance the value chain of food industry in Oman.
14-Jun-20	The Ministry of Agriculture and Fisheries signed an agreement with Al Sarooj Construction Company to implement a project to develop the fishing port in the Wilayat of Dibba at a total cost of OMR 40 million (US\$ 103.9 million). The aim to develop a fishing port in Dibba is to serve the fisheries sector and provide facilities for the tourism and commercial sector.

Source: Ministry of Agriculture and Fisheries Oman, Zawya, Times of Oman, Food Navigator.

Bahrain

Bahrain is developing a 10-year national strategy for food security; it reported no shortage of food products amid the COVID-19 pandemic

Bahrain relies heavily on food imports to meet local demand as domestic production remains low. The country's food production grew at a CAGR of 1.1% between 2014 and 2019, the lowest in the GCC region²⁰⁵. However, in recent years, the government has taken efforts to boost domestic production using alternative agricultural methods such as hydroponic farming and aquaculture²⁰⁶. The country is also developing a 10-year national strategy for food security, which will focus on building strategic stocks, increasing financing for agriculture and livestock, allocating multiple sites for fish farming, supporting sustainable fish farming, attracting foreign investment and enhancing investment in agricultural projects in Bahrain and abroad²⁰⁷. In February 2020, Bahrain also signed a MoU with the UAE to

²⁰⁵ Source: CIO of Bahrain, FAO, AOAD

²⁰⁶ Source: "Consumption Challenge: Bahrain steps up food security as it drops in global ranking", Food Navigator Asia, February 02, 2020

²⁰⁷ Source: "New move for food security in Bahrain", Zawya, May 10, 2021

exchange expertise, studies, and research related to food security in addition to agreeing to conduct joint training programs²⁰⁸.

Bahrain reported no shortage of food products amid the COVID-19 pandemic. This can be largely attributed to the government's strategic planning, policies and programs²⁰⁹. In support of the government's efforts to ensure food security, Gulf Air and All Food Company also imported approximately 4,000 kg of fresh produce from Europe during the pandemic²¹⁰. The pandemic however put Bahrain's food security into spotlight and the country has realized the importance of local sourcing of staples - a key gap which the government has now sought to address.

Bahrain has undertaken several steps to increase strategic food reserves in the country. The Cabinet allocated BHD 2.5 million (US\$ 6.6 million) in the 2021-2022 state budget as operating costs for securing strategic food stocks²¹¹, while the Economic Development Board (EDB), Bahrain's main investment promotion agency, is working with various stakeholders to attract food investments in the country²¹². Consequently, the Shura Council, also known as the Consultative Council (a legislative body) in Bahrain, backed a new law in April 2021, which makes it compulsory for the government to have clearly labelled food and commodity reserves. In February 2021, the Shura Council also approved 24 proposals that aimed to solve the various challenges and difficulties faced by the agriculture, animal welfare and fisheries sectors²¹³. In another initiative, the government earmarked 20 locations for the implementation of projects that use hydroponics and aquaculture in food production in the country.

Exhibit 42 highlights some of the other major developments related to increase in food supply

Exhibit 42: Recent Developments to Improve Food Supply

Date	Key Developments
30-May-21	A new agricultural laboratory opened in Hoorat Aa'ali in an effort to achieve food security. The facility includes labs specialized in food safety, tissue culture plant genetic resource, soil and water, plant protection (insects and plant disease) in addition to laboratories for molecular techniques, serology, microbiology and parasites.
01-Nov-20	General Poultry Company, a wholly-owned subsidiary of Bahrain's SWF and Bahrain's top supplier of locally produced eggs announced plans to double its capacity to produce almost 100 million eggs a year.
19-Apr-20	Land Plots in Duraz and Hoorat Aa'ali that have been designated to achieve food security by adopting soil-less farming methods are expected to produce more than 900 tonnes of vegetables.

Source: *Zawya, News of Bahrain*

²⁰⁸ Source: "Consumption Challenge: Bahrain steps up food security as it drops in global ranking", Food Navigator Asia, February 02, 2020

²⁰⁹ Source: "Global Food Crisis due to pandemic never affected Bahrain", The Daily Tribune, June 21, 2021

²¹⁰ Source: "Gulf Air and All Food Company Import Approximately 4,000 kg of Fresh Produce from Europe", Aviation Pros, April 1, 2020

²¹¹ Source: "New legislation on food stocks backed by Bahrain Shura Council", Zawya, April 4, 2021

²¹² Source: "Bahrain's EDB to play key role in food security strategy", Zawya, April 22, 2021

²¹³ Source: "24 proposals to boost food security in Bahrain approved", Zawya, February 08, 2021

5. The GCC Food Industry Outlook

5.1. Forecasting Methodology

The report forecasts the size of the food industry in each GCC country in terms of consumption volume across the major food categories, through 2025. Region-wide projections are derived as aggregate of food consumption volumes of all the six member countries.

The data-points considered for the projections include:

- Historical food consumption data from Arab Organization for Agricultural Development (AOAD), Food and Agriculture Organization of the United Nations (FAO) and national statistics offices of the GCC member nations
- Population and GDP (at current prices) forecast from the IMF (updated April 2021)

Assumptions:

- The combined population of all the six GCC nations is forecasted to grow at a CAGR of 2.3% during 2020-2025 to reach 66.5 million in 2025, up from 59.5 million in 2020
- Similarly, the region's GDP (at current prices) is expected to increase at an annualized rate of 5.5% during 2020-2025
- The GCC nations have witnessed a downturn in their economic activity owing to the COVID-19 pandemic. This, coupled with other external factors, have led to a sluggish consumer spending, which might continue to affect certain food categories in the short- to mid-term period in some countries.

While doing the macroeconomic analysis, it is understood that population and GDP growth data over the last decade presents a strong correlation with food consumption growth in the region. Accordingly, regression analysis has been used to compute long-term forecasts for the GCC food market. Expected recovery in oil prices and rebound in tourism and hospitality industry in the post COVID-19 period along with growing support from non-oil economy is likely to lift income levels, resulting in increasing demand for food in the GCC countries.

Note: Due to changes in forecasting methodology, the IMF's population and GDP estimates and the pandemic situation, market projections in this report are not comparable to the forecasts in Alpen's 2019 GCC Food Industry Report.

5.2. The GCC Food Consumption Forecast

Food consumption in the GCC is expected to grow at a CAGR of 2.3% to reach 52.4 million MT in 2025 from 46.8 million MT in 2020 (see Exhibit 43). This growth is likely to be driven by an increase in population, and post pandemic recoveries in tourism, higher per capita income and overall economic growth arising from a sustained rebound in oil prices. The re-opening of economies facilitated by extensive vaccination programs in the GCC coupled with the return of consumer confidence will aid the food industry to return to normalcy. Consumption, in the coming years, is also likely to be driven by the pandemic-led changes in eating habits and dietary preferences, increasing penetration of the food services sector, and upcoming mega events like the Dubai Expo, the FIFA World Cup 2022, and international food festivals.

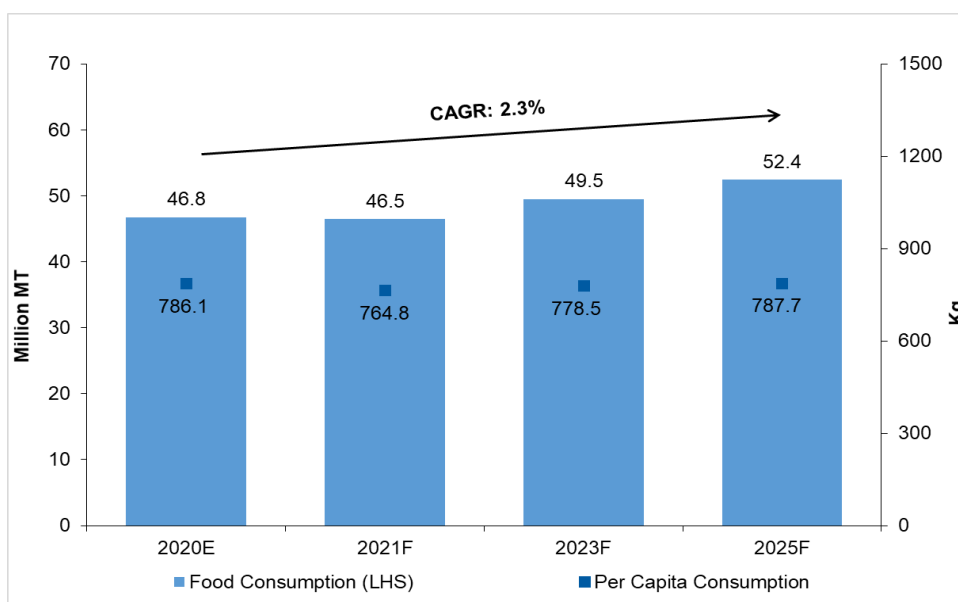
The GCC food Industry has exhibited resilience during the pandemic. Nevertheless, the region faced an imbalance in demand and supply, resulting in a dramatic increase in the price of food commodities, raw materials, and essentials. Consequently, the GCC nations have been working towards higher self-sufficiency by increasing domestic food production

Food consumption in the GCC is expected to grow at a CAGR of 2.3% to reach 52.4 million MT in 2025 from 46.8 million MT in 2020

The GCC is working towards higher self-sufficiency by increasing domestic food production through collaborations and investments in AgriTech

with the help of public and private investments, while continuing to prioritize supply from other resource-rich countries. The rise in food prices, fueled by supply chain disruptions due to COVID-19, has enabled greater thrust for developing local manufacturing initiatives. Notably, innovative food related technology adoptions are being fast-tracked to ensure food security. Further measures spanning investments in AgriTech, policy reforms and forging international collaborations to ensure steady supply of food through home-grown produce is expected to reduce the demand-supply imbalance and consequently food costs over the long-term. This is likely to help boost food consumption as consumers are turning price conscious amid the current challenging economic scenario.

Exhibit 43: Forecast of Food Consumption in the GCC



Source: IMF – April 2021, Alpen Capital

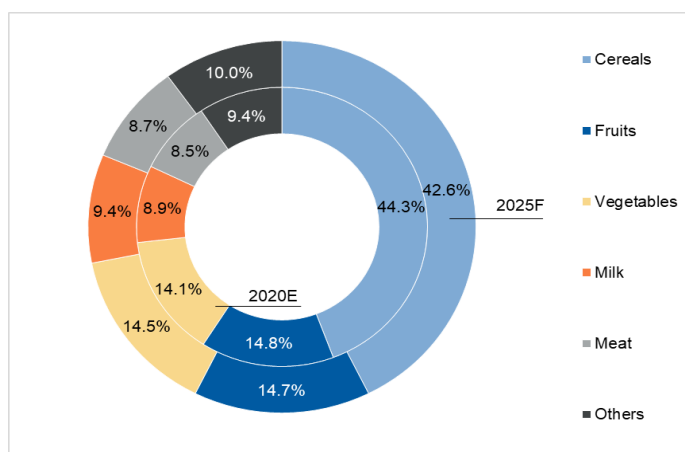
Note: E – Estimated, F – Forecasted

Category-wise Food Consumption

Growth for the food categories is forecasted to range between 1.5% and 3.7% during the five-year period (see Exhibit 45), with the 'others' food category securing the highest annualized growth rate of 3.7%, followed by milk (3.4%), and vegetables (2.9%). The 'others' food category consists of commodities such as eggs, fish, pulses, oils & fats, potato, and honey products. In terms of volume share, 'others' is expected to record the highest change in consumption from 9.4% in 2020 to 10.0% in 2025, followed by milk which is anticipated to rise from 8.9% to 9.4%. Cereals, while continuing to remain the highest consumed food category, is likely to witness the slowest growth rate of 1.5% and record a fall in volume share from 44.3% to 42.6% between 2020 and 2025 (see Exhibit 44). Driven by pandemic-led changes in eating habits and the regional governments' efforts to curb intake of unhealthy food, the consumption of organic and healthy food items is likely to increase in the long-run.

Cereals, while continuing to remain the highest consumed food category in the region, is likely to witness the slowest growth of 1.5% between 2020 and 2025

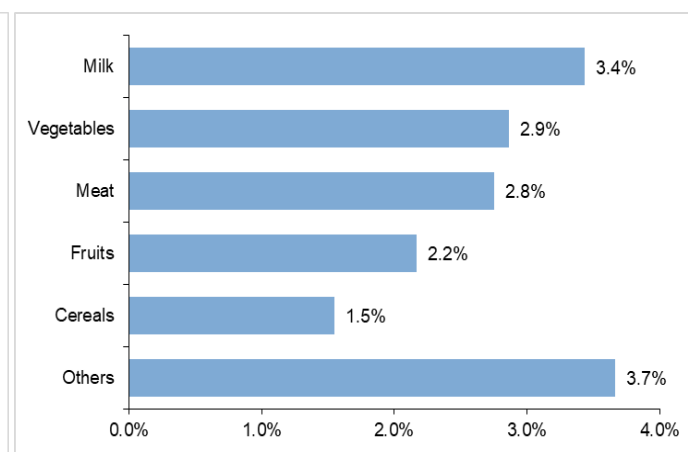
Exhibit 44: Category-wise Split of Overall Food Consumption



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted; 'Others' food category comprises potatoes, pulses, fats & oil, honey, fish and eggs

Exhibit 45: Category-wise Food Consumption Growth (CAGR: 2020E – 2025F)



Source: IMF – April 2021, Alpen Capital

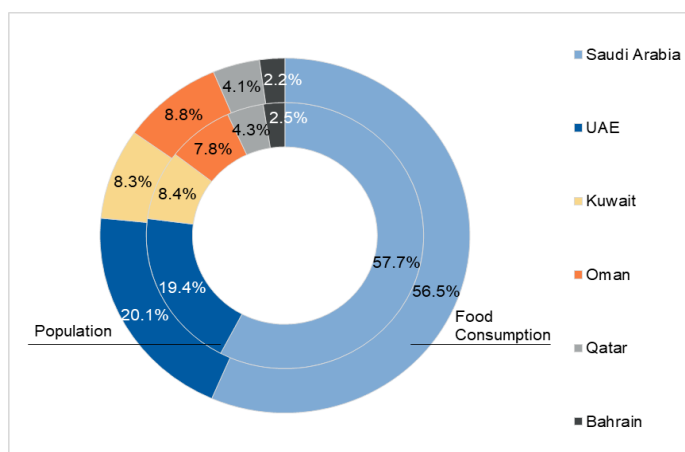
Note: E – Estimated, F – Forecasted; 'Others' food category comprises potatoes, pulses, fats & oil, honey, fish and eggs

Country-wise Food Consumption

The combined share of food consumption of Saudi Arabia and the UAE is projected to reach 76.7% in 2025

The country wise food consumption share in the GCC is projected to change marginally through 2025. The share of food consumption in the GCC will continue to be driven by Saudi Arabia and the UAE, backed by the size of the population in these countries compared to the rest of the GCC nations (see Exhibit 46). However, the combined share of the two countries is expected to stand at 76.7% in 2025, marginally down from 77.9% in 2020. Oman, at a CAGR of 4.2%, is set to witness the fastest growth between 2020 and 2025, followed by Bahrain and Kuwait at 4.1% CAGR each. UAE and Saudi Arabia are expected to grow at a CAGR of 3.2% and 1.6%, respectively, while Qatar is likely to report a marginal growth of 0.6% CAGR over the five-year period (see Exhibit 47).

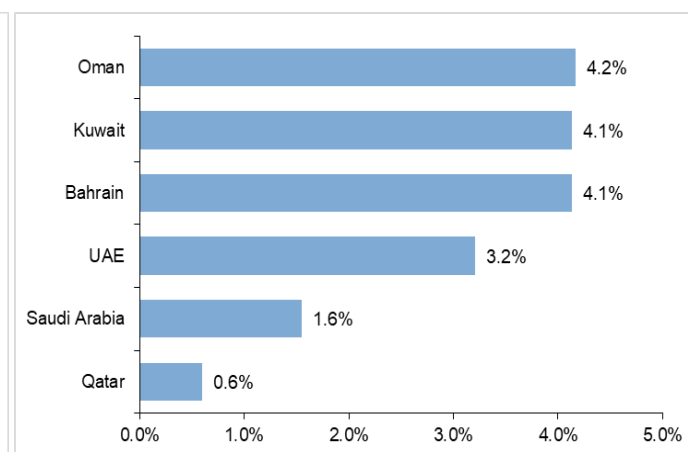
Exhibit 46: Country-wise Split of Overall Food Consumption and Population (2025F)



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Exhibit 47: Country-wise Food Consumption Growth (CAGR: 2020E – 2025F)



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

5.3. Country-wise Market Size Forecast

Saudi Arabia

Saudi Arabia's food consumption is forecasted to reach 29.6 million MT in 2025, growing at a CAGR of 1.6% since 2020

In addition to the investments towards improving domestic food production, the Kingdom's strategies to achieve food security is expected to support food demand

Saudi Arabia's food consumption is forecasted to reach 29.6 million MT in 2025 from 27.4 million MT in 2020, growing at an annualized rate of 1.6% (see Exhibit 48). In addition to a population growth rate of 2.0% CAGR until 2025²¹⁴, recovery in COVID-19 induced factors, rising demand for healthy food items as a result of the pandemic, and the convenience offered by the online food platforms are likely to be the key drivers of growth²¹⁵. Additionally, the increasing urbanization rate is expected to support demand, especially for packaged food and ready meals. Moreover, the government is taking several measures to improve the Kingdom's low retail density as compared to the UAE (Saudi Arabia has 194 million sqm retail space per 1,000 residents compared to UAE's 1,020 million sqm per 1,000 residents as of 2021), and focusing on improving tourism, hospitality and entertainment sectors that would aid in increasing footfall²¹⁶. Such measures are likely to translate to higher food consumption over the foreseeable period.

The overall food industry in Saudi Arabia suffered a great deal as a result of the pandemic, leading to several business closures and supply-chain disruptions that prompted the government to raise the VAT to 15%, causing food inflation to steeply rise in 2020²¹⁷. International tourism also took a hit, falling by 76% to 4.1 million tourist arrivals during the year²¹⁸. Nevertheless, the Kingdom has taken several measures over the last two years to ensure that it regains footing to pre-pandemic levels as the impact of COVID-19 eases over time. In addition to the investments made by the government towards improving domestic food production²¹⁹, the Kingdom's strategies to achieve food security through cross-industry collaborations and implementation of technology is expected to play a major role in supporting food demand. Moreover, the long-term liberalization efforts and mega-projects, coupled with the government's efforts towards achieving its 'Vision 2030' will drive Saudi Arabia's food industry towards strong medium-term growth.²²⁰

Among the food categories, the 'others' food segment is slated to grow the fastest at an annualized rate of 3.5% between 2020 and 2025, to reach 2.7 million MT (see Exhibit 49). This is followed by milk, which is forecasted to grow at a CAGR of 2.5% during the same period. On the other hand, cereals, the highest consumed food segment in the Kingdom, is expected to rise at the slowest pace of 0.7% over the five-year period, with its per capita consumption declining at the rate of 1.3%. This can be largely attributed to the end of import subsidies on most feeds and grains during 2019, coupled with the Kingdom's long-standing domestic ban on wheat production due to concern of groundwater depletion²²¹. However, the recent permission of wheat production to medium and small size forage producers with an alternative field crop is likely to support yield and reduce imports over the next few years²²².

²¹⁴ Source: "World Economic Outlook Database", IMF, April 2021

²¹⁵ Source: "Food & Beverage Market to Surpass \$80 Billion in 2020 in KSA and UAE", Frost & Sullivan, June 3, 2020

²¹⁶ Source: "Recipe for Resilience - 2019-20 GCC Food & Beverage report", KPMG, 2020

²¹⁷ Source: Country Briefs – Saudi Arabia 2020, Global Information and Early Warning System, FAO

²¹⁸ Source: Tourism Dashboard, UNWTO

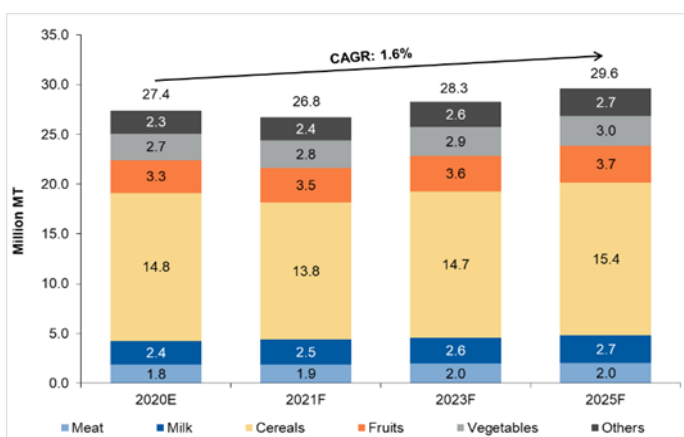
²¹⁹ Source: "Saudi Arabia triples agriculture investments abroad", Gulf Times, January 19, 2021

²²⁰ Source: "Recipe for Resilience - 2019-20 GCC Food & Beverage report", KPMG, 2020

²²¹ Source: "Saudi Arabia's corn, rice imports expected to fall", World Grain, April 23, 2020

²²² Source: "GIEWS - Global Information and Early Warning System – Country Briefs: Saudi Arabia", FAO, November 18, 2020

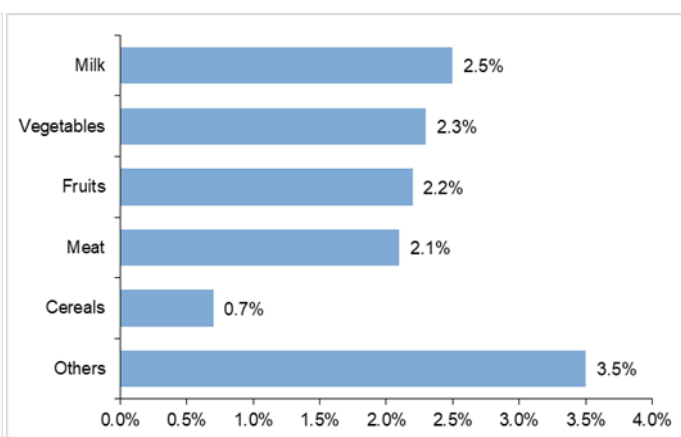
Exhibit 48: Forecast of Food Consumption in Saudi Arabia



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Exhibit 49: Category-wise Food Consumption Growth in Saudi Arabia (CAGR: 2020E – 2025F)



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted; 'Others' food category comprises potatoes, pulses, fats & oil, honey, fish and eggs

UAE

Food consumption in the UAE is forecasted to grow at an annualized rate of 3.2% from an estimated 8.9 million MT in 2020 to 10.5 million MT in 2025

Food consumption in the UAE is forecasted to grow at an annualized rate of 3.2% from an estimated 8.9 million MT in 2020 to 10.5 million MT in 2025 (see Exhibit 50). Growth in the UAE will be largely driven by an expanding population base (3.1% CAGR between 2020 and 2025)²²³ and post pandemic economic recovery. Upcoming mega events such as the Dubai Expo coupled with annual food festivals such as Gulfood are also expected to augur well for the industry. The Expo will bring together nations, government entities, educational establishments and the private sector to collaborate on solutions towards more resilient food systems. Through its global innovation and partnership programme, Expo Live, the event is supporting the development of modular farms across the UAE²²⁴. Moreover, the government has invested heavily to improve domestic production through coordination with various federal and local entities²²⁵, while also developing sustainable and integrated food security systems through adoption of AgriTech solutions²²⁶. Such measures are likely to help boost local production and aid demand for home-grown produce amid rising costs of imports²²⁷.

Considering UAE is home to a large proportion of expatriate population, it has grown to become a gastro-hub of the GCC region. Although, the pandemic caused several expatriates to return home, prompt measures taken by the government to ensure safety for all is slowly drawing them back to the country. UAE is also attracting expatriates to set up their businesses in the country and providing incentives for global talent, backed by several initiatives in the form of residency visas²²⁸. The demand for food will also be boosted by the estimated rise in international tourists in the country. Dubai, for example, has been a popular tourist destination globally, attracting 16.7 million tourists in 2019. While this number declined steeply to 5.5 million in 2020 owing to the pandemic, its ambitious strategy to attract 25 million visitors a year by 2025 will significantly boost the F&B sector²²⁹. The rising influx of expatriates and tourists in the near to mid-term is likely to support demand for global cuisine while also increasing the preference towards healthy food items. The UAE has

²²³ Source: "World Economic Outlook Database", IMF, April 2021

²²⁴ Source: "How Dubai Expo 2020 is supporting global and local UAE food security initiatives", Arabian Business, March 16, 2021

²²⁵ Source: "UAE Food Security Council", USDA, March 15, 2020

²²⁶ Source: "41 million dollar investment to boost Abu Dhabi's agriculture technology", HortiDaily, November 11, 2020

²²⁷ Source: "UAE Considers Cap on Food Prices as Global Crop Costs Soar", Bloomberg, February 17, 2021

²²⁸ Source: "UAE expands 10-year residency golden visa eligibility", International Investment, December 03, 2020

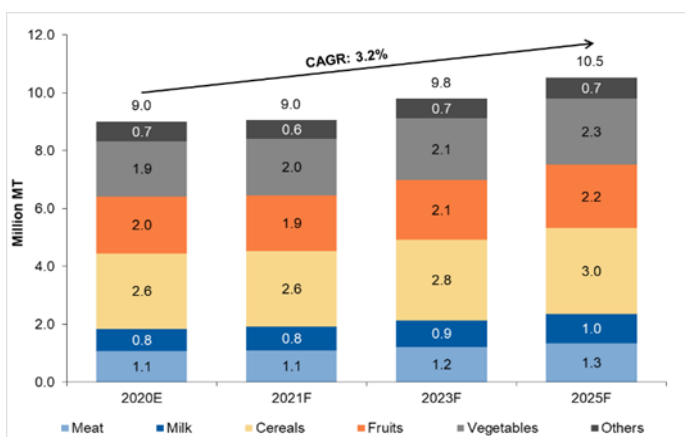
²²⁹ Source: "Dubai Tourism Statistics", Dubai Online

already undergone a massive change in consumer behavior as the pandemic encouraged people to change their eating habits and dietary preferences. A vast majority of consumers were forced to limit dining out amid the lockdown measures, and this trend is likely to sustain owing to the increased concerns over health and hygiene²³⁰.

Increasing health awareness among consumers and manufacturers is likely to drive the demand of dairy products, organic vegetables, and fruits

Amongst the various food categories, consumption of milk is poised to register the fastest growth rate at 5.4% CAGR between 2020 and 2025, followed by meat at 4.6% CAGR, vegetables at 3.7% CAGR, and fruits at 2.1% CAGR (see Exhibit 51). Increasing health awareness among consumers and manufacturers is likely to drive the demand of dairy products, organic vegetables, and fruits in the country. A large proportion of expatriates from the Asian countries residing in the UAE are likely to push the demand for cereals, which is forecasted to grow at a CAGR of 2.7% between 2020 and 2025. The 'others' food category is expected to grow at the slowest pace of 1.9%, with its per capita consumption declining at an annualized rate of 1.1%.

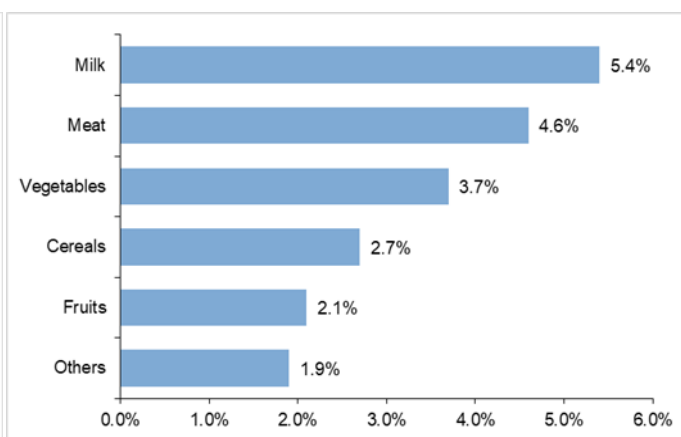
Exhibit 50: Forecast of Food Consumption in the UAE



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Exhibit 51: Category-wise Food Consumption Growth in the UAE (CAGR: 2020E – 2025F)



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted; 'Others' food category comprises potatoes, pulses, fats & oil, honey, fish and eggs

Kuwait

Kuwait is forecasted to record the second-highest food consumption growth in the GCC at 4.1% CAGR between 2020 and 2025

Kuwait is forecasted to record the second-highest food consumption growth in the GCC at 4.1% between 2020 and 2025. Total food consumption in the country is estimated to rise to 4.3 million MT in 2025 from 3.5 million MT in 2020 (see Exhibit 52). Forecasted growth in population and GDP at 2.8% and 5.8%, respectively, over the five-year period²³¹ coupled with the rising disposable income amid post COVID-19 economic recovery, are expected to boost demand for food in the country. Despite a decline in expatriates²³², demand for food is expected to be supported by an organic growth in population. Moreover, rising urbanization trends²³³ has brought about increased global influence of eating habits leading to a shift in the preference towards diverse cuisines, especially amongst the millennial population. This, coupled with demand for healthy and organic food items, are likely to bode well for the food industry growth²³⁴.

Among the various food categories, consumption of 'others' food segment is set to grow at the fastest rate of 6.1% CAGR between 2020 and 2025, closely followed by milk at 5.8%

²³⁰ Source: "Recipe for Resilience - 2019-20 GCC Food & Beverage report", KPMG, 2020

²³¹ Source: "World Economic Outlook Database", IMF, April 2021

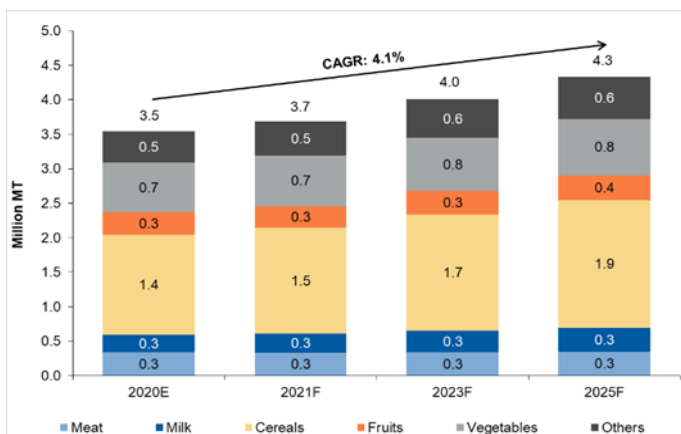
²³² Source: "One-third of expats want to leave Kuwait", Gulf News, May 20, 2021

²³³ Source: "Urban Planning and its Legacy in Kuwait", LSE, April 23, 2020

²³⁴ Source: "Demand for organic food and public perception in the state of Kuwait: A Comparison of conventional and organic vegetable produce quality", Kuwait University, October 2, 2019

CAGR (see Exhibit 53). Cereals, which is the highest consumed food category in the country, is forecasted to reach 1.9 million MT in 2025 from the estimated 1.4 million MT in 2020, translating to an annualized growth rate of 5.1% over the five-year period. On the other hand, consumption of meat is forecasted to record a marginal growth of 0.7% during the same period. This can be largely attributed to the rising trend of vegan and vegetarian meals in Kuwait²³⁵ and the rising adoption of a healthier lifestyle²³⁶.

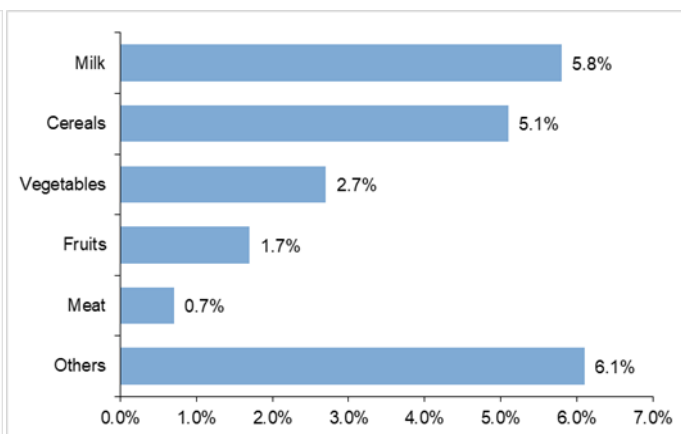
Exhibit 52: Forecast of Food Consumption in Kuwait



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Exhibit 53: Category-wise Food Consumption Growth in Kuwait (CAGR: 2020E – 2025F)



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted; 'Others' food category comprises potatoes, pulses, fats & oil, honey, fish and eggs

Oman

Oman is forecasted to record the fastest growth in food consumption in the GCC, growing at an annualized rate of 4.2% between 2020 and 2025

Oman is forecasted to record the fastest growth in food consumption in the GCC, growing at an annualized rate of 4.2% between 2020 and 2025. Total food consumption in the country is estimated to rise to 4.6 million MT in 2025 from 3.8 million MT in 2020 (see Exhibit 54). GDP and population growth of 6.2% and 3.1%, respectively, during the five-year period will be the major factors driving food consumption in the country²³⁷. The country has also resorted to initiatives that ensure higher food security and reduced imports amid soaring global food prices caused due to the pandemic. Higher investments by the Sultanate towards agricultural projects that aim to use smart techniques in addition to hydroponics, aquaponics and advance technologies in irrigation and fertilization²³⁸ are helping the country to increase domestic production. Such measures are likely to boost demand for home-grown commodities in the future.

The 'others' food category is poised to register the fastest growth in consumption at a CAGR of 5.5% between 2020 and 2025. This is followed by milk and cereals, which are set to grow at a CAGR of 5.0% and 4.8%, respectively, over the same period (see Exhibit 55). While consumption of cereals is set to rise due to its prominence in daily diet, the fruits and vegetables categories are likely to be boosted by a gradual shift in focus towards healthier eating habits among the consumers²³⁹. The anticipated higher inclusion of fruits and vegetables in everyday diet is expected to help these categories grow at a CAGR of 2.5%

²³⁵ Source: "People discovering the appeal of vegan meals growing in Kuwait", Times Kuwait, November 25, 2019

²³⁶ Source: "The Food and Drink Landscape of Kuwait", Bolst Global

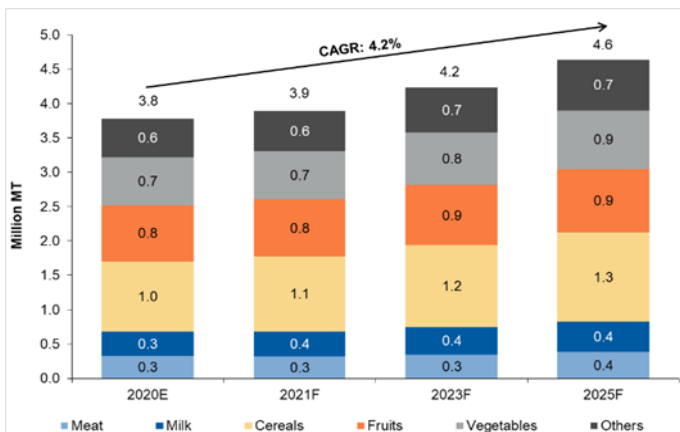
²³⁷ Source: "World Economic Outlook Database", IMF, April 2021

²³⁸ Source: "Move to ensure food security through smart farming in Oman", Zawya, May 12, 2020

²³⁹ Source: "Agriculture in Oman - Growth, Trends, COVID-19 Impact and Forecast (2021 - 2026)", Globe News Wire, July 2, 2021

and 4.1%, respectively, between 2020 and 2025. Consumption of meat is forecasted to grow at an annualized rate of 3.0% over the five-year period. The meat category is likely to be affected in the short-term due to fall in purchasing power caused by the pandemic, which has turned the consumers more price sensitive²⁴⁰.

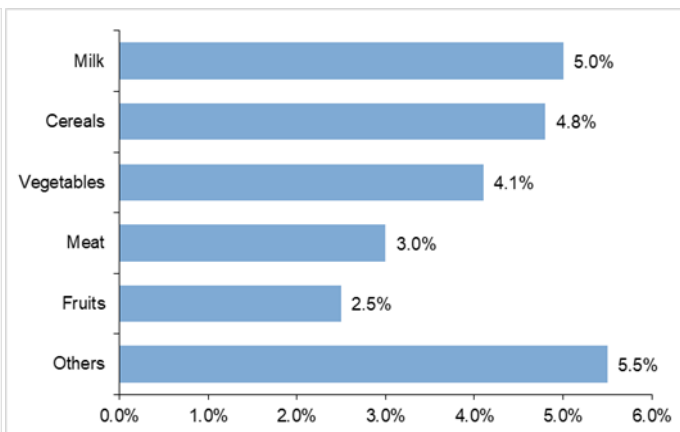
Exhibit 54: Forecast of Food Consumption in Oman



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Exhibit 55: Category-wise Food Consumption Growth in Oman (CAGR: 2020E – 2025F)



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted; 'Others' food category comprises potatoes, pulses, fats & oil, honey, fish and eggs

Qatar

Qatar's food consumption is expected to grow at a CAGR of 0.6% between 2020 and 2025

Qatar's food consumption is expected to grow at a CAGR of 0.6% between 2020 and 2025. Total food consumption in the country is estimated to rise marginally to 2.2 million MT in 2025 from 2.1 million MT in 2020 (see Exhibit 56). This can be largely attributed to the estimated slowdown in population growth, which is likely to remain flat during the five-year period²⁴¹. However, the upcoming FIFA World Cup in 2022, a first in the Arab World, is expected to attract over 1 million tourists and visitors to Qatar²⁴². This will help the country shape up its tourism sector, and in turn aid demand for global cuisines and food items during the tenure of the event. Following the embargo imposed on the country in 2017, Qatar has ramped up its domestic food production while also developing alternative trade links for its food supply²⁴³. The country's strategic initiatives²⁴⁴ and higher investments in the area of food production²⁴⁵ that aim to increase self-sufficiency is likely to reduce the prices for food commodities in the long run. This, in turn, is expected to boost demand for home-grown produce as consumers are becoming more price sensitive due to the slowdown in economic activity.

This slower growth in food consumption is partially driven by the flat growth rate in cereals, the largest consumed food category in the country. Milk is estimated to grow at a CAGR of 1.8% between 2020 and 2025, the highest amongst all the other food segments, followed by meat at 1.1% CAGR. On the other hand, vegetables and fruits are expected to report marginal growth at 0.4% each, followed by 'others' at 0.3% (see Exhibit 57). Consequently, the overall per-capita consumption pattern is expected to remain unchanged during the

²⁴⁰ Source: "Meat And Poultry Spending Outlook In Oman Slowing", Fitch Solutions, January 7, 2021

²⁴¹ Source: "World Economic Outlook Database", IMF, April 2021

²⁴² Source: "World Cup likely to attract one million tourists and visitors to Qatar", Qatar Online, May 6th, 2021

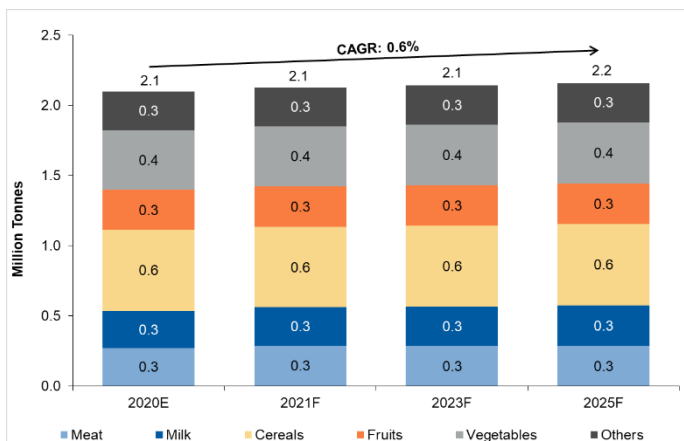
²⁴³ Source: "Beating the blockade: How Qatar prevailed over a siege", Al Jazeera, June 5, 2020

²⁴⁴ Source: "Qatar's food security boost post-blockade", Al Jazeera, June 9, 2020

²⁴⁵ Source: "HBKU, Hassad Food sign MoU to advance technology in food production", The Peninsula, April 11, 2020

forecasted period. However, a revival in economic activity, coupled with the changing dynamics such as rebound in tourism and growth in young and affluent customers, especially the return of expatriate population post COVID-19 restrictions, is expected to drive the demand for food in the long run.

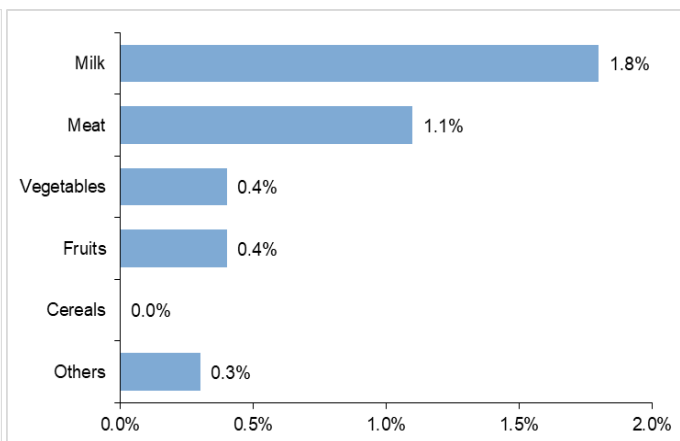
Exhibit 56: Forecast of Food Consumption in Qatar



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Exhibit 57: Category-wise Food Consumption Growth in Qatar (CAGR: 2020E – 2025F)



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted; 'Others' food category comprises potatoes, pulses, fats & oil, honey, fish and eggs

Bahrain

Food consumption in Bahrain is slated to grow at a healthy pace of 4.1% between 2020 and 2025

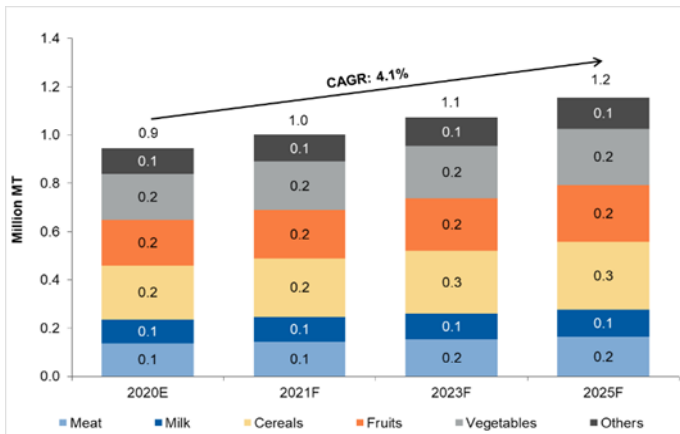
Food consumption in Bahrain is slated to grow at a healthy pace of 4.1% CAGR between 2020 and 2025 to reach 1.2 million MT (see Exhibit 58). In spite of being the least populated nation in the GCC, Bahrain is estimated to record a 2.0% population growth and a 5.5% GDP growth between 2020 and 2025, with a post-pandemic economic recovery likely in 2022²⁴⁶. Such strong dynamics are expected to boost the demand for food in the country. Additionally, a revival in tourist inflows post the relaxation of COVID-19 induced curbs, is likely to bode well for the country's food industry in the near to mid-term²⁴⁷.

Among the various food categories, cereals and fruits are forecasted to grow at a CAGR of 4.6% each between the 2020 and 2025, closely followed by 'others' at 4.4% CAGR, vegetables at 4.1% CAGR, and meat at 3.6% CAGR. Milk is expected to register the slowest growth rate of 2.6% CAGR during the five-year period (see Exhibit 59).

²⁴⁶ Source: "World Economic Outlook Database", IMF, April 2021

²⁴⁷ Source: Tourism Dashboard, UNWTO

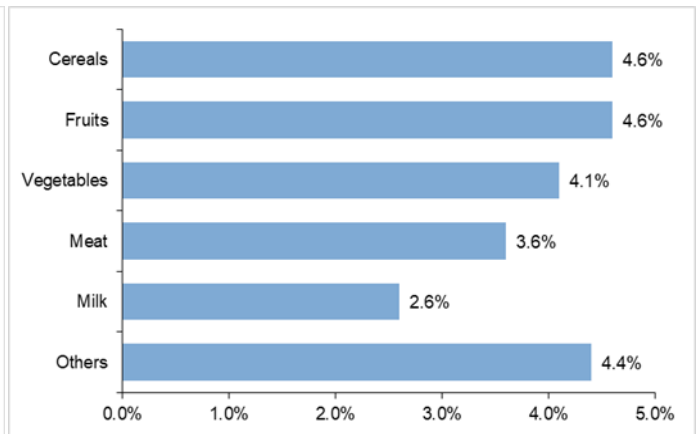
Exhibit 58: Forecast of Food Consumption in Bahrain



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Exhibit 59: Category-wise Food Consumption Growth in Bahrain (CAGR: 2020E – 2025F)



Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted; 'Others' food category comprises potatoes, pulses, fats & oil, honey, fish and eggs

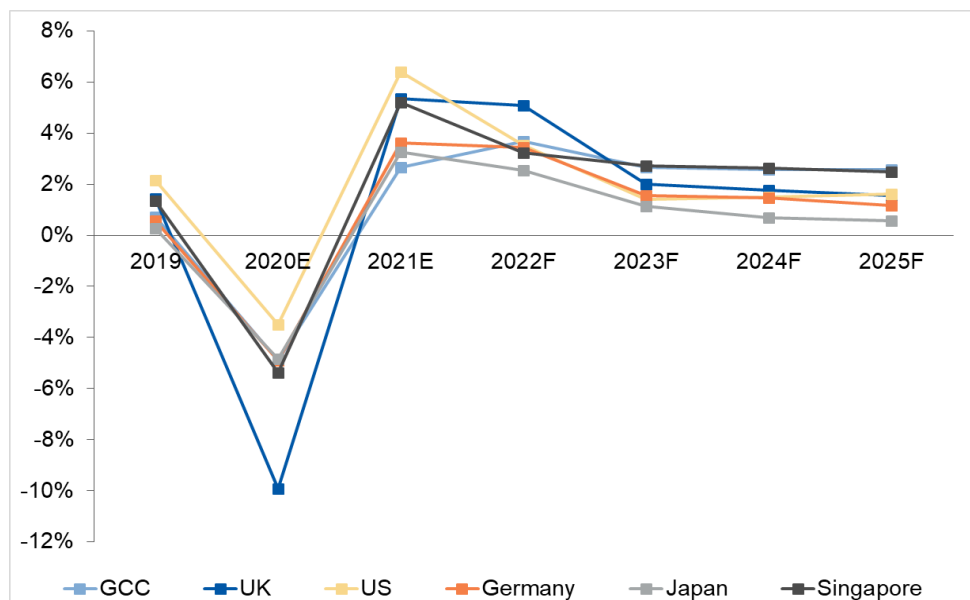
6. Growth Drivers

Post Pandemic Recovery

Economic activity in the GCC is expected to rebound over the next two years with the GDP likely to see a 2.7% and 3.8% growth in 2021 and 2022, as the COVID-19 situation normalizes

Economic activity in the GCC is expected to pick up in 2021 as global demand for commodities increases and COVID-19 induced lockdown restrictions ease further. Although a recent surge in virus cases in the region has increased uncertainty, progress in vaccination programs will help fuel domestic demand in 2021 and beyond. According to IMF, the GCC's GDP contracted by 4.8% in 2020 as the region was particularly hit by the dual economic shocks of falling oil prices and slowdown in domestic activity²⁴⁸. However, the region is expected to rebound over the next two years with the GDP likely to see a 2.7% and 3.8% growth in 2021 and 2022, respectively, as the COVID-19 situation normalizes²⁴⁹. The GCC is expected to marginally surpass projections of countries like the US, UK, Singapore, Japan, and Germany between 2023 and 2025 (see Exhibit 60)²⁵⁰. The unprecedented reforms and effective responses to curb the rising COVID-19 cases coupled with strong emphasis towards economic diversification and private sector participation will aid economic growth across the GCC nations in the long-run²⁵¹.

Exhibit 60: Real GDP Growth Projections – GCC vs Other Markets (2019-2025F)



Source: IMF – April 2021

Note: E – Estimate, F – Forecast

Business confidence in the region has revived in recent months with the reopening of restaurants, food parks and shopping malls as lockdown restrictions have eased. The gradual reopening of borders and loosening of travel restrictions will help boost the tourism industry – a catalyst for the food sector in the region. Annual events such as Ramadan, shopping festivals and food festivals will continue to increase food consumption as well. Additionally, preparation for various mega events such as the Expo 2020 in Dubai and the 2022 FIFA World Cup in Qatar, coupled with improving regional political relations are likely to drive recovery in the food sector.

²⁴⁸ Source: "World Economic Outlook Database", IMF, April 2021

²⁴⁹ Source: "World Economic Outlook Database", IMF, April 2021

²⁵⁰ Source: "World Economic Outlook Database", IMF, April 2021

²⁵¹ Source: GCC Region Mega Trends, Forecast to 2030, Frost & Sullivan, October 5, 2020

The GCC population grew at a CAGR of 2.4% between 2015 and 2020 compared to MENA average of 2.1% and the world average of 1.1%

Favourable Demographics

Growing population, largely comprising of young and working class professionals, together with high proportion of expatriates continue to be a major driver for the GCC's food sector. The GCC population grew at a CAGR of 2.4% between 2015 and 2020 compared to the MENA average of 2.1% and the world average of 1.1%²⁵². The GCC is also one of the most urbanized regions in the world with around 85% of the region's population living in cities as of 2016, which is expected to rise to 90% by 2050²⁵³. Moreover, approximately 64% of the region's population is aged between 15 and 49 years (see Exhibit 61), which supports the market's shift towards international brands and preference for high-quality food²⁵⁴.

Demand for food will continue to grow as population across the GCC is expected to reach 66.5 million by 2025, registering a CAGR of 2.3% since 2020 (see Exhibit 62)²⁵⁵. Saudi Arabia, the country with the largest population in the region (34.8 million in 2020), is expected to grow at an annualized rate of 2.0% over the five-year period²⁵⁶. The growing proportion of youth, representing nearly 40% (under 25 years of age)²⁵⁷ of the Kingdom's total population, are highly influenced by global consumer trends, thereby driving the demand for international food and foreign cuisines²⁵⁸. The UAE's population is expected to grow at a CAGR of 3.1% over the five-year period to reach 12.9 million by 2025²⁵⁹. The GCC governments have taken various measures including relaxation of residency visas, and entry permits, which are incentivizing expats to work and settle in the region. UAE has been at the forefront of introducing these positive immigration laws, which include a five-year renewable retirement law, widening the eligibility of golden visas, and the new citizenship law. Abu Dhabi also announced the introduction of a new Freelancer License in 2020, open to all Emirati and non-Emiratis in the country²⁶⁰. These laws, coupled with government's management of the pandemic crisis, and measures taken to improve the ease of doing business have contributed to the growth in property transactions in Dubai. For the first quarter of 2021, property transactions were up 34.5% y-o-y²⁶¹. The high percentage of expatriates (89.7% of the total UAE population in 2019)²⁶² in the UAE is thus driving demand for more diverse culinary palates, making it a gastronomical hub of the region. The overall expenditure on food in 2020 is estimated to have grown by 5.4% y-o-y to reach US\$ 50.6 billion in Saudi Arabia and by 6.9% y-o-y to reach US\$ 37.0 billion in the UAE²⁶³.

²⁵² Source: "World Economic Outlook Database", IMF, April 2021

²⁵³ Source: "Middle East Megatrends: Transforming our region", PwC

²⁵⁴ Source: "United Nations Population Division", United Nations

²⁵⁵ Source: "World Economic Outlook Database", IMF, April 2021

²⁵⁶ Source: "World Economic Outlook Database", IMF, April 2021

²⁵⁷ Source: "United Nations Population Division", United Nations

²⁵⁸ Source: "Investment opportunities in the Saudi food sector", Arab News, April 14, 2019

²⁵⁹ Source: "World Economic Outlook Database", IMF, April 2021

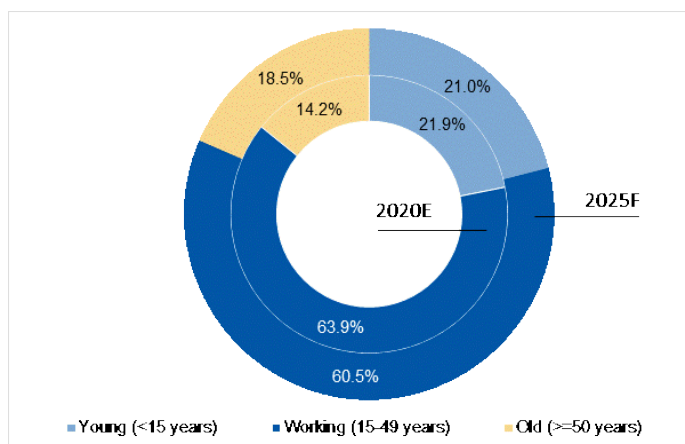
²⁶⁰ Source: "GCC: Immigration roundup from the last 12 months", PwC, July 06, 2021

²⁶¹ Source: "Projects: Booming Dubai property market hits 'record high', Zawya, June 13, 2021

²⁶² Source: "Consumer Profile – The United Arab Emirates", Government of Canada, May 2019

²⁶³ Source: "Food & Beverage Market to Surpass \$80 Billion in 2020 in KSA and UAE", PR Newswire, June 3, 2020

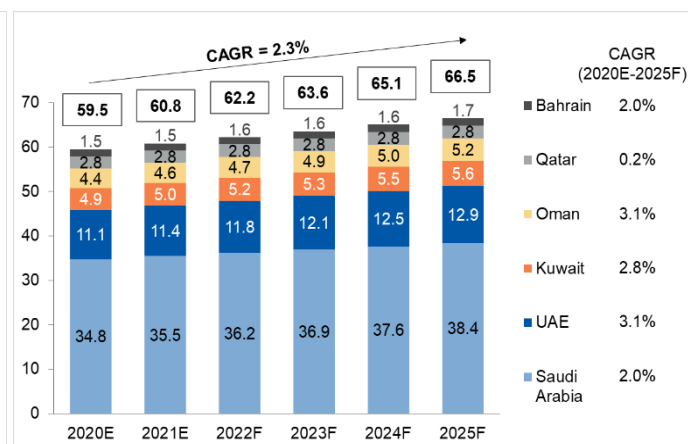
Exhibit 61: GCC Population Age Distribution



Source: UNPD – April 2019

Note: E – Estimated, F – Forecasted

Exhibit 62: GCC Population Forecast



Source: IMF – April 2021

Note: E – Estimated, F – Forecasted

Resilient Food Services Sector

Restaurant operators in the GCC expect higher revenue in 2021 than pre-COVID-19 period

As part of the economic diversification strategies, large investments by the GCC nations have been allocated towards the tourism industry²⁶⁴. This has positively influenced the hospitality sector and enhanced the landscape of the F&B industry in the region. As a result, the GCC food services sector has recorded rapid growth over the past decade backed by a flourishing economy, favorable demographics, growing urbanization and high per capita income. All these factors, coupled with the demand for assorted cuisines and new dining concepts among the expanding multicultural young population, have given an impetus to the establishment of new F&B outlets (Fine Dining, Casual Dining, Quick Service Restaurants, Cafes & Bars) and influx of several global brands in the region.

Although the closure of food service outlets amid lockdown measures during the pandemic has slowed down growth, restaurant operators expect higher revenue in 2021 than pre-COVID-19 period. This higher growth is likely to be driven by the adoption of new business models and dynamic strategies, as consumer needs change. As restaurants resume operations after months of restrictions, a sentiment of revival is emerging in several markets, especially in the UAE²⁶⁵, where operators are implementing innovative business strategies such as creative menu concepts, improved dining experiences, and take-out services. A rising trend of investments in technology and online ordering is also boosting business as several restaurants in the UAE adopted a Cloud Kitchen or a delivery-only model for their brand. This is in-turn led third-party aggregators and logistics companies to build a strong foothold in the region, especially in the UAE. Consequently, food delivery service providers such as, Deliveroo, Tawseel and online ordering platforms like Zomato, talabat.com and foodonlick.com, are likely to facilitate majority of the business. Moreover, upcoming mega events such as Dubai Expo 2020 Dubai and FIFA World Cup 2022 in Qatar are expected to catalyze demand for food services by virtue of significant resource allocation²⁶⁶.

²⁶⁴ Source: "GCC set to spend \$56bn on tourism infrastructure by 2022", Arabian Business, April 2018

²⁶⁵ Source: "Appetite for Food Delivery Grows in UAE; 70 Percent of Restaurants Eye Cloud Kitchens To Expand Their Business", Posist, April 2021

²⁶⁶ Source: "Gulf Social and Economic Outlook for the F&B Industry", February 2019

GCC governments have taken various steps and precautions to improve food security and production, while ensuring supply, streamlining logistics and distribution during the pandemic

Governments, in partnership with the private sector, are optimizing production capabilities by adopting technology enabled agricultural practices

With companies looking to strengthen their geographic presence, several intra-regional and cross-border deals were witnessed in the past few years

Continued Government Support

GCC governments have taken various steps and precautions to improve food security and production, while ensuring supply, streamlining logistics and distribution during the pandemic. In order to avoid food shortages due to supply disruption, governments across the region were proactive in diversifying import sources, offering monetary incentives and discouraging hoarding²⁶⁷. Additionally, the nations have taken several measures including investments, policy reforms and forging international collaborations to contain imports and ensure steady supply of food through home-grown produce. Saudi Arabia has also initiated various agriculture support programs and earmarked investments in millions of dollars to increase organic production. The UAE too has implemented various strategies focused on high-tech agriculture policies, R&D, enhancing domestic production, subsidization, and foreign investment policies, among others²⁶⁸. All such measures have resulted in higher investments towards ensuring domestic food processing in the GCC.

Investments in Domestic Food Production/Manufacturing

Despite unfavorable climatic conditions, the GCC nations have been working relentlessly to attain self-sufficiency in terms of food production. Governments, in partnership with the private sector and international organizations, are optimizing production capabilities by adopting technology-driven agricultural practices²⁶⁹. They are also offering financial assistance to bolster local AgriTech companies in developing next generation agriculture ecosystem in the desert lands of the GCC. In September 2020, the Abu Dhabi Investment Office (ADIO) announced more than AED 110 million (US\$ 30 million) in financial incentives to AgriTech companies looking to establish or expand their presence in the Emirate. Earlier in June 2020, the Agriculture and Food Safety Authority (ADAFSA) and ADIO announced AED 1 billion (US\$ 270 million) pipeline of investment opportunities and awarded five investment projects worth AED 75 million (US\$ 20.4 million) to four local companies. In February 2021, ADAFSA and the FAO representation in the UAE and sub-regional office for GCC and Yemen signed an agreement to collaborate and develop a master plan for sustainable agriculture and design assessment tools to monitor biosecurity in Abu Dhabi²⁷⁰. Consequently, there has been a rise in number of international and local players that are working towards increasing food production in the region in recent years. Such companies, which are deploying technologies including remote sensing, artificial intelligence (AI) and data analytics, have started garnering significant investor interest. Additionally, meat processing, dairy, and confectionery segments in the GCC have become increasingly attractive to foreign investors²⁷¹.

With companies looking to strengthen their geographic presence, several intra-regional and cross-border deals were witnessed in the past few years. For instance, Saudi Arabia's Almarai entered into a collaboration with Germany-based GEA Group in 2018 to build the Kingdom's largest dairy processing facility at Al Kharj²⁷². In 2018, Qatar collaborated with Spanish companies to build greenhouses to grow any type of vegetable all-year round and small fruits with investment of US\$ 118 million²⁷³. One of the key deals in the AgriTech sector includes the US\$ 40 million co-investment by Emirates Flight Catering (EKFC) and Crop One in 2018 to build the world's largest vertical farming facility in Dubai. At full production, the facility will harvest 2,700 kg of high-quality, herbicide-free and pesticide-free leafy greens daily, using 99% less water than outdoor fields²⁷⁴. In June 2021, Saudi Arabia-based Red

²⁶⁷ Source: "Pandemic spurs GCC to explore newer ways to ensure food security", Zawya, April 2021

²⁶⁸ Source: "GCC Countries are Food-secure while not self-sufficient yet", Frost & Sullivan.

²⁶⁹ Source: "Pandemic spurs GCC to explore newer ways to ensure food security", Zawya, April 2021

²⁷⁰ Source: "Securing Supply", MEED, March, 2021

²⁷¹ Source: "Food & Beverage Market to surpass \$80bn in 2020 in KSA & UAE", Frost & Sullivan, June 3, 2020

²⁷² Source: "Advanced design from GEA for Saudi Arabia's most modern dairy processing plant", GEA, July 2018

²⁷³ Source: "Qatar to achieve self-sufficiency in fruits and vegetables within a year", The Peninsula, September 2018

²⁷⁴ Source: "Emirates Flight Catering builds world's largest vertical farming facility in Dubai", MENAFN, December 2019

The GCC nations are forming strategic partnerships with and investing in agricultural lands based in other countries

All the GCC nations have been actively promoting aqua-farming and working towards developing the required infrastructure for fish farming

Sea Farms raised US\$ 10 million to fund expansion plans of developing commercial scale farming facilities and expanding into UAE. The company uses technology to help solve problems related to scarcity of water and grow food sustainably with its saltwater-cooling and Coretex control system technologies²⁷⁵.

Investments in Overseas Cultivable Land

As part of the food security program aimed at diversifying and stabilizing sources of food, the GCC nations are forming strategic partnerships and investing in agricultural lands based in other countries. Several representatives of the Gulf Royal Families, Sovereign Wealth Funds and other investors from the GCC have sought agricultural investments in African and other landlocked nations. Zambia, for example, has attracted several GCC investors who have made heavy investments in acquiring outright farmlands and farms, with an aim to produce various food grains, crops, and other agricultural products there and then export it to their respective countries²⁷⁶. In 2020, the UAE invested US\$ 7 billion to form a 'Food Corridor' with India as a part of its National Strategy for Food Security. UAE-based DP World and DMCC (Dubai Multi Commodities Centre) are exploring tie-ups with Indian companies and farmers, in line with this strategy. The former is exploring synergies for offering integrated supply chain solutions, while the latter has an agriculture-trading platform named 'Agriota' – which will link farmers in India with food companies in the UAE to boost agriculture import from India. Furthermore, Emaar Group, a UAE-based real estate company, is coordinating with other Indian entities to invest up to US\$ 5 billion in mega food parks and similar facilities in various Indian cities. Emaar Group will also invest US\$ 2 billion in contract farming, and sourcing of agro-commodities and related infrastructure²⁷⁷.

Separately, Saudi Arabia's SALIC (The Saudi Agricultural and Live-stock Investment Company), an arm of Public Investment Fund invested US\$ 9.2 million fund in British AgriTech firm Hummingbird Technologies in 2019. Agriculture Development Fund, the government's principal credit institution specialized in financing agricultural activities in the Kingdom, tripled its investments in 2020, growing 300% since 2016 to be valued at SAR 3.7 billion (US\$ 1.0 billion). The fund has started supporting Saudi investments abroad in new agri-food projects and expansion of existing projects on the condition that at least 50% of the project's crops be exported to the Kingdom²⁷⁸.

Investments in Aquaculture

Aquaculture is one of the most important food-processing segments for the GCC in their quest to attain food security. All the GCC nations have been actively promoting aqua-farming and working towards developing the required infrastructure for fish farming. Aquaculture, besides conserving the environment and relieving pressure on wild stocks²⁷⁹, will also aid the region in their fight against high import dependency, preserve freshwater and potentially export the surplus. Governments across the region have introduced several policies and incentives, and opened up the sector for foreign and local investments to aid its growth. Moreover, the highly favorable supply and demand fundamentals from fish farming coupled with the steady increase in fish prices have made aquaculture in the region an attractive investment proposition for the private players. Currently undergoing a rapid transformation, the aquaculture industry in the GCC is primarily led by Saudi Arabia, the UAE and Oman²⁸⁰. According to estimates, the production of fish in the GCC is set to grow at a rate of 7.2%

²⁷⁵ Source: "Saudi startup Red Sea Farms raises \$10 million to fund expansion", Reuters, June 7, 2021

²⁷⁶ Source: "Seeds of Gulf-Africa Agribusiness", Farmlandgrab.org, March 11, 2020.

²⁷⁷ Source: "UAE Invests \$7 Billion In India: A Deal Of Mutual Benefit", Business World, December 24, 2020

²⁷⁸ Source: "Saudi Arabia triples agriculture investments abroad", Gulf Times, January 19, 2021

²⁷⁹ Source: "A sea of potential: Aquaculture is on the rise and can help enhance food security", Oxford Business Group

²⁸⁰ Source: "Fisheries and Aquaculture in the GCC", Research and Markets, June 9, 2020

between 2020 and 2025 on the back of rising population, growing affluence, and changing diet preferences²⁸¹.

The UAE consumes about 220,000 tonnes of seafood annually, of which imports cover 75% of the bulk, while local aquaculture accounts for less than 2%²⁸². The country is also one of the highest consumer of fish per capita, standing at 25.5 kg in 2020, much higher than the world average of 20.5 kg²⁸³. Considering it to be one of the breakout industries, the UAE government has invested over AED 200 million (US\$ 54.5 million) to develop hatcheries and fish farms over the last two years. In recent years, private players have also invested heavily in the UAE's aquaculture industry²⁸⁴. For instance, Abu Dhabi Catalyst Partners invested in the 8F Asset Management's land-based aquaculture fund, which plans to establish its global hub in ADGM (Abu Dhabi Global Market)²⁸⁵. The Abu Dhabi Agriculture and Food Safety Authority (ADAFSA) also approved a project by Aqua Fishers Company which plans to establish a fish farm to produce 5,000 tons of seabream, seabass, hamour, red snapper and shrimp at a total cost of AED 110 million (US\$ 29.9 million)²⁸⁶.

Similarly, Oman's Ministry of Agriculture and Fisheries has been making large-scale investments in aquaculture worth US\$ 1.0 billion across 15,000 hectares of land, with an expectation of producing 200,000 metric ton of fish between 2030 and 2040²⁸⁷. In 2020, Oman developed several regulations to ensure the long-term sustainable development of the sector amid the ongoing fish farming projects worth several hundred million dollars²⁸⁸.

On the other hand, Saudi Arabia is expanding its aquaculture sector to meet domestic as well as international demand. In 2017, the total fish production in Saudi Arabia reached 60,000 metric ton and the Kingdom aims to surpass 600,000 metric ton by 2030²⁸⁹. In 2019, Qatar launched its first offshore aquaculture project, the Samkna fish farm, which currently has the capacity to produce 2,000 tonnes of fish annually. Over the next five years, Qatar expects to expand its aquaculture industry to cover 60% of local demand²⁹⁰. Similarly, Bahrain plans to establish new aquaculture ventures in collaboration with private players and aims to achieve 50%-62% self-sufficiency in fish over the coming years²⁹¹.

²⁸¹ Source: "Fisheries and Aquaculture in the GCC", Research and Markets, June 9, 2020

²⁸² Source: UAE Aquaculture Pulse 2020

²⁸³ Source: "AQUACULTURE: With tech-savvy Dubai, UAE-India partnership can alter world fisheries scenario", The Economic Times, August 28, 2020

²⁸⁴ Source: "UAE must 'ramp up' aquaculture investment to boost food security, minister says", The National News, June 24, 2020

²⁸⁵ Source: "UAE fund invests in land-based aquaculture", Rastech

²⁸⁶ Source: "Abu Dhabi approves \$142m farming projects as part of agricultural investment push", Arabian Business, December 15, 2020

²⁸⁷ Source: "Fisheries and Aquaculture in the GCC", Research and Markets, June 9, 2020

²⁸⁸ Source: "New regulations to sustain the growth of Oman's aquaculture industry", Aquaculture, July 3, 2020

²⁸⁹ Source: "Fisheries and Aquaculture in the GCC", Research and Markets, June 9, 2020

²⁹⁰ Source: Qatar aims to increase offshore aquaculture production, The Fish Site, April 29, 2021

²⁹¹ Source: "Bahrain to ramp up aquaculture production", The Fish Site, May 23, 2020

Infrastructure development plans are likely to be delayed, while private players will re-evaluate expansion strategies to align with the changing economic landscape

7. Challenges

Economic Slowdown

The GCC region remains highly reliant on the hydrocarbon sector to drive economic growth and public sector spending. Lower revenues due to the sharp correction in oil prices, coupled with travel restrictions hampering the hospitality and tourism industry, have put the regional governments under increased pressure in terms of spending. The slump, further aggravated by lower demand due to the COVID-19 outbreak, is estimated to have resulted in US\$ 270 billion in revenue losses for the GCC countries²⁹². The tourism industry, which accounted for 8.9% of the region's GDP in 2019²⁹³, also faced severe pressure from the global lockdowns and restricted social movement. The UAE airline industry alone, for example, is expected to post a loss due to a drop in approximately 23.8 million passengers. Adding to this, the pandemic is also likely to impact tourist arrivals for the mega-events to be hosted by the region, including the Dubai Expo 2020 and FIFA World Cup 2022. The Hajj pilgrimage in Saudi Arabia, which welcomes 2.5 million pilgrims annually and generates US\$ 12 billion in revenue for the Kingdom, is also likely to face similar challenges²⁹⁴. Furthermore, the fiscal stimulus measures by the governments in the wake of the pandemic, led to the region's fiscal deficit widen to 9.2% of GDP in 2020. However, the IMF expects the region's fiscal deficit to ease down to 3.0% and 1.4% of GDP in 2021 and 2022, respectively²⁹⁵.

Infrastructure development plans are likely to be delayed, as private players (domestic and international food production companies in the GCC) re-evaluate expansion strategies to align with the changing economic landscape. At the same time, the proportion of expatriates in the region has declined since the outset of the pandemic, largely affecting food consumption²⁹⁶. Moreover, job losses and business closures caused by the COVID-19 pandemic is likely to reduce demand for certain food items. Amid such challenging times, the application of VAT on food items have made products expensive and led to higher food inflation²⁹⁷. All these factors could affect the food consumption patterns in the region and also have an indirect impact on the region's broader agenda of economic diversification in the long run.

Heavy Reliance on Food Imports

The COVID-19 pandemic has highlighted and exposed the GCC to one of the most important challenges of food security. Although the GCC countries are considered food secure as per the Global Food Security Index, they are heavily reliant on imports from other countries as they have limited home-grown resources to be self-sufficient²⁹⁸. As of 2019, Saudi Arabia was the largest importer of food in the region with a share of 48.2%, followed by the UAE (27.3%) and Oman (8.8%).

While the GCC nations enjoy a high purchasing power and affordability of food imports does not pose an immediate threat to them, the booming demand and growing population is likely to be a cause of concern going forward. Consequently, the GCC nations have already established strategies to attain higher levels of food security. Against this backdrop, the GCC governments, led by the UAE and Saudi Arabia, have invested in international farmlands across Ethiopia, Madagascar, Mali, Serbia, Sudan, Tanzania and Zambia to establish strong

²⁹² Source: "GCC to lose \$270 billion in oil revenues in 2020, says IMF, Gulf News, July 13, 2020

²⁹³ Source: "Covid-19 impact on the GCC's travel and tourism sector: When will it pick up again?", Gulf Business, June 10, 2020

²⁹⁴ Source: "COVID-19-induced impact on oil, tourism sectors to have wide-ranging economic, social ramifications on GCC countries over coming months – GCC Analysis", Max Security

²⁹⁵ Source: "World Economic Outlook Database", IMF, April 2021

²⁹⁶ Source: "Gulf expat exodus could continue until 2023", Reuters, February 2021

²⁹⁷ Source: Country Briefs – Saudi Arabia 2020, Global Information and Early Warning System, FAO

²⁹⁸ Source: "How GCC countries can ensure their food security", Gulf Business, August 8, 2020.

Over 85% of the food requirement in the region is imported from other countries, exposing the GCC to global price fluctuations during crisis

Climate in the GCC is characterized as arid with high temperatures, rare rainfall, high evaporation rates and limited non-renewable groundwater resources

trade relations and increase produce. The GCC region's strategy to increase supply of food commodities by acquiring foreign land has received considerable backlash in the past and the strategy continues to face opposition by certain groups in the target country²⁹⁹. The issue of food insecurity is further compounded in the region over concerns of geopolitical instability, which poses risks to import pricing and routes³⁰⁰. The Gulf rift that started in 2017 was the result of such diplomatic crisis, which led to the imposition of an embargo on Qatar. Consequently, Qatar saw its imports rise by 6.8% during 2014-2019, highest in the region.

The dependence on imports is expected to continue on account of production constraints and steady growth in food consumption, largely supported by favorable demographics. Moreover, higher proportion of young population placing taste, nutrition, convenience and cost as factors determining their food basket, makes the case for local production and sourcing more compelling³⁰¹.

Supply Chain Vulnerabilities

Over 85% of the food requirement in the region is imported, exposing the GCC to global price fluctuations and virtually handicap in cases of supply chain disruptions; similar to those that occurred during the recent pandemic-imposed lockdowns and the 2007-08 crisis, which saw much of the international price volatility transmitted to domestic food markets³⁰². Although the GCC nations have made great strides in strengthening their strategic reserves and incorporating innovation in food production, the region remains vulnerable to export restrictions and panic buying behavior, often engaged during times of crisis. However, the GCC countries could successfully surpass these supply-chain challenges partly because of the presence of a better trade environment during the current pandemic wherein fewer trade restrictions and other protectionist measures were put in place by countries across the globe as compared to the 2007-08 food crisis³⁰³.

Overall, the GCC lacks sufficient control over, and access to its food chains, which has caused significant dependence on external sources of food supply to meet domestic demand. This has left the GCC vulnerable to supply-side shocks, which have often put inflationary pressures on the economies such as during the 2007-08 crisis when prices of staple foodstuffs increased by 60% in the region³⁰⁴. Any supply chain disruption arising due to geopolitical conflict or crisis subject traders to higher freight charges, which in turn leads to inflation in prices of food. In UAE, a combination of higher freight charges, which escalated six to seven times, and shortage of man-power during the COVID-19 pandemic led to increased cost of basic commodities including food items. This has strained the purchasing power of mid-income families, leaving them with limited disposable income³⁰⁵.

Climatic Conditions and Limited Resources

Climate in the GCC countries is primarily characterized as arid with high temperatures, rare rainfall, high evaporation rates and limited non-renewable groundwater resources. Together, these factors make the region unsuitable for conventional agriculture, compelling the nations to depend on food imports from other countries. Nonetheless, the GCC nations have robust fiscal positions and are less susceptible to food shortages compared to most other import-reliant countries³⁰⁶.

²⁹⁹ Source: "Land Grabbing and Its Implications for Sudanese", Pulitzer Center, May 30, 2019

³⁰⁰ Source: "Securing Supply- Food Security Strategies in the GCC and Egypt", MEED, March 2021

³⁰¹ Source: "Pandemic spurs GCC to explore newer ways to ensure food security", Zawya, April 2021

³⁰² Source: "A Growing Issue: Food Security in the Gulf", The Euro Gulf Information Centre, May 12, 2020

³⁰³ Source: "The Geopolitics of Food Security: Barriers to the sustainable development goal of zero hunger", SIPRI insights on Peace and Security, November 2020

³⁰⁴ Source: "Food insecurity remains concern in MENA region", EIU, October 12, 2020.

³⁰⁵ Source: "Spectre of inflation looms as shipping costs skyrocket", Khaleej times, June 19, 2021

³⁰⁶ Source: "Pandemic spurs GCC to explore newer ways to ensure food security", Zawya, April 2021

Arable land in Saudi Arabia accounts for only 1.6% of the total land area, yet agriculture takes up over 80% of the Kingdom's water supply³⁰⁷. Similarly, in Oman agriculture accounts for nearly 83% of the country's total water consumption out of which 95% is derived from their groundwater sources. At present, the demand for water is met by over-extraction of groundwater resources for agriculture and installation of desalination plants for the municipal sector, and reusing a small percentage of treated wastewater. To avoid facing a water crisis arising from fast depletion of their limited deep water aquifers, the regional governments have been pushing for the use of desalinated seawater and fresh wastewater amid scarcity of rainfall and limited groundwater stocks³⁰⁸. It is estimated that more than US\$ 80 billion worth of water and wastewater projects are currently ongoing or planned in the GCC. The region has also increased focus on decoupling of water production from electricity generation using newer technologies.

By 2025, the demand for water is set to rise by 62% in the region if the current population growth rate and consumption patterns continue. While water scarcity issues are well known to the governments in the region, the pace of technology adoption has been slower in comparison. The countries also have fiscal deficit constraints, which means the region cannot invest in capacity expansion indefinitely and requires exploring other sustainable solutions in the long-term³⁰⁹.

Exhibit 63: Agricultural and Arable Land in GCC (2019)

Country	Agricultural Land (%)	Arable Land (%)
Saudi Arabia	80.8%	1.6%
UAE	5.5%	0.7%
Qatar	5.8%	1.2%
Bahrain	11.0%	2.0%
Kuwait	8.4%	0.5%
Oman	4.7%	0.3%
GCC	68.6%	1.4%

Source: FAO

³⁰⁷ Source: "The process of improving farming in Saudi Arabia", Borgen Project, August 25, 2020

³⁰⁸ Source: "Oman maintains food sufficiency with investments in agriculture and fisheries", Oxford Business Group.

³⁰⁹ Source: "Water market surges in the GCC", MEED, January 27, 2019

8. Trends

Growing Awareness of Healthy Eating Habits

The desire to strengthen immunity levels to have better protection against COVID-19 has encouraged people to adopt healthy food lifestyle habits

The COVID-19 pandemic has brought to the fore how people across the globe need to rethink their mundane eating lifestyles in favor of the healthy options available. Awareness for clean and healthy eating has spread among people across the GCC as well amid rise in health problems and high prevalence of non-communicable diseases (NCDs). Sedentary lifestyles, poor food habits and unhealthy choices have led to a higher prevalence of diabetes, cardiovascular disease, obesity, and other chronic conditions in the region. The MENA region had the highest age-adjusted prevalence of diabetes in adults, recorded at 12.2% of the population as of 2019, and is expected to rise to 13.9% by 2045³¹⁰. In the GCC, most countries have obesity rates higher than the recommended levels by the WHO, while diabetes prevalence was recorded at 14.3% of the total population as of 2019³¹¹. The rising levels of obesity and the newly imposed sugar taxes are driving people to limit their sugar intake and adapt clean eating habits³¹².

The desire to strengthen immunity levels to have better protection against COVID-19 has encouraged people to adopt healthy food lifestyle habits such as eating more home-cooked, non-GMO, pesticide-free food with high nutrition value. Consequently, consumers are preferring fresh produce and have shifted towards plant-based products while limiting the consumption of animal-based products. This has created a new opportunity for manufacturers to offer a variety of plant-based products, including dairy-free options, to the consumers. While food chains like Starbucks in the UAE and Kuwait have introduced plant-based meat options in their menu, several domestic brands such as Healthy Farm and Al Islami are also introducing new product lines³¹³. Moreover, the organic and convenient packaged food segment has started witnessing accelerated growth amid rising consumer health consciousness during the pandemic³¹⁴.

Rising Demand for Organic Food

The organic food segment in the GCC remains at a nascent stage with large headroom for growth

Although a conscious change in dietary habits has led to the rise in demand for healthy food, the organic food segment in the GCC remains at a nascent stage with large headroom for growth. The pandemic has now amplified the demand for organic and vegan food, especially in the UAE and Saudi Arabia, which collectively account for 85% of the region's health and wellness market³¹⁵. The category, which initially remained attractive to high-income expatriates only, has gained popularity amongst consumers of different age groups and income categories. The change in COVID-19 induced food consumption habits are likely to outlast the pandemic and gain momentum with more consumers realizing the importance of organic food. The segment is likely to receive further impetus from the government while companies introduce new organic product lines and restaurants start offering a wider range of healthier options such as vegan, gluten-free and whole grain food in their menu.

The regional governments have been encouraging the development of organic farming and procurement of organic foods across the GCC. UAE, for example, has local organic products certified by the Emirates Authority for Standardization and Metrology (ESMA), and imports

³¹⁰ Source: "IDF Diabetes Atlas 9th Edition", International Diabetes Federation; World Atlas, 2019

³¹¹ Source: International Diabetes Federation, Diabetes Atlas, World Bank

³¹² Source: "Health awareness of people strong in Middle East", Gulf Today, March 30, 2021

³¹³ Source: "The Middle East's Vegan Food Market Is Growing Fast", Veji, February 7, 2021

³¹⁴ Source: "Health awareness of people strong in Middle East", Gulf Today, March 30, 2021

³¹⁵ Source: "Why the Middle East's organic market is ripe with opportunity", Dubai World Trade Centre, December 15, 2020

by an ESMA-approved organization³¹⁶. The Abu Dhabi Farmers' Service Centre (ADFSC) announced that its Agricultural Production Plan for the 2018/19 season would focus on encouraging a shift towards organic farming and fruit cultivation. Moreover, ADFSC aims to convert 100 farms, at a rate of 20 per year, for organic agriculture over the next four years³¹⁷.

The growing demand for organic food is reflected in the rise of number of brands that have launched organic range of products in recent years. For instance, NRTC Fresh, a UAE based fresh fruits and vegetable platform, launched a new range of homegrown organic produce including potatoes, tomatoes, cucumbers, etc. sourced from an organic farm in Abu Dhabi³¹⁸. Other players in the UAE and Saudi Arabia such as Al Ain Farms, Al Rawabi, Almarai, Emirates Bio Farm, Koita and Greenheart Organic Farms, are also making significant contribution in pushing the industry forward³¹⁹. For companies such as UAE-based Big Farm Brothers, the pandemic-induced demand provided an incentive to optimize their strategy and source organic food directly from Himalayan farmers and make them available at lower prices in the UAE³²⁰. On the other hand, Union Co-op., one of the largest consumer cooperative in the UAE launched Union Farm, a new retail concept that aims to produce 16 varieties of organic vegetables with a production capacity of 15-20 kg per day³²¹.

Rise in Demand for Packaged and Convenience Food

Rapid urbanization and a rise in the proportion of working professionals in the GCC has led to a rapid rise in demand for convenience-oriented packaged food options

The market for packaged and convenience food in the GCC has been on the rise since the past decade. Rapid urbanization and a rise in the proportion of working professionals in the GCC has led to a rapid rise in demand for convenience-oriented packaged food options to accommodate the active lifestyle of the population. Additionally, the growing youth population in the region, increasing popularity of large modern food retail formats and the entry of global food companies continue to boost the popularity of food in packaged and ready-to-cook food among consumers³²².

The demand for packaged food products has soared amid the COVID-19 pandemic and the subsequent lockdowns throughout 2020. A significant change in consumption pattern has been witnessed globally as most people adopted work-from-home that led to a spike in at-home consumption³²³. The convenience provided in terms of time, effort of cooking and ease of handling and storage aided the rapid growth in demand for packaged and convenience food³²⁴. Consumers also started stocking up on excess food due to fears of food insecurity caused by the lockdowns, which consequently led to increased consumption and stress eating³²⁵. Packaged organic food products also witnessed a substantial rise in demand from the growing health conscious population in the region. In the UAE, value for packaged organic food in 2020 is estimated to have reached US\$ 51.2 million, up from US\$ 38.1 million in 2017³²⁶. Moreover, the shift towards e-commerce for food and groceries also made it more convenient for consumers to access packaged food products. This can be validated from the Euromonitor survey in UAE that saw a triple-digit rise in retail e-commerce

³¹⁶ Source: "Why the Middle East's organic market is ripe with opportunity", Dubai World Trade Centre, December 15, 2020

³¹⁷ Source: "Abu Dhabi Farmers' Services launches Agricultural Plan", Zawya, July 2018

³¹⁸ Source: "NRTC Fresh launches locally-produced organic fruits and vegetables range", Khaleej Times, April 20, 2020

³¹⁹ Source: "Why the Middle East's organic market is ripe with opportunity", Dubai World Trade Centre, December 15, 2020

³²⁰ Source: "Generation Start-up: This company wants to disrupt the organic food market", The National News, March 13, 2021

³²¹ Source: "Dubai retailer launches farm concept, eyes organic expansion", Arabian Business, March 19, 2021

³²² Source: "COVID-19: Impact on food & beverage consumer products companies", Deloitte

³²³ Source: "COVID-19: Impact on food & beverage consumer products companies", Deloitte

³²⁴ Source: "Ready Meals Market (2021-2026)", Research And Markets, April 2021

³²⁵ Source: "The Saudi Arabia ready meals market (2021-2026)", Global Newswire, May 14, 2021

³²⁶ Source: "Why the Middle East's organic market is ripe with opportunity", Dubai World Trade Centre, December 15, 2020

for food and drinks³²⁷. Similarly, a MasterCard survey in Saudi Arabia found that 68% of consumers took to online grocery shopping since the start of the pandemic³²⁸.

Growing Preference for Private Labels

The recent slowdown in economic activity across the GCC has incentivized retailers to push private labels and gain market share

Private labels are gradually gaining popularity amongst the GCC population and have emerged as a key strategy for large supermarket and hypermarket operators. With increased competition and consolidation in the retail space, private labels have become a new avenue for retailers to drive revenues and strengthen their position in a highly competitive market. One of the key drivers for rise in demand for private labels has been the cost-competitiveness compared to branded products. Moreover, the recent slowdown in economic activity across the GCC has incentivized retailers to push private labels and gain market share. At the same time, the segment has helped address the growing demand for budget-friendly healthy food for the price-sensitive consumers. Thus, several operators in the GCC such as Lulu Group and Carrefour amongst others have developed their own private label offerings in the food segment.

In a bid to target price-conscious shoppers, the Landmark Group entered the UAE supermarket sector with brand Viva in 2018 with a promise to offer quality products at a 30% cheaper price. Since its launch, the brand has opened 48 stores in the country, offering a wide range of products in the food and non-food category. Similarly, Saudi Arabia based Dukan hypermarkets offer private label grocery and food items at affordable prices. The chain's limited-assortment grocery format has expanded rapidly over the past few years in the Kingdom, capturing market share with its low prices and convenient shopping experience³²⁹.

Technological Advancements Aiding Food Production

Growing demand and necessity for food amid challenges of climate change is leading the region to adopt innovative and efficient ways of food cultivation and move towards food sufficiency

Historically, agriculture has not been at the center of the core economic activities in the GCC. Less cultivable land along with arid climate and limited water resources acted as major barriers to the contribution of the sector towards the economy. This has forced the GCC nations to resort to importing majority of their food requirements. However, the growing demand and necessity for food amid serious challenges of climate change is leading the region to adopt innovative and efficient ways of food cultivation and move towards food self-sufficiency. This has led to a large-scale movement in the AgriTech sector via investments and partnerships between the private players and governments with the aim of gradually building a capability to produce high quantities of food with minimal resource utilization³³⁰. In order to achieve this, the Abu Dhabi Investment Authority (ADIA) has invested more than US\$ 100 million in AgriTech companies as part of the National Food Security Strategy³³¹.

The UAE leads the region in adoption and augmentation of technology and innovation in food production. Some of the notable developments include the creation of controlled environments for cultivation and stimulated food production systems like Aquaponics and Hydroponics. The logistics and storage systems are being upgraded to create smart warehouses. Other significant developments include Aquaculture, which allows for farming of fish and other aquatic life in controlled conditions in saltwater and freshwater; and Vertical

³²⁷ Source: "UAE retail e-commerce market reaches \$3.9bn in 2020", Gulf Business, June 24, 2021

³²⁸ Source: "77% of KSA Consumers are Shopping More Online Since the Start of Pandemic, Reveals MasterCard Study", MasterCard, November 24, 2020

³²⁹ Source: "5 WAYS AL DUKAN IS CHANGING THE FACE OF RETAIL IN KSA", LinkedIn

³³⁰ Source: "Innovation and technology in GCC food industry", QLB Marketing Insights, July 28, 2020

³³¹ Source: "Agricultural Technology in the Middle East: Sowing the seeds of the future", May 19, 2021.

Farming, which involves growing plants in vertical stacked layers in a controlled indoor environment. The UAE has also deployed remote-controlled drones to map farming areas across the country and develop an agricultural database, which enables optimum use of resources and identification of prime cultivation areas. GPS monitors, accelerators and sensor-equipped gyroscopes are being used to improve production by ensuring optimal use of soil and water and precise irrigation techniques to curb water wastage.

Some notable examples of the use of technology by players in the region include UAE-based Badia Farms and Desert Control. Badia Farms is the first company to introduce Indoor Vertical Farming in the GCC, which uses Hydroponics to sustainably produce fresh fruits and vegetables without sunlight, soil, or pesticides and recycling up to 90% of the water³³². Desert Control offers Liquid Natural Clay (LNC), a unique formulation of clay that is processed into a liquid compound, which eventually lowers the water usage and improves the soil health and help overcome desertification within hours³³³.

³³² Source: "Badia farms – the UAE's first urban vertical farm.:", Mood of Living

³³³ Source: Desert Control

9. Merger and Acquisition (M&A) Activities

M&A activities in the GCC food industry has picked up pace after a relatively subdued 2020

M&A activities across the GCC food sector remained subdued during 2020, amid downturn in activities due to the COVID-19 pandemic. However, 2021 has witnessed some revival in businesses as economies reopened, leading to the M&A activities stirring up again in the region. The deals comprised of a number of cross border transactions as companies focus on strengthening their geographical presence while also expanding their product portfolio. Out of the 16 deals concluded during July 2019 to August 2021, Saudi Arabia and the UAE attracted most number of deals compared to the other GCC nations. Many deals were concluded as part of the strategic plan to improve food security and reduce dependence on imports. Companies pursued the path of inorganic growth to focus on the growing food demand in the region and thus expanding their offerings. Saudi Arabia-based Almarai was the most active company in the region with five acquisitions, closely followed by UAE-based Agthia Group that concluded four deals during the period. Going forward, focus is likely to be directed towards value creating opportunities, especially agriculture, where food security will be a strong theme backed by the government. Online business channels, where food aggregators are expected to transform the industry dynamics, are likely to see traction as consolidation is imminent in the backdrop of COVID-19 to ensure survival.

Exhibit 64: Major M&A Deals in the GCC Food Industry

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Consideration (US\$ Million)	Percent Sought (%)
Delivery Hero	Germany	InstaShop	UAE	2020	360.0	100%
Savola Group	Saudi Arabia	Bayara Holding	UAE	2021	260.0	100%
Al Ghurair Investment, Al Rajhi Holding Group, Masafi	UAE	Third Milling Co. from Saudi Grain Organization	Saudi Arabia	2021	200.0	100%
Investorp	Bahrain	Fortune International	USA	2020	105.0	NA
Almarai	Saudi Arabia	Binghatti's beverage production unit	UAE	2021	58.5	NA
Almarai (via Western Bakeries Co.)	Saudi Arabia	Modern Food Industry	Saudi Arabia	2021	39.9	15%
Almarai	Saudi Arabia	Bakemart	UAE, Bahrain	2021	25.5	100%
Almarai	Saudi Arabia	Pure Breed Company	Saudi Arabia	2019	25.5	38%
Almarai	Saudi Arabia	Maria Fondomonte S.A.	Romania	2019	23.4	49%
Al Ghurair investment	UAE	Edible Oil Company	UAE	2021	NA	100%
Agthia Group	UAE	Al Faysal	Kuwait	2021	NA	100%
Agthia Group	UAE	Ismalia Agricultural and Industrial Investment	Egypt	2021	NA	75%
Agthia Group	UAE	Nabil Foods	Jordan	2021	NA	80%
Agthia Group	UAE	Al Foah	UAE	2021	NA	NA
Abu Dhabi Development Holding Co.	UAE	Louis Dreyfus Co.	Netherlands	2020	NA	45%
Investorp	Bahrain	Viz Branz	Singapore	2020	NA	NA

Source: Alpen Capital

Note: Data sourced for the period 01 July 2019 to 01 September 2021. Only completed deals under consideration.

10. Financial and Valuation Analysis

10.1. Financial Performance

In this section, we have analyzed the financial performance of 19 listed food companies in the GCC (see Exhibit 65). Based on their primary business activity, these companies have been categorized into the following five sub-segments:

- Diversified
- Processed and frozen food
- Dairy
- Agri. & agri. processing
- Livestock (meat and poultry)

Revenue Analysis

Total revenue of the selected 19 listed food companies in the GCC stood at US\$ 14.7 billion in FY 2020, an increase of 3.0% compared to FY 2019

Total revenue of the selected 19 listed food companies in the GCC stood at US\$ 14.7 billion in FY 2020, an increase of 3.0% compared to FY 2019. The diversified segment, accounting for 78% of the total revenues, grew by 3.7% during the period. The three largest public companies - Savola Group, Almarai Co. and Mezzan Holding, collectively accounted for nearly 73% of the region's total food industry revenues in FY 2020.

Profitability Analysis

The average EBITDA margin of the selected GCC food companies was 17.0% in FY 2020

The average EBITDA margin of the selected GCC food companies was 17.0% in FY 2020. Within the individual sub-segments, average EBITDA margins of the processed & frozen foods segment was the highest with 21.5%, followed by 17.0% in the dairy segment, and 16.3% in agri. & agri. Processing segment during the same period.

Return on Average Assets (ROAA) and Return on Average Equity (ROAE) was 5.4% and 9.6%, respectively, during FY 2020. The processed & frozen foods segment recorded the highest return ratios within the sub-segments of the industry with ROAA of 6.7% and ROAE of 11.6%, while the agri. & agri. processing segment had the lowest ratios with ROAA of 4.7% and ROAE of 7.1%.

Exhibit 65: Financial Performance of Major Food Companies in the GCC (FY 2020)

Company Name	Country	Market Cap* (US\$ Million)	Revenue (US\$ Million)	Revenue Growth 2-yr Avg. (%)	EBITDA Margin (%)	Net Income Margin (%)	ROAA (%)	ROAE (%)
Diversified								
Mezzan Holding Co. KSCP	Kuwait	634.9	803.1	9.0%	10.3%	5.1%	4.9%	10.9%
Agthia Group PJSC	UAE	1,357.7	561.3	1.5%	8.0%	1.7%	1.1%	1.8%
Savola Group SJSC	Saudi Arabia	5,709.2	5,787.9	(0.2%)	13.3%	4.7%	3.8%	11.5%
Almarai Co. SJSC	Saudi Arabia	15,318.3	4,095.7	6.4%	27.4%	12.6%	5.9%	12.3%
BMMI BSC	Bahrain	295.2	256.4	(3.6%)	7.7%	2.7%	2.2%	3.7%
<i>Sub-segment Average</i>				2.6%	13.3%	5.4%	3.6%	8.1%
Processed & Frozen Foods								
Dubai Refreshments PJSC	UAE	470.4	153.7	(2.3%)	19.5%	10.1%	4.7%	6.5%
Foodco Holding PJSC	UAE	102.9	53.5	(18.7%)	43.3%	28.5%	5.8%	15.4%
Halwani Brothers Co. Ltd	Saudi Arabia	959.6	281.4	11.8%	18.2%	9.6%	10.7%	20.3%
Oman Refreshment Co. SAOG	Oman	172.8	166.4	(7.9%)	19.9%	13.4%	9.2%	13.0%
Trafco Group BSC	Bahrain	59.1	98.1	(3.4%)	6.6%	6.2%	5.1%	7.6%
Zad Holding Company SAQ	Qatar	1,131.3	329.6	(2.1%)	24.9%	16.8%	8.9%	13.0%
Herfy Foods Co. SJSC	Saudi Arabia	1,132.9	287.0	(5.7%)	17.7%	4.9%	2.7%	5.4%
<i>Sub-segment Average</i>				(4.1%)	21.5%	12.8%	6.7%	11.6%
Dairy								
Saudia Dairy & Foodstuff Co. SJSC	Saudi Arabia	1,447.0	561.5	7.9%	18.8%	12.4%	11.8%	17.2%
National Agriculture Dev. Co. SJSC	Saudi Arabia	1,016.4	614.2	4.8%	15.2%	1.5%	0.9%	2.4%
<i>Sub-segment Average</i>				6.4%	17.0%	7.0%	6.4%	9.8%
Agri & Agri Processing								
Oman Flour Mills Co. SAOG	Oman	327.3	244.6	(9.5%)	15.0%	9.6%	7.9%	11.7%
Salalah Mills Co. SAOG	Oman	128.2	139.2	1.4%	9.1%	2.5%	2.3%	4.2%
Bahrain Flour Mills Co. BSC	Bahrain	22.4	18.8	(0.3%)	24.9%	15.4%	3.9%	5.3%
<i>Sub-segment Average</i>				(2.8%)	16.3%	9.2%	4.7%	7.1%
Livestock (Meat / Poultry)								
A'Saffa Foods SAOG	Oman	146.5	77.3	(4.0%)	15.5%	8.2%	2.7%	5.7%
Widam Food Co. QSC	Qatar	200.0	185.9	14.9%	8.3%	7.4%	8.5%	14.0%
<i>Sub-segment Average</i>				5.4%	11.9%	7.8%	5.6%	9.9%
GCC Food Industry								
<i>Average</i>				0.0%	17.0%	9.1%	5.4%	9.6%
<i>High</i>				14.9%	43.3%	28.5%	11.8%	20.3%
<i>Low</i>				(18.7%)	6.6%	1.5%	0.9%	1.8%

Source: Bloomberg, Company Filings, Alpen Capital

Note: *Last updated on September 01, 2021

Segment-wise Performance

Diversified

The selected diversified companies recorded total revenues of US\$ 11.5 billion in FY 2020, up by 3.7% y-o-y

The selected diversified companies recorded total revenues of US\$ 11.5 billion in FY 2020, compared to US\$ 11.1 billion in FY 2019, an increase of 3.7%. The growth in the segment was largely due to a spike in retail shopping as customers stocked up in anticipation of prolonged lockdown measures and uncertainty caused by the COVID-19 pandemic. The rise in revenue was primarily driven by higher sales reported by Savola Group and Almarai, which collectively accounted for 85.9% of the total revenues during the period. Almarai reported 7.0% y-o-y growth in its revenue in FY 2020, driven by double-digit growth in its dairy, foods and poultry segments during the period³³⁴. Kuwait-based Mezzan Holding reported 10.8% y-o-y growth in its revenue, supported by its FMCG & Healthcare division, which grew by 34.1% y-o-y. UAE-based Agthia Group reported 1.1% y-o-y increase in its revenue on the back of double-digit growth in its international business; however, lockdown led to a slowdown in their water business which affected their overall performance. Bahrain-based BMMI B.S.C remained against the positive trend witnessed among its peers, as the company reported a decline of 7.6% y-o-y in revenues in FY 2020.

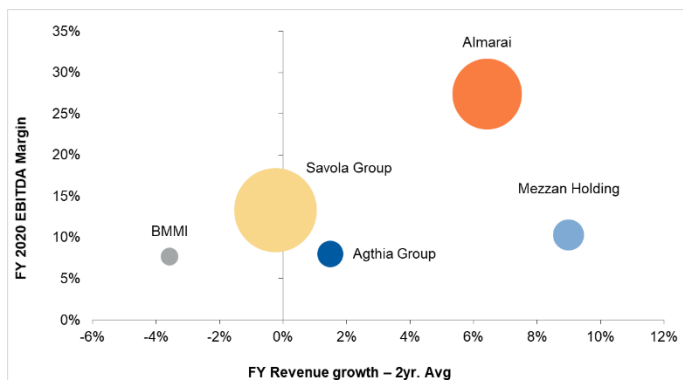
On a 2-year revenue growth basis, the segment reported an average rise of 2.6%, primarily led by 9.0% growth in Mezzan Holding and 6.4% in Almarai. However, BMMI and Savola witnessed a drop of 3.6% and 0.2%, respectively, during the same period (see Exhibit 66).

EBITDA margin of the diversified companies averaged at 13.3% in FY 2020

EBITDA margin of the diversified companies was 13.3% in FY 2020. In terms of companies within the segment, Almarai reported the highest EBITDA margin of 27.4%, followed by Savola with a margin of 13.3%, while BMMI reported the lowest margin of 7.7% during the period (see Exhibit 66).

The average ROAA and ROAE for the diversified companies stood at 3.6% and 8.1%, respectively, in FY 2020 (see Exhibit 67). The diversified segment has one of the lowest return ratios within the industry. Saudi Arabia-based Almarai and Savola recorded one of the highest ratios within the segment with ROAA of 5.9% and 3.8%, respectively, and ROAE of 12.3% and 11.5%, respectively. Agthia Group and BMMI witnessed the lowest return ratios within the segment. Agthia reported ROAA of 1.1% and ROAE of 1.8%, while BMMI reported ROAA of 2.2% and ROAE of 3.7% during the same period.

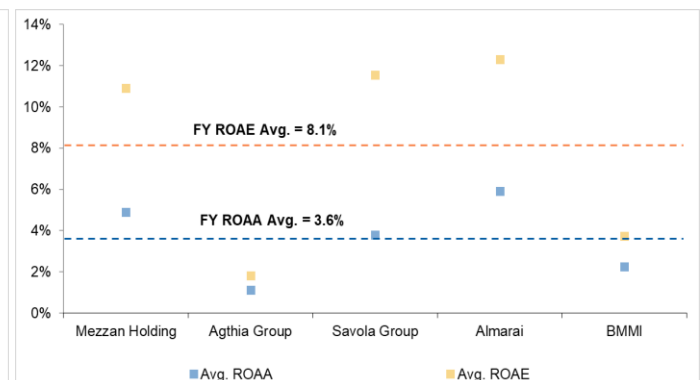
Exhibit 66: 2-yr. Average Revenue Growth & FY 2020 EBITDA Margin



Source: Company filings, Alpen Capital

Note: The size of the bubble is indicative of the FY 2020 revenue

Exhibit 67: FY 2020 Average ROAE and ROAA



Source: Company filings, Alpen Capital

³³⁴ Source: Annual Report 2020, Almarai

Total revenues of the selected companies in the processed and frozen food segment stood at US\$ 1.4 billion, down 5.3% y-o-y

The segment's EBITDA margin averaged 21.5%

Processed and Frozen Food

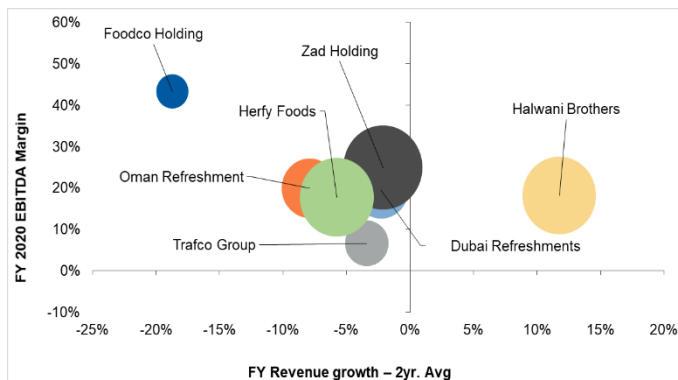
In FY 2020, total revenues of the selected companies in the processed and frozen food segment stood at US\$ 1.4 billion, a drop of 5.3% compared to FY 2019. In this segment, four out of the seven companies reported a decline in revenues, with Saudi Arabia-based Herfy Foods witnessing the highest decline of 16.5% y-o-y, followed by Qatar-based Zad Holding (-13.2%), and the UAE-based Dubai Refreshments (-11.2%).

On a 2-year revenue growth basis, Saudi Arabia-based Halwani Brothers Co. was the only company to report a growth of 11.8%, while the rest of the six companies witnessed a decline in revenues during this period. UAE-based Foodco Holding recorded the highest decline of 18.2%, followed by 7.9% in Oman Refreshments (see Exhibit 68).

The average EBITDA margin of the segment was 21.4% in FY 2020, which is one of the highest within all the segments of the industry. Foodco Holding reported the highest EBITDA margin of 43.3% in FY 2020, followed by Zad Holding (24.9%), Oman Refreshments (19.9%), and Dubai Refreshments (19.5%). Zad Holding, the largest contributor in terms of revenues, reported better than average EBITDA margin of the segment.

ROAA and ROAE for the segment stood at 6.7% and 11.6%, respectively, in FY 2020 (see Exhibit 69). Halwani Brothers reported the highest return ratios with ROAA and ROAE of 10.7% and 20.3%, respectively, while Herfy Foods recorded the lowest ratios with ROAA and ROAE of 2.7% and 5.4%, respectively.

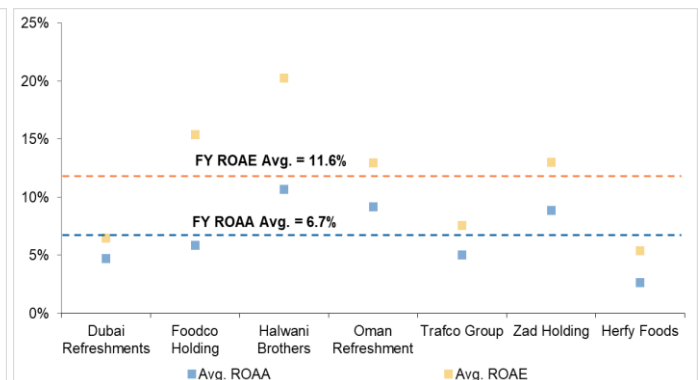
Exhibit 68: 2-yr. Average Revenue Growth & FY 2020 EBITDA Margin



Source: Company filings, Alpen Capital

Note: The size of the bubble is indicative of the FY 2020 revenue

Exhibit 69: FY 2020 Average ROAE and ROAA



Source: Company filings, Alpen Capital

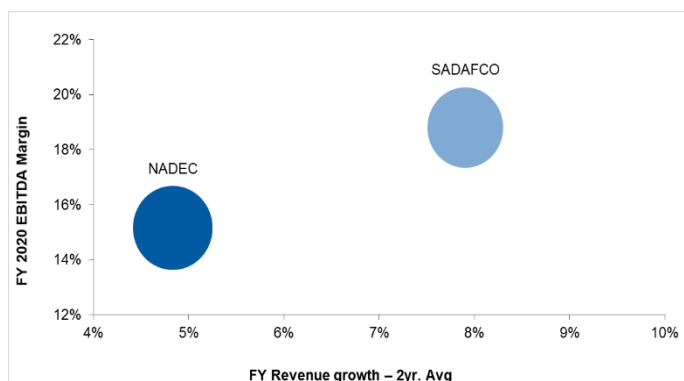
In FY 2020, the segments total revenue amounted to US\$ 1.2 billion with an average growth of 6.4% in the last two years

Dairy

The dairy segment comprises of two companies, both Saudi Arabia-based, Saudia Dairy & Foodstuff Company (SADAFSCO) and National Agriculture Development Co. (NADEC).

In FY 2020, total revenues reported by the two companies amounted to US\$ 1.2 billion with an average growth of 6.4% in the last two years. The EBITDA margins stood at 17.0%, with both companies reporting healthy margins of 18.8% and 15.2%, respectively (see Exhibit 70). The segment's average ROAA and ROAE stood at 6.4% and 9.8%, respectively. SADAFSCO reported better ROAA (11.8%) and ROAE (17.2%) compared to NADEC's (ROAA - 0.9% and ROAE - 2.4%) in FY 2020 (see Exhibit 71).

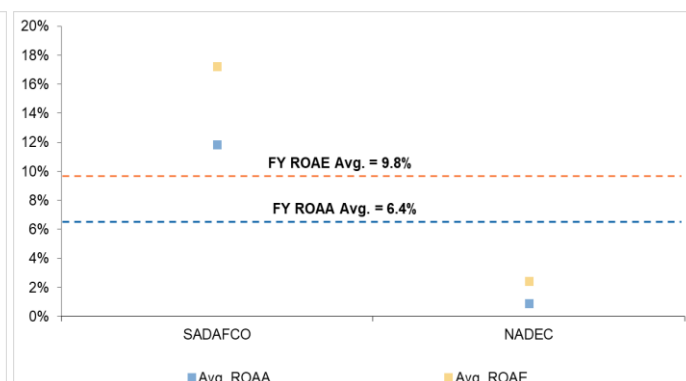
Exhibit 70: 2-yr. Average Revenue Growth & FY 2020 EBITDA Margin



Source: Company filings, Alpen Capital

Note: The size of the bubble is indicative of the FY 2020 revenue

Exhibit 71: FY 2020 Average ROAE and ROAA



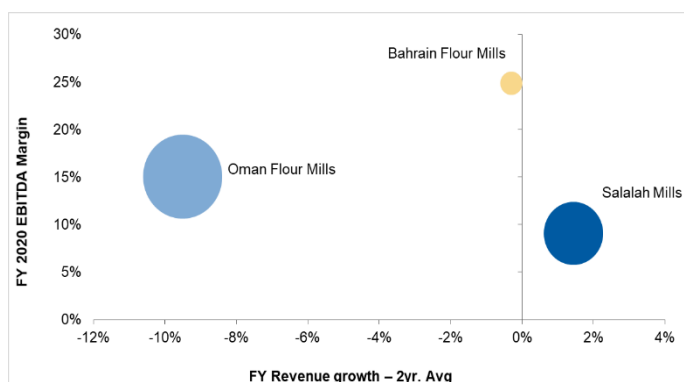
Source: Company filings, Alpen Capital

Agri. & Agri. Processing

The combined revenue of selected agri. & agri. processing companies stood at US\$ 402.5 million

In FY 2020, the combined revenues of selected agri. & agri. processing companies stood at US\$ 402.5 million, compared to US\$ 384.4 million in FY 2019. Bahrain Flour Mills and Salalah Mills Co. reported a marginal decline of 0.3% y-o-y during the period. On the other hand, Oman Flour Mills Co. witnessed a growth of 8.2% y-o-y. During FY 2020, the EBITDA margin for the selected companies averaged at 16.3%. Bahrain Flour Mills reported the highest EBITDA margin at 24.9%, while Salalah recorded the lowest margin of 9.1% within the segment (see Exhibit 72).

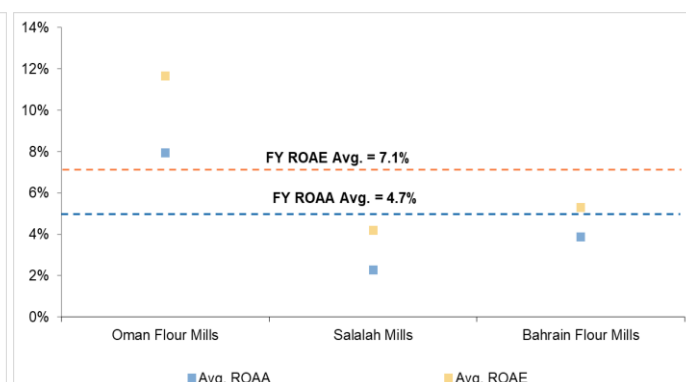
Exhibit 72: 2-yr. Average Revenue Growth & FY 2020 EBITDA Margin



Source: Company filings, Alpen Capital

Note: The size of the bubble is indicative of the FY 2020 revenue

Exhibit 73: FY 2020 Average ROAE and ROAA



Source: Company filings, Alpen Capital

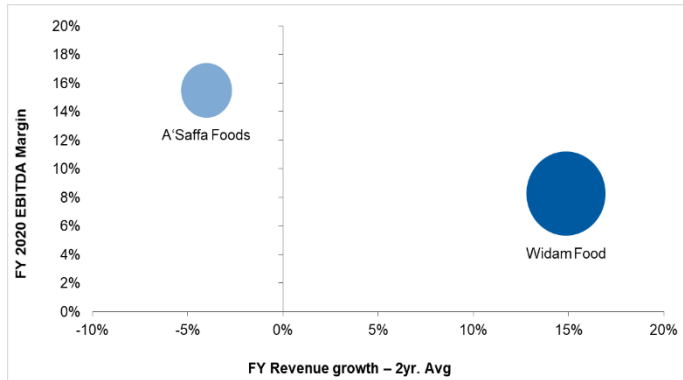
The segment's ROAA and ROAE was 4.7% and 7.1%, respectively, in FY 2020, which is the lowest among all the segments of the broader food industry (see Exhibit 73). Oman Flour Mills Co. witnessed the highest ROAE (11.7%) and ROAA (7.9%), while Salalah Mills Co. reported the lowest ROAA of 2.3% and ROAE of 4.2% during the same period.

Livestock

For this segment, we have analyzed Oman-based A'Saffa Foods and Qatar-based Widam Food. In terms of revenue, Widam Food reported a growth of 23.6% y-o-y, while A'Saffa Foods witnessed a decline of 3.7% in FY 2020. In terms of average growth in the past two-

years, Widam reported an average growth of 14.9%, while A'Saffa continued the downtrend with a decline of 4.0% during the same period.

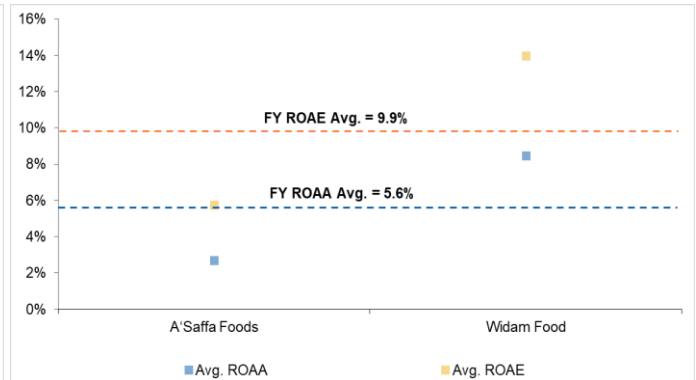
Exhibit 74: 2-yr. Average Revenue Growth & FY 2020 EBITDA Margin



Source: Company filings, Alpen Capital

Note: The size of the bubble is indicative of the FY 2020 revenue

Exhibit 75: FY 2020 Average ROAE and ROAA



Source: Company filings, Alpen Capital

Profitability remained strong for the segment during the period as EBITDA margin stood at 11.9% in FY 2020

Profitability continued to remain healthy for the segment as EBITDA margin stood at 11.9% in FY 2020. A'Saffa reported the highest EBITDA margin of 15.5%, while Widam recorded a margin of 8.3% during the same period. In terms of return ratios, the segment reported ROAA and ROAE of 5.6% and 9.9%, respectively, which is marginally higher than the industry average. In terms of companies within the segment, Widam Food has a superior return ratios with ROAA of 8.5% and ROAE of 14.0%, while A'Saffa reported ROAA of 2.7% and ROAE of 5.7% (see Exhibit 75).

10.2. Valuation Analysis

In this section, we have analyzed the valuation ratios of selected food companies in the GCC in comparison with the industry average (P/E: 31.7x, EV/EBITDA: 11.6x) in each of the five sub-categories. 19 companies, the composite of which make up the industry average, were selected and categorized into respective sub-category based on operating activities to have a meaningful comparison within these companies.

Diversified

In this category, we have analyzed five companies including Mezzan Holding, Agitha Group, Savola Group, Almarai, and BMMI. The set of selected companies under this category trade at a P/E and EV/EBITDA multiple of 29.2x and 13.6x, respectively.

In terms of average P/E multiple among the selected companies, UAE-based Agitha Group trades at a P/E multiple of 76.8x, significantly higher than the industry average. This can be attributed to earnings growth on the back of improving product mix and the company's acquisition strategy spanning across the region. Saudi Arabia-based Savola Group and Almarai trades at a multiple of 23.9x and 28.6x, respectively, in line with the industry average, while BMMI trades at a P/E of 0.03x, the lowest amongst the regional peers.

In terms of EV/EBITDA, Agitha Group trades at a multiple of 21.5x, which is higher than the industry average on the back of similar reasons mentioned earlier. Almarai also trades at a higher multiple of 14.5x than the industry, while Mezzan Holding has the lowest multiple of 9.5x amongst the selected companies.

The selected companies in the diversified segment trade at an average P/E and EV/EBITDA multiple of 29.2x and 13.6x, respectively

Exhibit 76: LTM P/E Relative Valuation

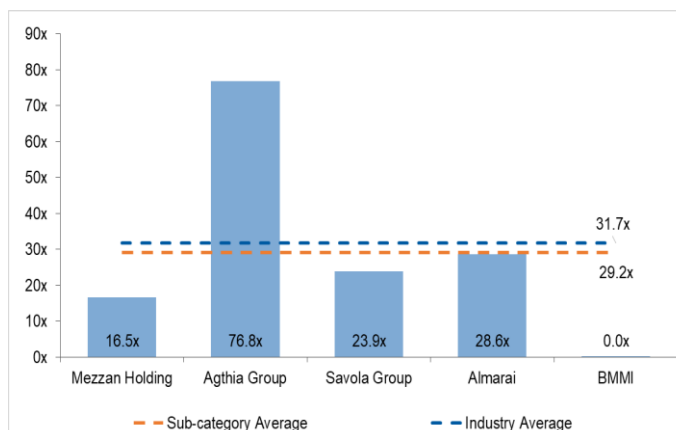
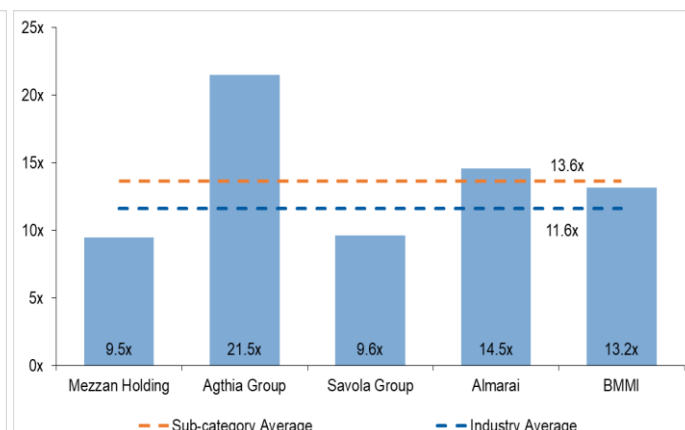


Exhibit 77: LTM EV/EBITDA Relative Valuation



Source: Bloomberg, Company Filings

Notes: Data as of September 01, 2021

Processed and Frozen Food

The selected companies in the segment trade at a P/E and EV/EBITDA multiple of 25.8x and 11.0x, respectively

In this sub-category, we have analyzed seven companies including Dubai Refreshment, Foodco Holding, Halwani Brothers, Oman Refreshment, Trafco Group, Zad Holding, and Herfy Foods. This set of selected companies trade at a P/E and EV/EBITDA multiple of 25.8x and 11.0x, respectively.

In terms of average P/E multiple, Saudi Arabia-based Herfy Foods and Halwani Brothers trade at 80.1x and 33.4x, respectively, while UAE-based Dubai Refreshment Co. trades at 31.0x. All the three companies are trading at a higher multiple than the category average. On the other hand, Trafco Group trades at a multiple of 0.02x, lowest in the segment and the broader food industry.

In terms of EV/EBITDA multiple, Halwani Brothers Co. has one of the highest multiple of 19.4x, followed by Herfy Foods (16.4x) and Zad Holding (13.5x). Oman Refreshment has the lower multiple of 2.1x within this category of selected companies.

Exhibit 78: LTM P/E Relative Valuation

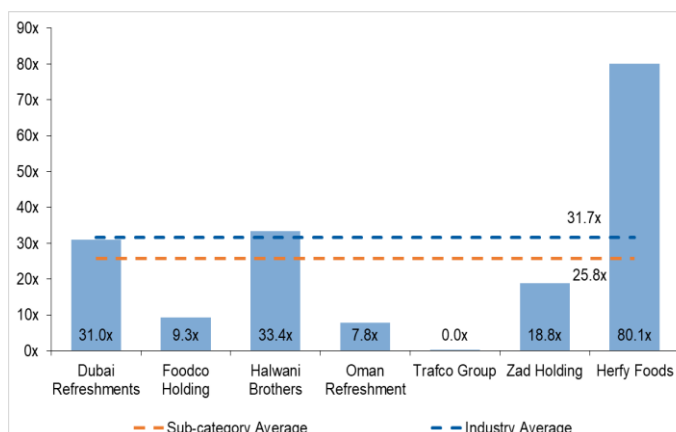
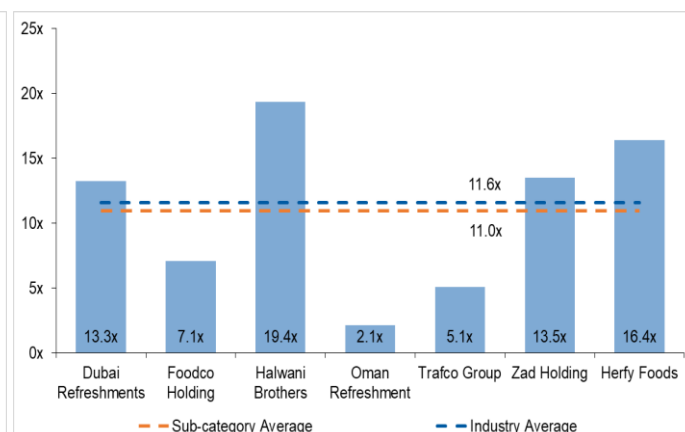


Exhibit 79: LTM EV/EBITDA Relative Valuation



Source: Bloomberg, Company Filings

Notes: Data as of September 01, 2021

Dairy

SADAFECO and NADEC trade at an average P/E and EV/EBITDA multiple of 91.9x and 13.5x, respectively

In this sub-category, we have analyzed two companies - Saudi Dairy & Foodstuff Co. (SADAFECO) and National Agriculture Development Co. (NADEC). The two selected companies trade at an average P/E and EV/EBITDA multiple of 91.9x and 13.5x, respectively.

In terms of P/E multiple, the two selected companies have a wide valuation gap as SADAFECO trades at a multiple of 20.8x, while NADEC trades at a multiple of 163.0x. With regards to EV/EBITDA multiple, NADEC is trading a multiple of 14.9x compared with a multiple of 12.1x by SADAFECO.

Exhibit 80: LTM P/E Relative Valuation

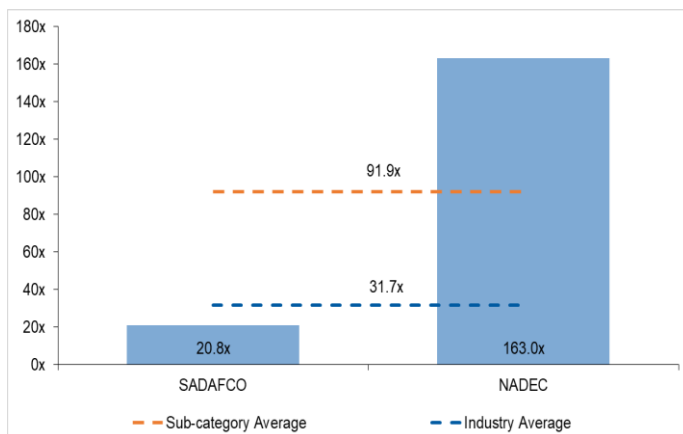
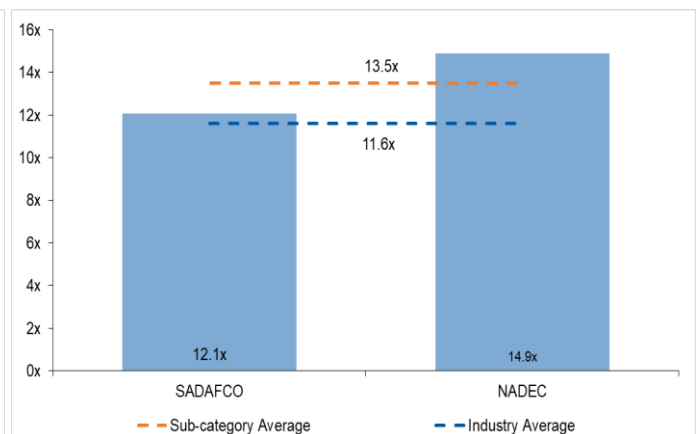


Exhibit 81: LTM EV/EBITDA Relative Valuation



Source: Bloomberg, Company Filings

Note: Data as of September 01, 2021

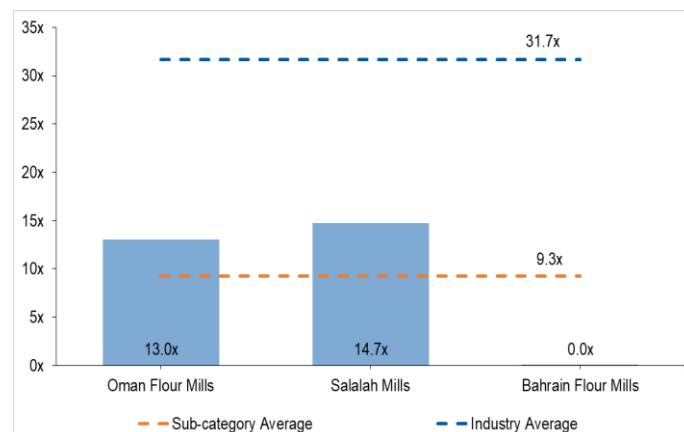
Agri. & Agri. Processing

The three companies trade at an average P/E and EV/EBITDA multiple of 9.3x and 9.0x, respectively

In this sub-category, we have analyzed three companies - Oman Flour Mills, Salalah Mills, and Bahrain Flour Mills. The three selected companies trade at an average P/E and EV/EBITDA multiple of 9.3x and 9.0x, respectively.

In terms of P/E multiple, the category average is broadly driven by Salalah Mills and Oman Flour Mills as they trade at a multiple of 14.7x and 13.0x, respectively. In terms of EV/EBITDA multiple, Salalah Mills trades at 15.1x, higher than the category average of 9.0x. Oman Flour Mills also trades at a higher multiple of 10.4x, while Bahrain Flour Mills has the lowest multiple of 1.5x within the selected category.

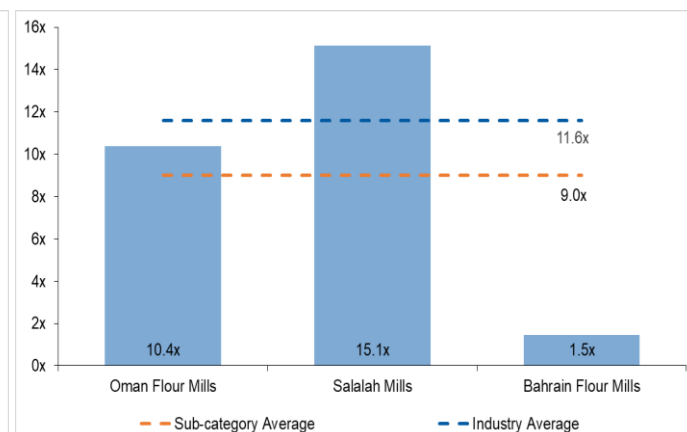
Exhibit 82: LTM P/E Relative Valuation



Source: Bloomberg, Company Filings

Notes: Data as of September 01, 2021

Exhibit 83: LTM EV/EBITDA Relative Valuation



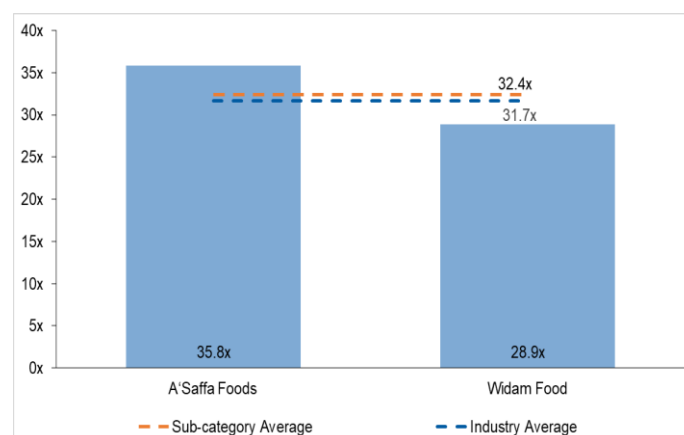
Livestock

The two selected companies trade at an average P/E multiple of 32.4x and EV/EBITDA multiple of 10.9x

In this sub-category, we have analyzed the valuation multiple of two companies - A'Saffa Foods SAOG and Widam Food Co. The two selected companies trade at an average P/E multiple of 32.4x and EV/EBITDA multiple of 10.9x.

In terms of P/E valuation, A'saffa trades at a premium of 35.8x compared to 28.9x by Widam Food. A'saffa recorded an increase in net profits in FY 2020 compared to FY 2019 despite a number of challenges related to logistics, import operations, and visa permits. Additionally, the company successfully managed to complete an expansion project and started the production processes with a capacity of 40,000 tones during December 2020. In terms of EV/EBITDA, A'saffa trades at a significantly higher multiple of 17.6x compared to a multiple of 4.3x by Widam Food.

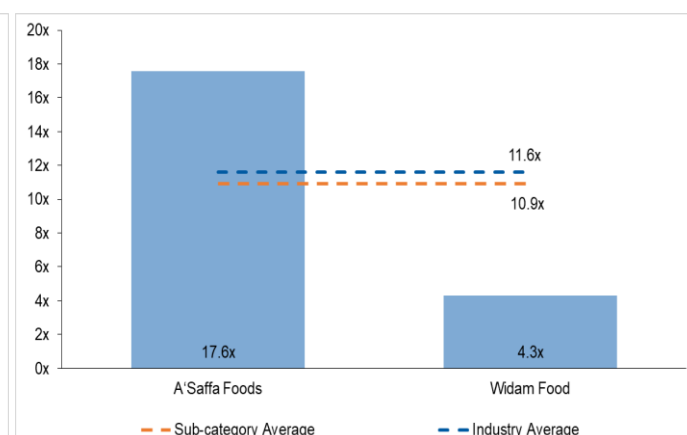
Exhibit 84: LTM P/E Relative Valuation



Source: Bloomberg, Company Filings

Note: Data as of September 01, 2021

Exhibit 85: LTM EV/EBITDA Relative Valuation



Country Profiles

Saudi Arabia

Key Growth Drivers

- **Population:** As per IMF estimates, the country's population is likely to reach 38.4 million by 2025, growing at a CAGR of 2.0% between 2020 and 2025. Rising millennial working population and changing consumer lifestyle are likely to aid the rising demand for food in coming years.
- **Per capita income:** According to the IMF, GDP per capita for the Kingdom has recorded a decline between 2015 and 2020, with the largest Y-o-Y fall in 2020 of 13.3% due to the pandemic. However, a gradual recovery is expected at the rate of 3.6% between 2020 and 2025 as the economy reopens post restrictions. Coupled with this, the growing urbanization rate is likely to increase the propensity of consumers to spend on high-value food products, especially organic food items.
- **Tourism:** Saudi Arabia has set an ambitious plan to raise tourism revenue from 3% of GDP in 2020 to 10% by 2030. For this, the Kingdom has launched several mega projects to transform and modernize itself. Moreover, the 17-month long pandemic-led closure of its borders, opened in August 2021 for completely immunized tourists. With further easing of regulations, tourist arrivals are likely to record pre-pandemic levels soon, especially the Haj and Umrah pilgrims.
- **Technological Advancements:** Saudi Arabia has seen various technological advancements in the agricultural sector by the virtue of several investments in AgriTech. Techniques such as hydroponics and vertical farming have been adopted to increase local production and thus reduce the Kingdom's reliability on food imports. Online food delivery spending has also seen an uptick, with the food delivery penetration estimated to double in the next 5 years from the current 8%.

Recent Industry Developments

- Post the COVID-19 outbreak, the Kingdom announced two initiatives worth US\$ 665 million, of which US\$ 0.5 billion will go towards bank guarantees for food importers and around US\$ 81 million will reach the local farmers.
- SALIC stepped up its investments in Indian AgriTech to secure imports from India. In partnership with National Shipping Company of Saudi Arabia, it also launched the National Grain Company - a US\$ 110 million project to oversee trade, handling and storage of grains.
- The privatization of all four flourmills owned by SAGO completed in April 2021, netting the government US\$ 1.5 billion.

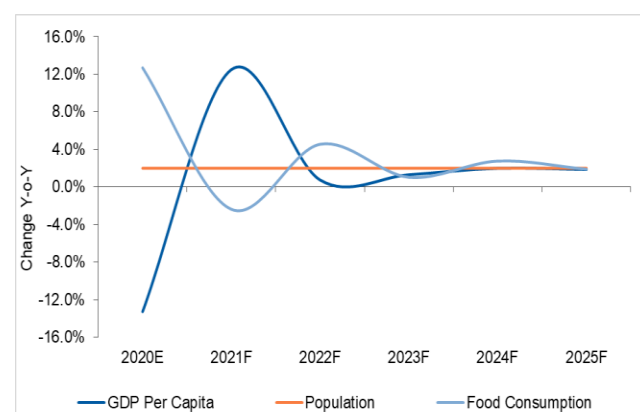
Macro-economic Indicators

Indicators	Unit	2020E	2021F	2025F
GDP growth at current prices	%	-11.5	14.7	3.9
GDP per capita at current prices	US\$	20,178	22,700	24,070
Population	mn	34.8	35.5	38.4
Inflation	%	3.4	2.7	2.0
Food consumption	mn MT	27.4	26.8	29.6

Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Change in Food Consumption vis-à-vis Population and GDP



Source: Alpen Capital, IMF

Note: E – Estimated, F – Forecasted

Key Players

Company	Type
Almarai Co.	Dairy and Livestock
Al Jouf Agricultural Development Co. SJSC	Agri & agri processing
Halwani Brothers Co. Ltd.	Processed and frozen food
The National Agriculture Development Co.	Dairy
National Food Industries Co.	Processed and frozen food, Dairy and Beverages
Saudi Fisheries Co. SJSC	Livestock
Saudi Goody Products Marketing Company	Food packaging
Saudia Dairy and Foodstuff Co.	Dairy and Beverages
Savola Group Co. SJSC	Agri & agri processing
Sunbulah Group	Processed and frozen food

Converted at exchange rate of 0.27

Source: IMF, Alpen Capital, Bloomberg, Urban Piper

UAE

Key Growth Drivers

- **Population:** According to IMF estimates, population in the UAE is expected to grow at a CAGR of 3.1% between 2020 and 2025. The already large expat population is set to grow further as the country plans to attract global talent in the coming years with its flexible legal reforms and a conducive business environment.
- **Per capita income:** UAE, ranking second highest in per capita income amongst the GCC nations, is forecasted to record a growth of 1.7% between 2020 and 2025. While growth in this segment can pick up as the economy recovers from the pandemic and oil export earnings rise, per capita food consumption is forecasted to marginally rise at a CAGR of 0.1% from 811.8 kg in 2020 to 817.6 kg in 2025.
- **Tourism:** As one of the most attractive tourist destinations in the Middle East, UAE stands to gain significantly from business and leisure tourism as the pandemic-induced lockdowns ease globally. The country has undertaken a 'zero-tolerance' approach to non-compliance of safety norms to rebuild confidence among the travelers. The country is also hosting global events such as Expo 2020 and Gulfood, and ensuring maximum safety norms with initiatives like 'Go Safe' to guarantee hotel hygiene standards.

Recent Industry Developments

- In June 2021, UAE introduced a new food safety standard system under the Ministry of Climate Change and Environment, to ensure that only top quality food products are imported.
- Dubai plans to build a new business park called 'Food Tech Valley' to host specialized agricultural firms and create an integrated modern city to serve as a hub for future clean tech-based food and agricultural products.
- UAE stepped up plans for everything from growing rice in the desert to importing dairy cows and expediting research on producing food in extreme climate. It aims to meet at least 30% to 40% of its food demand via domestic production.
- In June 2020, the UAE Cabinet approved the national system for sustainable agriculture to improve the efficiency of farms, enhance self-sufficiency in food and create new opportunities.
- The Office of Food Security, in cooperation with the Government Accelerators program, launched several initiatives to accelerate adoption of technology in agriculture.

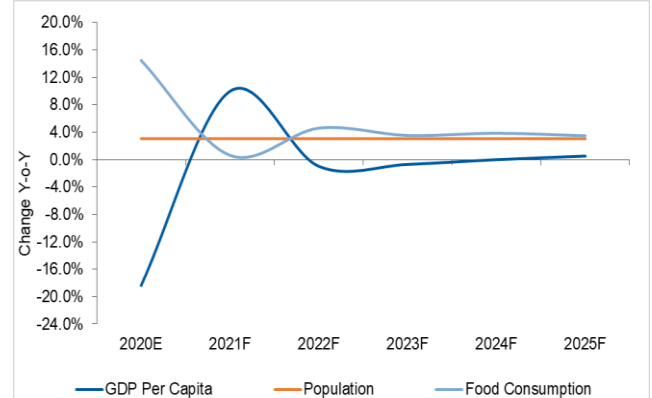
Macro-economic Indicators

Indicators	Unit	2020E	2021F	2025F
GDP growth at current prices	%	-15.9	13.3	3.6
GDP per capita at current prices	US\$	31,982	35,171	34,763
Population	mn	11.1	11.4	12.9
Inflation	%	-2.1	2.9	1.6
Food consumption	mn MT	8.9	9.0	10.5

Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Change in Food Consumption vis-à-vis Population and GDP



Source: Alpen Capital, IMF

Note: E – Estimated, F – Forecasted

Key Players

Company	Type
Agthia Group PJSC	Agri & agri processing
Al Ain Farms	Livestock
Al Islami Food PSC	Processed and frozen food
Al Kabeer Group of Middle East	Processed and frozen food
Al Khaleej Sugar Co. LLC	Agri & agri processing
Al Rawabi Dairy Co.	Dairy and Beverages
Barakat Group	Agri, Processed and frozen food, and Catering
Dubai Refreshments PJSC	Processed and frozen food and Beverages
Foodco Holding PJSC	Processed and frozen food
IFFCO International Foodstuffs Co. LLC	Processed and frozen food, Agri & agri processing and Dairy
National Food Products Co.	Dairy and Beverages
Strategic Foods International Co.	Bakery Products

Converted at exchange rate of 0.27

Source: IMF, Gulf News, Business Insider, Arabian Business, Bloomberg

Kuwait

Key Growth Drivers

- **Population:** As per the IMF, Kuwait's population is estimated to grow at an annualized rate of 2.8% between 2020 and 2025 to reach 5.6 million. With expats and a young population making up for a significant portion of this population, the influence of global food trends such as preference towards organic food is likely to reshape consumer demand going forward.
- **Per capita income:** Kuwait's per-capita income is slated to drop steeply by 22.0% y-o-y in 2020 due to the pandemic and slowdown in oil prices. However, it is expected to grow at a CAGR of 2.9% between 2020 and 2025 as economic activity recovers, further supported by a large millennial population with high levels of disposable income. This is likely to bode well for demand of high-value food products, including packaged food.
- **Tourism:** Kuwaiti government has laid significant importance towards developing the country's tourism sector under its Vision 2035 plan, and is working towards establishing itself as a destination for luxury travel. The World Travel and Tourism Council (WTTC) expects Kuwait to attract over 570,000 international arrivals by 2027, contributing about 6% to its GDP.

Recent Industry Developments

- Kuwait has worked on its Food Infrastructure by means of securing food supply-chains but not focusing on production abilities. However, in April 2020, the GCC accepted Kuwait's proposal to create a joint food supply network.
- Kuwait further sought to consolidate its food supplies by striking a deal to streamline the imports of various Egyptian and other products, which were once subject to extensive testing.
- In August 2020, a joint venture between Kuwait's NOX Management and a German company opened the first commercial indoor vertical farm in the country.
- In April 2020, Kuwait's Wafra International Investment Company invested US\$ 100 million in Pure Harvest Farms, largest ever commitment to an AgriTech firm in the Middle East.
- As a part of achieving national food security and enhancing biodiversity, Kuwait developed new homegrown barley varieties using irradiation with the support of the IAEA and the FAO.

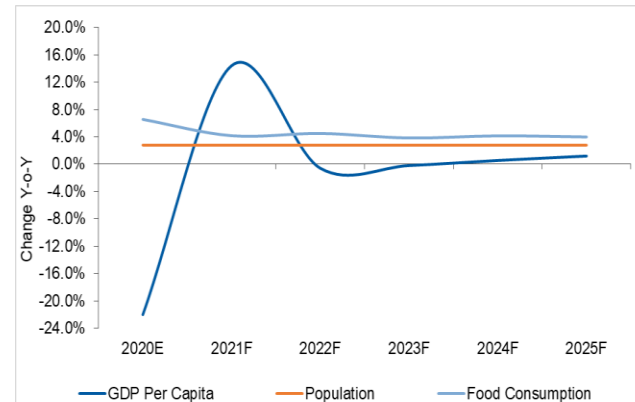
Macro-economic Indicators

Indicators	Unit	2020E	2021F	2025F
GDP growth at current prices	%	-19.8	17.6	4.0
GDP per capita at current prices	US\$	22,105	25,290	25,536
Population	mn	4.9	5.0	5.6
Inflation	%	2.1	2.3	2.5
Food consumption	mn MT	3.5	3.7	4.3

Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Change in Food Consumption vis-à-vis Population and GDP



Source: Alpen Capital, IMF

Note: E – Estimated, F – Forecasted

Key Players

Company	Type
Danah Al Safat Foodstuff Co. KPSC	Livestock and Catering
Kuwait Food Co.	Processed and frozen food and Restaurants
Kuwait Dairy Co.	Dairy and Beverages
Livestock Transport and Trading Co. KPSC	Livestock
Mezzan Holding Co. KSCP	Agri & agri processing
Sadita Holding Co.	Processed and frozen food

Oman

Key Growth Drivers

- **Population:** As per IMF estimates, Oman is poised to register one of the fastest population growths in the GCC at a CAGR of 3.1%. Additionally, the growing diaspora of expatriate population and recovering levels of disposable income is gradually driving demand for a healthier and organic diet.
- **Tourism:** Oman recorded a robust growth in tourism in the past decade. In 2019, it welcomed ~2.5 million tourists, its highest ever in a year, generating receipts amounting to US\$ 1.8 billion. Government initiatives aimed at strengthening the tourism sector through the development of tourist spots and encouraging private investments are likely to boost this growth further in the post-pandemic era, directly expanding the landscape for food consumption in the country.
- **Government Initiatives:** The Heritage and Tourism ministry of Oman has drawn up plans to invest OMR 3 billion (US\$ 7.8 billion) over the next 3 years to develop various aspects of tourism and heritage in the country that were affected because of the pandemic. In terms of agriculture, Oman has launched several initiatives to encourage private sector production, such as updating regulations, providing low interest rate loans, aiding domestic production, and running campaigns to increase the visibility of local produce.

Recent Industry Developments

- In April 2021, Oman announced exemption of 500 products from VAT amid the pandemic - some of which include milk, eggs, meat, fish, vegetable, fruit, sugar, salt and drinking water.
- In July 2020, the Oman Investment Authority launched a project in co-operation with the Ministry of Agriculture and Fisheries to market 65% of its locally produced vegetables and fruits in the Sultanate and export the remaining 35% in overseas markets.
- A new vegetable market is being planned in the Khazaen Economic City to create a central market place and achieve the country's food security targets.
- The Oman Food Investment Holding Company, the investment and development arm of the government, has planned a series of investments in food-related projects involving investments up to US\$ 1.2 billion over a period of 5-6 years.
- The Ministry of Agriculture and Fisheries, in co-operation with Al Sarooj Construction Company, will develop a fishing port in the Wilayat of Dibba at a cost of US\$ 103.9 million.

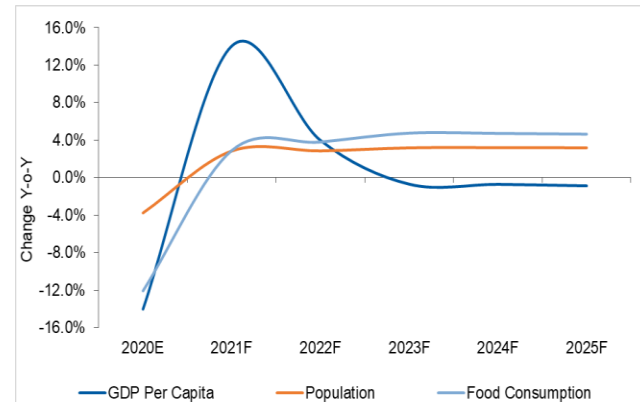
Macro-economic Indicators

Indicators	Unit	2020E	2021F	2025F
GDP growth at current prices	%	-17.2	17.3	2.3
GDP per capita at current prices	US\$	14,216	16,212	16,484
Population	mn	4.4	4.6	5.2
Inflation	%	-0.9	3.8	0.9
Food consumption	mn MT	3.8	3.9	4.6

Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Change in Food Consumption vis-à-vis Population and GDP



Source: Alpen Capital, IMF

Note: E – Estimated, F – Forecasted

Key Players

Company	Type
A'Safwah Dairy	Dairy and Beverages
Ali and Abdul Karim Trading Co. LLC	Processed and frozen food and Beverages
Ali Shaihani Group of Industries	Processed and frozen food and Beverages
A'Saffa Foods	Livestock
Oman Flour Mills Co.	Agri & agri processing
Oman Food Investment Holding Co. SAOC	Agri & agri processing, Dairy and Livestock
Oman Foodstuff Factory LLC	Dairy and Beverages, Processed and frozen food
Oman Refreshment Co. SAOG	Processed and frozen food and Beverages
Salalah Mills Co. SAOG	Agri & agri processing

Qatar

Key Growth Drivers

- **Population:** The population of Qatar is forecasted to grow at a CAGR of 0.2% between 2020 and 2025. However, the ongoing high-value infrastructure and construction projects ahead of the FIFA World Cup 2022 have been attracting an increasing number of expat workers to the country. The rising youth population is likely to further expand the consumer base and act as a catalyst for growth of the food sector in coming years.
- **Per capita income:** Qatar's GDP per capita, one of the highest in the world, is projected to expand at a CAGR of 5.2% between 2020 and 2025, highest amongst the GCC nations. Ongoing investments and infrastructure spending pertaining to the mega-infrastructure projects will likely boost economic activity across all sectors and, thus, the income levels to support higher spend on food consumption.
- **Tourism:** Qatar is heavily reliant on influx of international tourists when it comes to food consumption, and hosting international events act as a route to market for international restaurants with their food outlets. Apart from aiming to attract 1 million tourists for the FIFA World Cup 2022, Qatar has an ambitious strategy to attract 6 million tourists a year by 2030 as part of its Tourism Strategy 2030. The country recently opened up its borders to fully vaccinated international tourists and the flow of tourists is expected to increase as the global economy recovers from the lowdown during the pandemic.

Recent Industry Developments

- Qatar is adding 105 new hotels and hotel apartments to its already extensive list of properties to cater to the tourists arriving for the FIFA World Cup 2022.
- The Ministry of Municipality and Environment (MME) launched an initiative to farm over 600 tonnes of tilapia fish in a year with the support of registered agricultural farms in Qatar in order to provide additional income to farmers.
- In 2019, Qatar invested US\$ 1.4 billion in the food sector, a rise of 126% from US\$ 0.6 billion in 2016. It also established several mechanisms to locally manufacture and produce food and agricultural products.
- Doha-listed Baladna plans to add 1,000 hectares of farmlands in Romania and Bulgaria to expand its product line ahead of the FIFA World Cup in 2022.

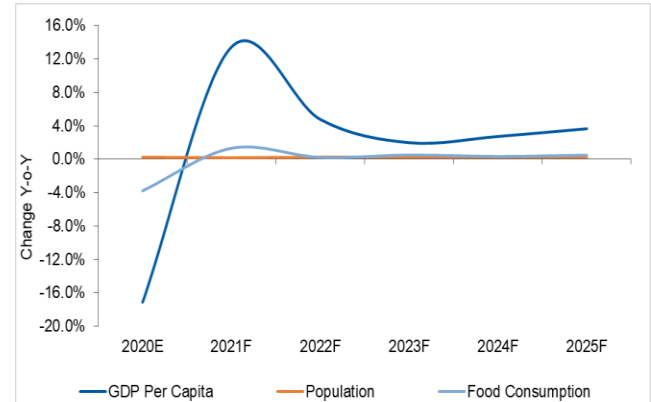
Macro-economic Indicators

Indicators	Unit	2020E	2021F	2025F
GDP growth at current prices	%	-16.9	13.6	3.9
GDP per capita at current prices	US\$	52,144	59,143	67,283
Population	mn	2.8	2.8	2.8
Inflation	%	-2.7	2.4	2.1
Food consumption	mn MT	2.1	2.1	2.1

Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Change in Food Consumption vis-à-vis Population and GDP



Source: Alpen Capital, IMF

Note: E – Estimated, F – Forecasted

Key Players

Company	Type
Ali Bin Ali Group	Beverages
Al-Sanabel Al-Qataria WLL	Livestock
Baladna Food Industries	Dairy and Beverages
Hassad Food	Agri & agri processing
Paris Group	Agri & agri processing, Beverages, Livestock, Processed and canned food and Supermarkets
Widam Food Co. QSC	Livestock
Zad Holdings Co. SAQ	Processed and frozen food

Bahrain

Key Growth Drivers

- **Population:** As per IMF estimates, the population of Bahrain is estimated to grow at a CAGR of 2.0% between 2020 and 2025, largely driven by the rising number of foreigners and migrant workers, who already make up over 50% of the population.
- **Per capita income:** As per the IMF, Bahrain's GDP per capita is expected to grow at a CAGR of 3.4% since 2020 to reach US\$ 26,514 in 2025. Fitch Solutions expects the average spend on food associated with health risks to fall in Bahrain, as the high levels of disposable income allow the increasingly health conscious consumers to spend on high value organic and healthy food products in the long-run.
- **Tourism:** Tourism significantly contributes towards the country's GDP and thus plays an important role in its economic growth. To elevate its status in the GCC and to boost tourism campaigns, the Bahrain Tourism and Exhibitions Authority (BTEA) has launched a '5 Year Tourism Plan'. Capacity expansion at its international airport, which can now handle 14 million passengers per year, is also expected to strengthen the country's position of in the food sector.

Recent Industry Developments

- The government allocated BHD 2.5 million (US\$ 6.6 million) in the 2021-2022 state budget as operating costs for securing strategic food stocks.
- To improve its food security, Bahrain has adopted a national strategy for food security to increase the volume of local production. This mainly includes allocating multiple sites for fish farming, supporting sustainable fish farming, increasing financing for agricultural and livestock activities and enhancing investments in agricultural projects both in Bahrain as well as in countries abroad.
- Bahrain is in talks with several global manufacturers and processors in the food industry to set up their manufacturing plants in the country.

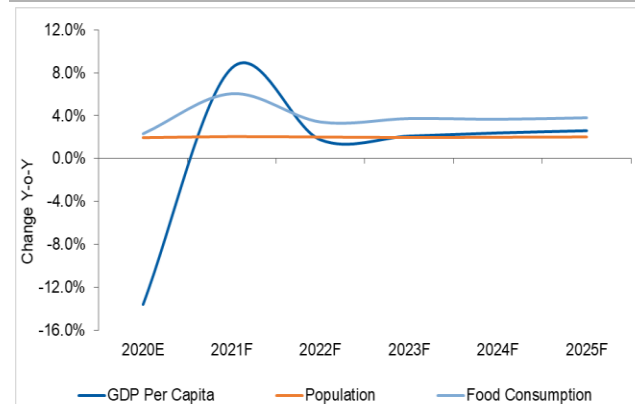
Macro-economic Indicators

Indicators	Unit	2020E	2021F	2025F
GDP growth at current prices	%	-11.9	10.7	4.7
GDP per capita at current prices	US\$	22,402	24,294	26,514
Population	mn	1.51	1.54	1.67
Inflation	%	-2.3	1.5	2.2
Food consumption	mn MT	0.9	1.0	1.2

Source: IMF – April 2021, Alpen Capital

Note: E – Estimated, F – Forecasted

Change in Food Consumption vis-à-vis Population and GDP



Source: Alpen Capital, IMF

Note: E – Estimated, F – Forecasted

Key Players

Company	Type
Ali Rashid Al Amin Co. BSC	Agri & agri processing and Food Retail
Bahrain Flour Mills Co.	Agri & agri processing
BMMI BSC	Processed and frozen food
Hasan & Habib Sons of Mahmood Co. WLL	Processed and frozen food
Trafco Group	Processed and frozen food

Company Profiles

Agthia Group PJSC (Publicly Listed)

UAE

Company Description

Established in 2004, Agthia Group PJSC (Agthia) is a vertically integrated company engaged in manufacturing, distribution and marketing of various food and beverage products. Agthia's manufacturing facilities are located in the UAE, Oman, Egypt, Kuwait, Saudi Arabia and Turkey. The company exports to more than 30 countries across Middle East, Europe, Asia and Africa. Senaat (General Holding Corporation), which is owned by Abu Dhabi Development Holding Company (ADQ), holds 59.2% stake in Agthia Group.

Business Segments/Product Portfolio

- **Consumer Business:** Agthia's consumer segment is composed of water, beverage and food categories. The segment contributed 55% of total revenue in FY 2020.
 - **Bottled Water and Beverages:** The company manufactures and distributes bottled water and beverages under different brands such as Al Ain, Alpin, Al Bayan, Ice Crystal, Bambini and Yoplait.
 - **Food:** Agthia offers a wide range of products from dairy to frozen vegetables and bakery products, under Al Ain, Al Foah, Al Faysal and Grand Mills brands.
- **Agri Business:** Agthia provides flour and animal feed products under brands like Grand Mills and Agrivita. In 2020, this segment contributed 45% of the total revenue.

Recent Developments/Future Plans

- In April 2021, Agthia approved 75.0% acquisition of Egypt's Ismailia Investments (Atyab), one of the renowned Egyptian processed meat producers.
- In February 2021, Agthia Group approved acquisition of 80% stake in Jordan's Nabil Foods, a producer of frozen foodstuffs in the region.
- In January 2021, Agthia completed merger with Al Foah Company, a date processing and packaging company owned by ADQ. Agthia also completed 100% acquisition of Kuwait's Al Faysal Bakery and Sweets Company.
- In December 2020, Agthia mutually ended licensing agreement with Capri-Sun.

Financial Performance

- Agthia's revenues increased by 1.1% y-o-y to US\$ 561.3 million in FY 2020 as compared to US\$ 555.3 million in FY 2019. Revenues increased due to shift to online platforms and distribution networks in response to COVID-19.
- Net profit declined by 74% y-o-y to US\$ 9.7 million in FY 2020 from US\$ 37.0 million in FY 2019 due to the additional costs borne to maintain business continuity.

Current Price (US\$) 1.7

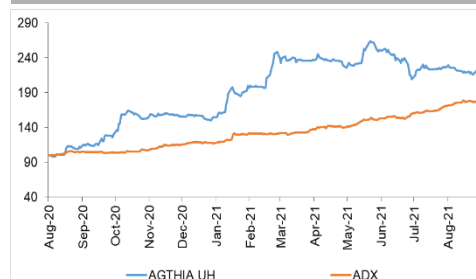
Price as on September 01, 2021

Stock Details	
Bloomberg ticker	AGTHIA UH
52 week high/low	2.0 / 0.8
Market Cap (US\$ mn)	1,357.7
Enterprise value (US\$ mn)	1,292.5
Shares outstanding (mn)	720.0

Average Daily Turnover ('000)

	AED	US\$
3M	3,983	1,084
6M	16,999	4,628

Share Price Chart



Valuation Multiples

	2019	2020	LTM
P/E (x)	15.8	74.6	74.5
P/B (x)	1.3	1.6	1.9
EV/S (x)	1.5	1.7	2.3
Dividend yield (%)	4.1	6.4	2.6

Shareholding Structure

General Holding Corp.	51.0%
Emirates Int'l Investment LLC	5.0%
Other	44.0%

Financial Performance

US\$ Million	FY 2019	FY 2020
Revenue	555.3	561.3
Operating Income	36.3	8.9
Net Income	37.0	9.7
NI Margin (%)	6.7	1.7
ROAA (%)	4.5	1.1
ROE (%)	6.8	1.8

Al Ain Farms (Privately Owned)

UAE

Company Description

Founded in 1981, Al Ain Farms is one of the largest integrated dairy companies in the UAE. Al Ain Farms is engaged in production of cow and camel milk and other related dairy products, fresh juice, and poultry products such as fresh chicken and eggs. The company runs four farms under its brand, owns 1,800 camels, 10,000 cows, and has an annual capacity of producing 7 million broiler chickens. The company's products are sold to approximately 12,000 stores across the UAE.

Business Segments/Services Portfolio

- **Dairy:** The company offers a wide range of dairy products such milk, yoghurt, laban, desserts and chami cheese. The company also offers camel milk and milk powder of different variety.
 - **Milk:** Al Ain Farms offers various types of milk such as skimmed, low fat, UHT milk and different flavors such as banana, chocolate, date, strawberry and cardamom.
 - **Yoghurt:** The company offers a wide range of products such as low fat, cream and Greek yoghurts. Al Ain farms also sells flavored yoghurts such as forest fruit, peach and apricot, strawberry and mango.
 - **Laban:** Al Ain Farms offers cream laban, low fat laban, laban drinks and flavored laban.
 - **Desserts:** The various products offered by the company under the desserts category are milk snack chocolates and milk snack honey.
- **Poultry:** Al Ain Farms poultry products include whole chicken, minced chicken, chicken parts and eggs. It produces and sells 90 million fresh eggs annually.
- **Water & Juices:** The Company offers bottled water and pure fruit juices such as orange, apple, mango, etc. and mixed fruit drinks to its customers.

Recent Developments/Future Plans

- In December 2020, Al Ain Farms had announced plans to export tinned camel milk powder to China starting from January 2021.

AI Islami Foods (Privately Owned)

UAE

Company Description

Established in 1981, AI Islami Foods (AI Islami) is a producer of halal meat and frozen food. The company provides more than 100 quick and easy to make products under three brands - AI Islami, which provides whole chicken, chicken parts and conventional items; Aladdin, which offers a range of frozen foods for children; and Green's, which offers frozen vegetables. The company has three warehouses and a manufacturing facility situated in Hamriyah Freezone in the UAE with a capacity of 17,000 MT per year. AI Islami Foods currently exports its frozen foods to Bahrain, Qatar, Kuwait, Oman, Yemen, Saudi Arabia, Seychelles, Libya, Maldives, and Mauritius. The company is part of the S.S. Lootah Group, a family-owned diversified business house with interests in key industries like construction, real estate, energy, food, and financial services among others.

Business Segments/Services Portfolio

- **Snack Items:** AI Islami offers a wide range of chicken & beef snack items such as burger, cutlets, nuggets, popcorn, fries, franks, samosa, marinated meat and kebabs. The products are offered under both the brands AI Islami and Aladdin.
- **Vegetables & Fruits:** The company offers vegetables & fruits like molokai, mixed vegetable, okra, green peas, green beans, sweet corn, spinach and strawberry under its brand Green's.
- **Meat & Poultry:** The company sells raw meat, including boneless meat, minced chicken and chicken parts, in addition to grilled chicken under the AI Islami brand.
- **Seafood:** Products offered are shrimp, white fish fillet, squid rings and cocktail seafood marketed under the AI Islami brand.

Recent Developments/Future Plans

- In April 2021, AI Islami entered into the frozen dough category with frozen parathas as it looks to expand availability, variety and visibility of the brand.
- In January 2021, AI Islami entered into the vegan market with new plant-based burger, in response to the growing appetite for healthier vegan options.
- In December 2020, AI Islami signed an agreement with JBS / Seara brand products in the UAE with distribution starting from January 2021.
- In November 2020, AI Islami Holding (parent company) increased its share in AI Islami Foods to 100% through buyback of shares from Mitsubishi Corporation.

Ali Bin Ali Group (Privately Owned)

Qatar

Company Description

Established in 1945, Ali Bin Ali Group (ABA) is a conglomerate with business ventures across sectors such as manufacturing, logistics, contracting and property management, fashion, hospitality, information and communication technology, medical, consumer electronics, FMCG and distribution, hypermarkets, luxury, printing press and sports & lifestyle among others. The group companies engaged in the food and retail sector are ABA Manufacturing, ABA Beverages, ABA FMCG and Distribution, ABA Hypermarkets, ABA Hospitality and ABA Department Stores. The group features more than 300 brands including several international brands.

Business Segments/Services Portfolio

- **ABA Manufacturing:** ABA has presence in the sector through collaboration with Albina Snacks (Sweden) to manufacture and distribute nuts such as Albina Samurai Notmix, Albina Hawaii Mix and Albina Medelhavs Mix in Qatar. The group plans to expand business overseas, exporting nuts to different parts of the world.
- **ABA Beverages:** Established in 1961, the company manufactures and distributes a range of carbonated and non-carbonated soft drinks, other beverages and mineral water. The carbonated soft-drink segment offers products of PepsiCo and sub-brands such as 7-up, Mirinda, etc. The company also owns a production facility for plastic bottles, a water treatment unit and a factory for bottling and packaging of beverages. The bottled mineral water offered is of brand Aquafina.
- **ABA FMCG & Distribution:** ABA FMCG sells and distributes a wide range of food and non-food consumer products through its various divisions that are- Ali Bin Ali & Partners, International Agencies, Qatar Quality Products, Prime Consumer Products and Dohatna Innovative Distribution.
 - **Ali Bin Ali and Partners:** Founded in 1965, the division operates and manages diverse product brands ranging from food, cleaning, oral care, personal care, tobacco and others.
 - **Dohatna Innovative Distribution:** This division manages more than 150 multinational and regional brands. It is also the official distributor of Samsung and supplies phones, accessories, print and display solutions and monitors to retailers in the country.
 - **International Agencies:** It offers turnkey services for sales and distribution management for consumer goods.
 - **Prime Consumer Products:** The division is the exclusive distributor of Procter & Gamble products across categories such as paper, hair care, fabric and home care in addition to beauty and healthcare.
 - **Qatar Quality Products:** Founded in 1994, the division offers high-end premium products.

ABA Department Stores: ABA Department Stores or DGL Trading was founded in 2019 and represents Galeries Lafayette, a French upscale department store spread over 15,000 sqm. It hosts 400 global fashion brand and café and restaurants such as Café Pouchkine, Wahaj, and 974 Delights.

- **Hypermarkets:** ABA first opened Monoprix, a French retail brand in 2013 and it currently operates five stores in Qatar, which offer food products, household items, clothing, perfumes and gift items. It also operates Monop, opened in 2019, which is a miniature version of Monoprix.
- **Hospitality:** Founded in 2004, ABA hosts and develops luxury hotels and distinct restaurant concepts under its restaurants brands.

Recent Developments/Future Plans

- In February 2021, ABA opened its second Ispot service center in Qatar at the Villaggio Mall.
- In January 2021, ABA Holding's Dohatna Innovative Distribution has launched the fifth Samsung outlet in Doha.
- In October 2020, ABA Holding's Distribution Trading Company (PTDC) announced its new partnership with Midea Home Appliances.

Almarai Co. (Publicly Listed)

Saudi Arabia

Company Description

Founded in 1977, Almarai Co. (Almarai) is vertically integrated dairy company operating through five business segments across MENA namely - dairy and juice, bakery, poultry, infant nutrition, and others. The other activities include arable farming in the US, Argentina and Romania; and horticulture and food services. The company also operates through JVs with PepsiCo and Chipita Group for its business operations. Almarai caters to over 100,000 customers across the GCC, Egypt and Jordan through its integrated supply infrastructure and a wide network of distribution centers.

Business Segments/Product Portfolio

- **Dairy and Juice:** Almarai offers a wide range of natural fruit juices and dairy products such as milk, flavoured milk, yoghurt, etc. under brands such as Almarai, Joosy Life, Beyti and Teeba. Dairy and Juice segments accounted for ~62% and 9% of total revenues, respectively in 2020.
- **Poultry:** This category includes fresh chicken, ready-to-cook chicken, frozen chicken and other marinated products under brands like Alyoum and Albashayer. The poultry business accounted for 15% of the total company's revenues in 2020.
- **Bakery:** The company offers bakery products such as cakes, buns, sandwich rolls, puffs, croissants, etc. under brands 7Days and L'usine. The 7Days brand is run under a Joint Venture (JV) with Chipita and Olayan Finance Co. in the name of Modern Co. Industries. The Bakery segment accounted for 11% of the company's total revenues in 2020.

Mother and Child Nutrition: Under the Nura brand, the company sells a variety of products such as nutritional supplements, infant cereal, among others.

Recent Developments/Future Plans

- In June 2021, Almarai announced that it would buy Binghatti Beverages Manufacturing's production facility in the UAE for US\$58.54 million to expand its product range.
- In May 2021, Almarai announced investments worth US\$ 1.8 billion (SAR 6.6 billion) towards the poultry sector to double its production operations by 2026.
- In March 2021, Almarai acquired the UAE and Bahrain operations of Bakemart, a company that operates in the bakery sector. The deal was worth US\$ 25.5 million.

Financial Performance

- Almarai revenues increased 7% y-o-y to US\$ 4,095.7 million in FY 2020 from US\$ 3,827.5 million in FY 2019. The company's integrated business model mitigated the adverse impact from COVID-19 by controlling volume levels to meet consumer demand.
- Net profit increased 7.4% y-o-y to US\$ 516.2 million in FY 2020 from US\$ 480.5 million in FY 2019.
- Saudi Arabia accounted for 67% of the company's revenues in FY 2020, followed by the UAE which accounted for 9% of revenues during the year.

Current Price (US\$) 15.4

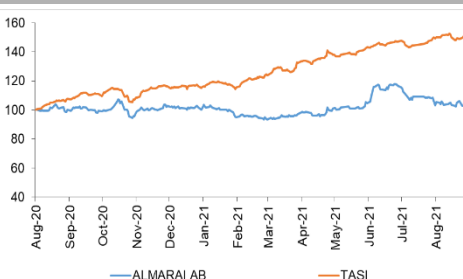
Price as on September 01, 2021

Stock Details	
Bloomberg ticker	ALMARAI AB
52 week high/low	17.3 / 13.3
Market Cap (US\$ mn)	15,318.3
Enterprise value (US\$ mn)	18,152.8
Shares outstanding (mn)	994

Average Daily Turnover ('000)

	SAR	US\$
3M	45,375	12,098
6M	43,984	11,727

Share Price Chart



Valuation Multiples

	2019	2020	LTM
P/E (x)	27.0	27.2	28.6
P/B (x)	3.2	3.4	3.7
EV/S (x)	4.6	4.6	4.4
Dividend yield (%)	1.2	1.7	1.7

Shareholding Structure

Savola Group	34.5%
Sultan Bin Mohd Al Saud	23.7%
Others	41.8%

Financial Performance

US\$ Million	FY 2019	FY 2020
Revenue	3,827.5	4,095.7
Operating Income	659.6	672.7
Net Income	480.5	516.2
NI Margin (%)	12.6	12.6
ROAA (%)	5.5	5.9
ROE (%)	11.8	11.9

A'Saffa Foods SAOG (Publicly Listed)

Oman

Company Description

Established in 2001, A'Saffa Foods SAOG (A'Saffa) manufactures and distributes poultry meat. A'Saffa's infrastructure includes poultry farms, hatcheries, a processing plant with an annual production capacity of 1,700 MT, and feed mill with a capacity of 15 MT. It produces 21 million chickens each year along with other fresh, frozen and processed poultry products, vegetables, fruit pulps, seafood products, and mineral water which are marketed under A'Saffa, Khayrat, Ekhtiari and Taybat brand names. The products are exported to the other GCC countries, Middle East and Asian countries including China and Pakistan.

Business Segments/Product Portfolio

- **A'Saffa:** Under this brand, the company sells frozen and fresh chicken. It also sells breaded chicken burger, chicken burger, chicken franks, chicken nuggets, breaded chicken fingers, and breaded chicken fillets.
- **Zingle Range:** A'Saffa offers chicken strips, chicken lollipop, chicken drumettes, breaded chicken popcorn and chicken fillets under this brand.
- **Khayrat:** The company sells delicacies, fruit and fruit pulp, processed sea food range and frozen vegetables under this brand.
- **Taybat:** Under this brand, the company sells delicacies including chicken burgers, breaded chicken burgers, chicken fingers, chicken fillet, chicken popcorn, chicken nuggets, chicken mince, chicken franks, beef burger, beef mince, chicken burger bag along with fresh and frozen chicken.

Recent Developments/Future Plans

- In February 2021, A'Saffa Foods announced plans to expand its factory in Raysut Industrial City. The expansion will contribute to increase the volume in production.

Financial Performance

- A'Saffa revenues fell by 3.7% y-o-y to US\$ 77.3 million in FY 2020 from US\$ 80.3 million in FY 2019 due to unfavorable market conditions.
- The company's net profit increased by 26.1% y-o-y in FY 2020 to reach US\$ 6.3 million from US\$ 5.0 million in FY 2019.

Current Price (US\$) 1.2

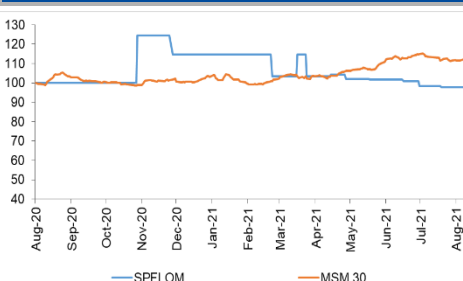
Price as on September 01, 2021

Stock Details	
Bloomberg ticker	SPFI OM
52 week high/low	1.6 / 1.2
Market Cap (US\$ mn)	146.5
Enterprise value (US\$ mn)	251.5
Shares outstanding (mn)	120

Average Daily Turnover ('000)

	OMR	US\$
3M	4	10
6M	2	5

Share Price Chart



Valuation Multiples

	2019	2020	LTM
P/E (x)	35.6	27.5	35.8
P/B (x)	1.7	1.5	1.4
EV/S (x)	3.6	3.9	3.3
Dividend yield (%)	3.5	3.6	4.3

Shareholding Structure

Zulal Investment Co.	33.2%
Gulf Investment Corp.	20.0%
Others	46.8%

Financial Performance

US\$ Million	FY 2019	FY 2020
Revenue	80.3	77.3
Operating Income	7.8	7.5
Net Income	5.0	6.3
NI Margin (%)	6.3	8.2
ROAA (%)	2.8	2.7
ROE (%)	4.7	5.6

Bahrain Flour Mills Company (Publicly Listed)

Bahrain

Company Description

Founded in 1970, Bahrain Flour Mills Company (BFM), also known as Al Matahin, is engaged in import, production and marketing of wheat flour and related products for local as well as foreign export markets. The company offers products catering to bakeries, hotels and restaurants, supermarkets and hypermarkets. Bahrain Flour Mills Co. BSC is a subsidiary of Bahrain Mumtalakat Holding Co. BSC, which owns 65.7% of the company.

Business Segments/Product Portfolio

▪ **Key products of the company marketed under Al-Matahin brand includes:**

- Flour No. 0
- Flour No. 2
- Pizza Flour
- All-Purpose Flour
- Dumpling Mix with Yeast
- Hab Harees
- Jereesh
- Semolina
- Wheat Bran
- Wheat Germ

Recent Developments/Future Plans

- N/A

Financial Performance

- BFM's revenues fell by 0.3% y-o-y to US\$ 18.7 million in FY 2020 from US\$ 18.8 million in FY 2019.
- The company's net profit declined by 41.3% y-o-y in FY 2020 to reach US\$ 2.9 million from US\$ 4.9 million in FY 2019. The decline was due to increase in operating expenses following the outbreak of COVID-19.
- BFM's gross profit however showed an improvement of 2.7% to reach US\$4.4 million.

Current Price (US\$) 0.9

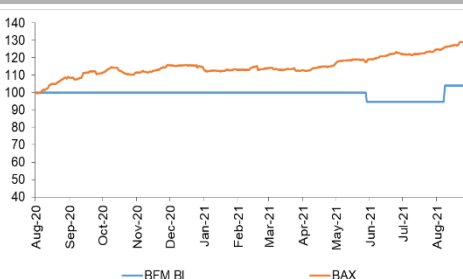
Price as on September 01, 2021

Stock Details	
Bloomberg ticker	BFM BI
52 week high/low	0.9 / 0.8
Market Cap (US\$ mn)	22.4
Enterprise value (US\$ mn)	18.6
Shares outstanding (mn)	24.8

Average Daily Turnover ('000)

	BHD	US\$
3M	8	21
6M	8	21

Share Price Chart



Valuation Multiples

	2019	2020	LTM
P/E (x)	NA	7.4	0.0
P/B (x)	NA	0.4	0.4
EV/S (x)	NA	2.2	1.0
Dividend yield (%)	NA	6.1	4.4

Shareholding Structure

Bahrain Mumtalakat Holding Co.	65.7%
Kuwait Flour Mills & Bakeries Co.	7.4%
Others	26.9%

Financial Performance

US\$ Million	FY 2019	FY 2020
Revenue	18.8	18.7
Operating Income	0.8	0.8
Net Income	4.9	2.9
NI Margin (%)	26.2	15.4
ROAA (%)	7.3	3.9
ROE (%)	9.2	5.2

Barakat Group (Privately Owned)

UAE

Company Description

Established in 1976, Barakat Group (Barakat) is a supplier of fresh fruits and vegetables, fresh juices, cut fruits and vegetables, ice cream and ice pops, and specialty items. The company's range of offerings also includes a wide variety of hot kitchen items to five-star hotels, restaurants, retailers and major airline catering companies in the UAE, Saudi Arabia, Oman, Kuwait, Maldives and the Far East. The group's infrastructure includes two business units, six state-of-the art facilities and 350 refrigerated vehicles that have a capacity to supply 6,000 tons of foodstuff monthly. In addition to this, Barakat owns and runs over 100 vending machines and five Barakat-manned kiosks that serve fresh food items in multiple locations in the UAE. In 2018, the group also launched barakatfresh.ae, an online portal, which offers home delivery of various fresh food products to consumers.

Business Segments/Services Portfolio

Barakat offers its various products through Barakat Vegetables and Fruits Co (BVFC), Barakat Quality Plus (BQP) and other associate companies including Mehtab, and Pure Quality Foods Trading.

- **BVFC:** BVFC is the fresh produce distribution arm of Barakat. The company supplies fresh vegetables, fruits and specialty items to hotels, restaurants, cafes, palaces and airline catering companies in the region. The supply of fresh vegetables includes regular vegetables (asparagus, green chili, bitter gourd and okra among others); leafy vegetables (spinach, cabbage, curry leaves, etc.); cress and herbs (basil, chervil, rosemary, sage, thyme, etc.); root vegetables (beetroot, carrot, ginger, horse radish, etc.) and squash and sprouts including bean sprout, and zucchini among others. BVFC supplies fresh fruits across categories including regular fruits (apples, avocado, etc.); citrus fruits (grapefruit, lemon, oranges, etc.); berries (red berries, strawberries, etc.); melons (honeydew, rock melon, watermelon, etc.) and exotic fruits (dragon fruits, passion fruit, lychee, etc.). The specialty products category includes cresses products (scarlet cress, melissa cress, shisho cress, etc.); edible flowers (violas, orchids, marigold, etc.) and exotic vegetables (purple cauliflower, agria potatoes, hyspi cabbage, etc.). BVFC runs operations in Dubai and Abu Dhabi while it imports fruits and vegetables from more than 40 countries around the world including citrus fruits sourced from South Africa, carrots from Australia, melons from Brazil and kiwis from Italy. It also sources locally from hydroponic produce in the UAE.
- **BQP:** Established in 2001, BQP is the manufacturing arm of Barakat. BQP is equipped with two state-of-the art manufacturing and storage facilities located in Dubai through which it produces and supplies fresh juices, cut fruits and vegetables, fresh salads and handcrafted ice creams and ice pops. In addition to this BQP has a full commercial hot kitchen, which prepares a variety of foodstuff including soups, sauces and hot meals for customers. BQP offers fresh juices of different types including single fruit juices (avocado, green apple, orange, etc.); special blend fruit juices (beetroot orange, mixed berries, etc.); health range (green juice, coconut, etc.); smoothies (banana, date, matcha, etc.); juice shots (ginger, aloe vera, etc.); seasonal juices (Ramadan smoothie, tamarind, etc.) and frozen juices available in different flavors. The cut fruit and veggies category includes cut fruits such as pomegranate, fruit salad watermelon slices, etc. and cut vegetables like fine cut beetroot, baby rocca leaves etc. BQP offers ice cream and ice pops across different types including milk ice cream (vanilla, strawberry, cheesecake, etc.); specialty ice cream (Ramadan Baklava, Japanese honey wasabi, Indian malai kulfi, etc.); sorbets (mango, lemon mint, cucumber, etc.); ice pops (orange, strawberry, etc.); frozen yoghurt (lemon, chocolate, mixed berries, lychee, etc.) and soft serve in vanilla, strawberry, chocolate and charcoal flavors, among others. The hot kitchen items include soups (mushroom, carrot ginger, etc.); salads (Greek salad, green salad, etc.) and dips and sauces such as beef Bolognese, herb dressing, Caesar dressing, etc.

Recent Developments/Future Plans

- In April 2021, Barakat revealed that it had tied up with 50 local farms during the pandemic to help the company deliver fresh leafy vegetables to consumers within four hours. The company representative further added that Barakat had seen a 4 times jump in its online business during lockdowns.

Source: Company website, Media Reports

Dubai Refreshments PJSC (Publicly Listed)

UAE

Company Description

Founded in 1959, Dubai Refreshments PJSC (DRC) is primarily engaged in the business of bottling and selling of PepsiCo beverages in Dubai, Sharjah and other Northern Emirates in the UAE. The company also provides indoor and outdoor vending solutions in the UAE. DRC has a wide distribution network, making products available to customers across UAE and others parts of the world. It has a production facility at Dubai Investment Park comprising five production lines which can produce over 200,000 cases per day.

Business Segments/Product Portfolio

The company operates in a single reporting segment of canning, bottling, distribution and trading soft drinks and related beverage products.

- **Carbonated Soft Drinks:** The company sells carbonated soft drinks of brands such as Pepsi, 7UP, Mirinda, Mountain Dew, Evervess, Britvil, and Shani.
- **Confectionary:** This branch offers cakes, brownies, wafer biscuits, and cupcakes among others under the brands Edita and Snack Time.
- **Ice Cream:** The company offers a wide variety of Nestle ice-cream brands such as Extreme Vanilla, Extreme Brownies, Kit-Kat, Mega, Paradise, Maxibon, Wich and Squizz.
- **Non-Carbonated Soft Drinks and Water:** The company sells iced tea of different flavors under the Lipton, Gatorade, Aquafina and Mirinda Joosy brands.

Recent Developments/Future Plans

- N/A

Financial Performance

- DRC's revenues declined 11.2% y-o-y to US\$ 153.7 million in FY 2020 from US\$ 173.1 million in FY 2019 due to fall in volume in both local and export markets.
- The company's net profit decreased by 15.6% y-o-y to reach US\$ 15.5 million in FY 2020 from US\$ 18.3 million in FY 2019 due to COVID-19.

Current Price (US\$) 5.2

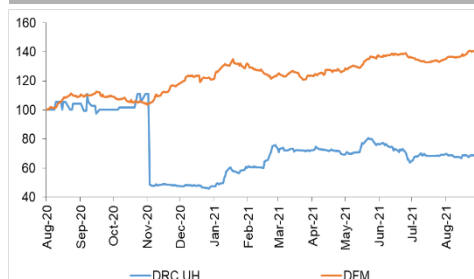
Price as on September 01, 2021

Stock Details	
Bloomberg ticker	DRC UH
52 week high/low	5.2 / 2.4
Market Cap (US\$ mn)	470.4
Enterprise value (US\$ mn)	437.2
Shares outstanding (mn)	90

Average Daily Turnover ('000)

	AED	US\$
3M	258	70
6M	170	46

Share Price Chart



Valuation Multiples

	2019	2020	LTM
P/E (x)	16.1	17.1	31.0
P/B (x)	1.1	1.0	2.0
EV/S (x)	1.9	1.9	2.8
Dividend yield (%)	4.1	6.4	3.7

Shareholding Structure

Ahmed bin Mohd Al Maktoum	20.0%
Mohd & Obaid Al Mulla Pvt Ltd.	10.2%
Others	69.8%

Financial Performance

US\$ Million	FY 2019	FY 2020
Revenue	173.1	153.7
Operating Income	18.7	15.4
Net Income	18.3	15.5
NI Margin (%)	10.6	10.1
ROAA (%)	5.7	4.7
ROE (%)	7.6	6.6

Foodco Holding PJSC (Publicly Listed)

UAE

Company Description

Established in 1979, Foodco Holding PJSC (Foodco), formerly known as Abu Dhabi National Foodstuff Co. PJSC together with its subsidiaries, primarily imports and distributes food and household items in the UAE. The company is also involved in various other activities like packaging and repacking food products, custom clearance, warehouses services, shipment services, development and management of real estate and commercial enterprises. The company also operates Figaro's Pizza restaurant business along with ownership of department store.

Business Segments/Product Portfolio

The company's subsidiaries in the food sector include:

- **Foodco LLC:** Established in 2006, this subsidiary provides a wide range of FMCG products, including rice of all varieties, sugar, edible oil, pasta, canned food, tuna, olives, etc., along with household aluminum foil and facial tissues. The company's trading activities include supplying food and non-food items to public and private organizations across the UAE. Pasta ZARA, Virginia, Gloden Gate, Lajawab are some of the key brands under this group.
- **Foodco National Foodstuff PJSC :** This subsidiary, formerly known as Sense Gourmet Food Co. PSC and established in 2005, is engaged in catering services through Abu Dhabi National Catering LLC and has the franchise rights of Figaro Pizza restaurants in the Middle East and Caffè Verri in the UAE.
- **Oasis National Foodstuff Company LLC :** Established in 1997, this subsidiary is engaged in packaging, repacking, grinding, shrink-wrapping and tapping food products for private labels, hotels, restaurants and military. The subsidiary also owns and operates a flourmill, which grinds, mixes and packs a range of spices.

Recent Developments/Future Plans

- In April 2021, Foodco partnered with Russia-based healthy snack producer BioFoodLab to promote and offer healthy eating products in the UAE.

Financial Performance

- Foodco reported revenues of US\$ 53.5 million, up 20.8% y-o-y, in FY 2020 compared to US\$ 44.3 million in FY 2019. Revenues increased due to income from investment properties and other investments, which incurred a loss in the previous year (FY 2019).
- The company reported profit of US\$ 15.2 million in FY 2020, compared to a loss of US\$ 28.8 million in FY 2019.

Current Price (US\$) 0.9

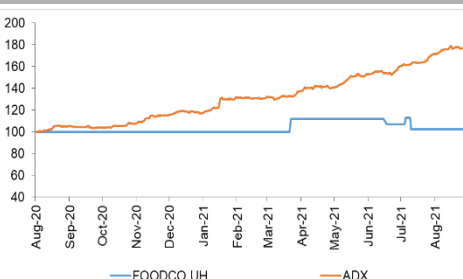
Price as on September 01, 2021

Stock Details	
Bloomberg ticker	FOODCO UH
52 week high/low	0.9 / 0.8
Market Cap (US\$ mn)	102.9
Enterprise value (US\$ mn)	218.8
Shares outstanding (mn)	120

Average Daily Turnover ('000)

	AED	US\$
3M	247	75
6M	13,337	3,631

Share Price Chart



Valuation Multiples

	2019	2020	LTM
P/E (x)	NA	6.4	9.3
P/B (x)	1.2	0.9	0.8
EV/S (x)	6.5	4.5	4.1
Dividend yield (%)	3.5	3.3	NA

Shareholding Structure

Al Wathba National Insurance Co.	22.8%
Mariam Al Khemeri	13.9%
Others	63.3%

Financial Performance

US\$ Million	FY 2019	FY 2020
Revenue	44.3	53.5
Operating Income	(21.3)	21.9
Net Income	(28.8)	15.2
NI Margin (%)	(65.0)	28.5
ROAA (%)	(9.9)	5.8
ROE (%)	(32.3)	14.0

Halwani Brothers Co. Ltd (Publicly Listed)

Saudi Arabia

Company Description

Founded in 1950, Halwani Brothers Co. Ltd. (Halwani Bros) is an established manufacturer and distributor of a wide range of food products, wet wipes and packaging materials. The products are manufactured in 15 factories located in Saudi Arabia and Egypt, which are exported to 32 countries besides Saudi Arabia under the brands Halwani Bros, Al Nakhla, Al Fallaha and Mukhtarat, among others.

Business Segments/Product Portfolio

- **Halawa:** The company offers a variety of halawa sweet products such as halawa with pistachio, halawa chocolate, halawa sorbitol, etc. under the Al Nakhla brand.
- **Maamoul:** Maamoul is one of the most popular sweet product of Halwani Bros which is offered in different varieties such as baby maamoul, finger maamoul, etc.
- **Meat:** Halwani Bros sells frozen chicken, beef and turkey of different varieties.
- **Jams:** It offers a variety of flavors of jams such as apricot, pineapple, strawberry, cherry and orange, among others.
- **Tahina:** The company offers tahina, a Middle Eastern condiment in various sizes under the Al Nakha brand.
- **Dairy:** Under its Al Fallaha brand, it offers dairy products such as yoghurt, cream, labneh and cheese.
- **Juice:** It offers a range of juices such as orange, strawberry and tamarind under the Sahten brand.
- **Others:** Under the Mukhtarat brand it sells pickles and oils, ice creams, grains, spices, sugar, and tissues among others.

Recent Developments/Future Plans

- In April 2021, Halwani Bros shareholders approved a 12.5% hike in capital through capitalization of SAR 39.3 million (US\$ 10.5 million) from statutory reserve aimed to boost the capital, business volume, and future plans.

Financial Performance

- Halwani Bros reported an annual growth of 17.2% in revenues in FY 2020, reaching US\$ 281.4 million from US\$ 240.0 million in FY2019, supported by sales growth in local and international markets, lower financing costs, and higher gross margin through efficient supply chain management.
- The net profit of the company soared by 4,178.4% reaching US\$ 26.9 million in FY 2020 from US\$ 0.6 million in the previous year. The net profit was higher due to higher operating income than the previous year.

Current Price (US\$) 27.2

Price as on September 01, 2021

Stock Details	
Bloomberg ticker	HB AB
52 week high/low	37.2 / 15.5
Market Cap (US\$ mn)	959.6
Enterprise value (US\$ mn)	964.3
Shares outstanding (mn)	35.4

Average Daily Turnover ('000)		
	SAR	US\$
3M	15,879	4,233
6M	16,477	4,393



Valuation Multiples			
	2019	2020	LTM
P/E (x)	445.7	24.8	33.4
P/B (x)	2.4	5.3	6.6
EV/S (x)	1.7	3.0	3.4
Dividend yield (%)	NA	1.3	1.3

Shareholding Structure	
Aseer Arabian Indus. Invest. Ltd.	55.5%
Mohd Abdul Hameed Halwani	7.0%
Others	37.5%

Financial Performance		
US\$ Million	FY 2019	FY 2020
Revenue	240.0	281.4
Operating Income	13.1	38.6
Net Income	0.6	26.9
NI Margin (%)	0.3	9.6
ROAA (%)	0.2	10.7
ROE (%)	0.5	18.9

IFFCO International Foodstuffs Co. LLC (Privately Owned)

UAE

Company Description

Established in 1975, IFFCO International Foodstuffs Co. LLC (IFFCO) operates a portfolio that spans across agriculture, food, beauty, oils and fats, chemicals, packaging, and logistics segments. The company's products are spread across 20 categories, and the food segment comprises of agricultural, processed food, related derivatives and intermediates such as bakery pre-mixes and food ingredients, oils and specialty fats for industrial as well as food service applications. In addition to this, IFFCO is engaged in the manufacturing and supply of solvent and water-based polymers and packaging products along with a range of animal feed products for regional livestock and poultry segments. IFFCO runs 80 operations across 37 countries, representing over 80 brands. The products have global reach and includes brands such as London Dairy, Igloo, Tiffany, Savannah, Noor, Rahma, Hayat, Allegro, Al Baker and Al Khazna. The company serves a diverse set of customers across different channels in the Middle East, Africa, Europe, Western and South Asia, and the USA. IFFCO is part of Allana Group, which is based in India and operates in the FMCG segment.

Business Segments/Services Portfolio

- **Impulse Foods:** Under this segment, IFFCO offers a wide variety of impulse foods including biscuits, wafers, snacks, chocolates, confectioneries, cakes and ice creams under the brands London Dairy, Igloo, Quanta, Tiffany, Piccadeli, Tom, Nabil.
- **IFFCO Beauty:** The Company manufactures a variety of soaps, liquid hand wash, shower gel, shampoo, deodorant and sanitizers under the brands Savannah, Guardex, Royal Leather, Eva and IFFCO Ivy.
- **Agri Business:** The company offers animal nutrition products such as, feed for poultry, dairy and livestock; fresh poultry and eggs; fruits; frozen foods; flour and baking ingredients. The company's brands include Al Baker and Swarna (flour); Al Khazna and A'Rayaf (poultry); Pristine (baking solutions); Khaleej and Dana (eggs,); Al Baker, Khaleej and Hayat (frozen foods) and Energizer RP10 and Energizer L10 (animal nutrition).
- **Oils and Fats:** The company offers a diverse range of cooking oils and related products such as sunflower oil, olive oil, corn oil, and canola oil, vegetable ghee, pure ghee, creams, margarine, butter, specialty fats, olives and vinegar. The products are marketed under the brands such as Noor, Rahma, Hayat, Alfa, Fern, Sunflow, and Golden Maize among others. Besides this, IFFCO also manufactures and supplies a wide range of fats and oils for applications in food industry, animal feed, healthcare sector, cosmetics and paint manufacturing. Additionally, the company offers a range of culinary products including ketchup and sauces, mayonnaise, dressings, seasonings and creams (Whipping and Cooking creams) under the brands Noor, Tiffany, Hayat, Sunny, Pristine, Hulala, Grancucina and Alfa.
- **Packaging:** The Company sells packaging and industrial products such as – PET preform and closure, corrugated boxes, die and molds, PVC compound, waterstop profile and masterbatch under the Empet, Emcap and Emform brands.
- **Sales & Distribution:** The company's activities under this segment are classified under two brands namely IFFCO Out of Home, and IFFCO Retail.
 - **IFFCO Out of Home:** This segment provides complete solutions to bakeries, beverage industry, hotels, restaurants, fast food chains, Quick Service Restaurants, caterers and cafeterias. It is the broad line solution provider for any operator within Out of Home Industry, supplying food, beverage, non-food products and services. Further, the company has distribution networks in the UAE, Saudi Arabia, Oman, Kuwait and Africa, comprising warehouses and transportation fleet to distribute its own products.
 - **IFFCO Retail:** IFFCO Retail transports a variety of dry, temperature-controlled frozen foods. The company partnered with non-IFFCO companies to increase their distribution reach - from the most modern outlets to the smallest grocery stores.

Recent Developments/Future Plans

- In September 2020, IFFCO acquired 3F Fuji Foods Pvt. Ltd. in India from Fuji Oil Group - a Japanese company specialized in vegetable oils and fats, industrial chocolate and emulsified products.

Source: Company website, Media Reports

Kuwait Food Company (Privately Owned)

Kuwait

Company Description

Founded in 1964, Kuwait Food Company (Americana) is a large food service, manufacturing and distributing company operating in more than 20 countries across the Middle East, Asia and Africa. The company's operations are divided into two divisions namely Americana Foodservice and Americana Food. Americana first introduced the concept of Quick Service Restaurant (QSR) in 1970 with the launch of Wimpy and it currently holds exclusive franchise rights to manage and operate over 1,800 restaurants of some well-recognized international brands in 13 markets across the Middle East, North Africa and CIS region. Americana Food represents a diverse food portfolio ranging from red meat to frozen vegetables to cakes and snacks. It runs 25 production sites across Kuwait, UAE, Saudi Arabia, and Egypt while exporting to the US, Canada, Australia, Europe, Hong Kong, Russia, Pakistan and Singapore. Adeptio AD Investments SPC Ltd., which operates as an investment company, hold a majority stake (93.4%, 2017) in Americana.

Business Segments/Services Portfolio

- **Americana Foodservice:** This division includes 1,800 operational restaurants which are further divided into five segments namely KFC, Hardee's, Pizza Hut, casual dining restaurants comprising of brands such as TGIF, Red Lobster, Olive Garden, and Longhorn; and growth segment restaurants comprising of Chicken Tikka, Costa Coffee, Krispy Kreme, Maestro, Fusion, Baskin Robbins and Samadi.
- **Americana Food:** The division undertakes manufacturing and distribution of food products such as red meat, chicken, canned beans, dairy, frozen vegetables, cold sandwiches, biscuits, cakes, chips and snacks. It has numerous brands under its umbrella including Senyorita and its sub-brands such as Lion, Break, Windows, and ZeeGo; California Garden; Koki; and Al Mazraa. Further, the company operates the brand Farm Frites and International Company for Agricultural Production and Processing (ICAPP) as a JV between Farm Frites Holland and Americana. ICAPP products include frozen fruits and vegetables and it owns and leases certified farms spanning 4,000 acres and processing factories and cold stores in the Middle East, which have an annual production capacity of 45,000 tonnes. The company's in-house brand goes by the name 'Americana' and it includes sub-brands such as Life, Al Sayyad, Pizzeria, Bakery and Gourmet.

Recent Developments/Future Plans

- In February 2020, PepsiCo renewed its 25-year partnership with Americana Group as per which the latter will continue to have access to PepsiCo beverage portfolio at Americana restaurants like KFC, Hardee's, Pizza Hut, etc.
- In July 2019, Americana and Luckin Coffee signed a Memorandum of Understanding (MoU) under which they have agreed to establish a JV to launch a new retail coffee business in the Greater Middle East (Arab Countries, Afghanistan, Cyprus, Iran Israel Pakistan and Turkey) and India.

Mezzan Holding Co. KSCP (Publicly Listed)

Kuwait

Company Description

Founded in 1945, Mezzan Holding Co. KSCP (Mezzan) is a vertically integrated conglomerate that has two main business lines: food, and healthcare and consumer. The company has operations in seven countries which are- Kuwait, Qatar, UAE, and Saudi Arabia in the GCC, Jordan and Iraq in the Middle East and Afghanistan in Asia. Its consumer products portfolio consists of more than 34,000 stock keeping units (SKUs), representing over 1,200 brands that are distributed through its 30 subsidiaries.

Business Segments/Product Portfolio

- **Food (Manufacturing and Distribution):** Mezzan manufactures and distributes products such as chips, snacks, meat, bottled water, dairy and canned foods under brands like Khazan, Kitco, Aqua Gulf, Dana, Milka, and Lurpak among others. The company also provides long-term retail and wholesale distribution services to over 100 global brands in Kuwait, the UAE and others. The segment contributed 48.4% of total revenues in 2019.
- **Catering:** The company offers contract-based catering services to corporations, hotels, industrial sites, airlines, healthcare facilities and ministries in Kuwait, Qatar and the UAE. The company serves about 130,000 meals per day. The catering segment accounted for 16% of its revenues during 2019.
- **Services:** Mezzan provides food supply services to NGOs, aid agencies, governments, US government prime vendors and others. This segment contributed 7.8% to the company's revenues during 2019.

Recent Developments/Future Plans

- In February 2021, Mezzan signed a distribution agreement with Savola Group's Afia International, which gives Mezzan the right to distribute Afia products in Kuwait.
- In December 2020, Mezzan signed an exclusive three year distribution agreement with Capri Sun, a German juice brand.
- In September 2019, Mezzan entered into a Shares Purchase Agreement (SPA) of KWD 1.2 million (US\$ 4.0 million) with a subsidiary of Al Fasaliah Group for the acquisition of 29% stake in Saudi Arabia-based Mezzan Food, thus increasing its stake to 99% in the company.

Financial Performance

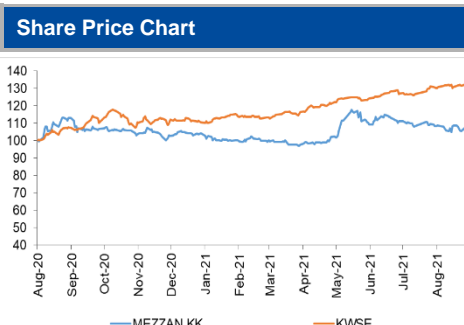
- Mezzan Holding's revenues increased by 10.8% y-o-y to US\$ 803.1 million in FY 2020 from US\$ 725.1 million in FY 2019.
- The company's net profit increased by 98.7% y-o-y to US\$ 41.1 million in FY 2020 from US\$ 20.7 million during the previous year as a result of improvement in overall profitability from higher margins, increased scale of operations, as well as lower borrowing costs.

Current Price (US\$) 1.9

Price as on September 01, 2021

Stock Details	
Bloomberg ticker	MEZZAN KK
52 week high/low	2.3 / 1.8
Market Cap (US\$ mn)	634.9
Enterprise value (US\$ mn)	785.8
Shares outstanding (mn)	308.3

Average Daily Turnover ('000)		
	KWD	US\$
3M	331	1,100
6M	316	1,050



Valuation Multiples			
	2019	2020	LTM
P/E (x)	27.0	16.9	16.5
P/B (x)	1.4	1.6	1.7
EV/S (x)	1.3	1.2	1.0
Dividend yield (%)	4.4	3.6	2.9

Shareholding Structure	
Al Wazzan Capital	32.0%
Muntaser Jassim Al Wazzan	10.7%
Others	57.3%

Financial Performance		
US\$ Million	FY 2019	FY 2020
Revenue	725.1	803.1
Operating Income	41.2	55.8
Net Income	20.7	41.1
NI Margin (%)	2.8	5.1
ROAA (%)	2.7	4.9
ROE (%)	5.6	10.7

Source: Company website, Company Filings, Media Reports

National Agriculture Development Company (Publicly Listed) Saudi Arabia

Company Description

Founded in 1981, National Agriculture Development Company (NADEC) offers services in agricultural and livestock production, reclamation of agricultural land, food and dairy production, and marketing and distribution of products. It operates through two key business segments namely NADEC Foods and NADEC Agriculture. The company has presence across key markets in the MENA region, and owns six dairy farms with around 83,000 cows and two processing plants which have a daily capacity of 1.5 million liters of milk.

Business Segments/Product Portfolio

- **NADEC Food:** The company offers more than 100 products across food categories such as dairy, juices and other food items. Dairy products include fresh milk and other milk products like flavored milk, laban, yoghurt, etc. It also offers a wide variety of fruit juices and food items like olive oil, croissants and flavored desserts etc. The organic olive oil is one of the company's most distinguished products which reported highest y-o-y revenue growth of 22.9% in FY 2019.
- **NADEC Agriculture:** The agricultural segment includes production of different vegetables, fruits, crops and fodder. The company grows fruits like peaches, apricots and plums; and vegetables like potatoes, onions and tomatoes. Crops produced by the company include wheat, clover, shami corn and Rhodes grass, grown over thousands of acres of land across four regions in Haradh, Wadi Al-Dawasser, Hail and Al Jouf areas of Saudi Arabia.

Recent Developments/Future Plans

- In May 2021, it was announced that NADEC and a consortium have been awarded the bid to acquire Second Milling Co., offered for privatization. NADEC will own 10% of the capital of the limited liability company established for the purpose.
- In March 2021, NADEC signed non-binding MoU with Dava Agricultural Co. and its sole shareholder Battal Saeed Battal Al Dosary, regarding a proposed acquisition of the company or certain land assets having an area up to 70 hectares.

Financial Performance

- NADEC's revenues increased by 3.5% y-o-y to reach US\$ 614.2 million in FY 2020 from US\$ 593.5 million in the previous year.
- The net profit of the company stood at US\$ 9.5 million in FY 2020, recovering from a loss of US\$ 1.9 million in FY 2019. The company's earnings rose due to grant income received related to land in Hail, Wadi Al Dawasir and Al Jouf (Saudi Arabia), and also due to lower general and administrative expenses during the year.

Current Price (US\$) 10.0

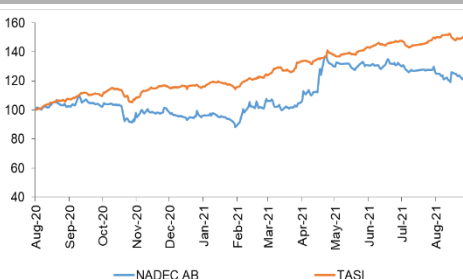
Price as on September 01, 2021

Stock Details	
Bloomberg ticker	NADEC AB
52 week high/low	12.2 / 7.0
Market Cap (US\$ mn)	1,016.4
Enterprise value (US\$ mn)	1,403.9
Shares outstanding (mn)	101.6

Average Daily Turnover ('000)

	SAR	US\$
3M	49,139	13,102
6M	57,615	15,362

Share Price Chart



Valuation Multiples

	2019	2020	LTM
P/E (x)	NA	85.1	163.0
P/B (x)	1.6	2.0	2.6
EV/S (x)	2.1	2.3	2.3
Dividend yield (%)	2.0	1.5	NA

Shareholding Structure

Saudi Agri & Livestock Invest. Co.	20.0%
Abdul Mohd Al Othman	7.3%
Others	72.7%

Financial Performance

US\$ Million	FY 2019	FY 2020
Revenue	593.5	614.2
Operating Income	30.9	22.6
Net Income	(1.9)	9.5
NI Margin (%)	(0.3)	1.5
ROAA (%)	(0.2)	0.9
ROE (%)	(0.5)	2.4

National Food Industries Company (Privately Owned)

Saudi Arabia

Company Description

Established in 1993 in Jeddah, National Food Industries Co. (NFIC) is engaged in manufacturing and packaging of a large variety of canned products, which are exported in more than 51 countries besides the GCC markets. The company manufactures aseptic goods, cans and a wide range of food products, which are marketed under brand labels such as Luna, Green Farms and other brands like Al Bustan, Al Hamra, and Rotana, which are solely for export market. Luna is a well-known brand in Saudi Arabia and its food products span across four categories namely dairy products, fowl and beans, tomato paste and other products. NFIC is a group company of Omar Kassem Alesayi Group, a holding company with business interests in multiple industries including real estate, manufacturing, and consumer and trading among others.

Business Segments/Services Portfolio

- **Dairy Products:** Luna dairy products include full cream evaporated milk, sterilized cream, milk powder, cream cheese spread, sweetened condensed milk, UHT full cream milk, cheddar cheese, iced coffee, and flavored milk.
- **Fowl and Beans:** NFIC offers Luna brand bean products such as red beans, baked beans, green peas, chick peas, white beans, and chana dal. Foul Medames products include peeled fowl with chili, extra grade fava beans, Egyptian recipe, Saudi recipe, Secret recipe and broad beans sold under the Luna brand.
- **Tomato Paste:** This food category offers three varieties of Luna tomato paste of different sizes.
- **Other Products:** It includes Luna branded chick peas in glass jars in two sizes and Luna whole kernel corn available in two different sizes.

Recent Developments/Future Plans

- N/A

National Food Product Company (Privately Owned)

UAE

Company Description

Founded in 1971, National Food Products Co. (NFPC), is a food and beverage company based in Dubai, UAE. NFPC's business operations include production and distribution of dairy products, juices, mineral and sparkling water. It is also involved in manufacturing of plastic packaging products, including cups. Through strategic acquisitions and partnerships, the company's business portfolio has grown to encompass a diverse range of brands namely Oasis, Lacnor, Blu, Laban Up, Gulf & Safa, Melco, Milco, Royal Bakers and Aqua Fresh. The products are distributed in over 40 countries across the Middle East, Africa, and Asia with focus on the GCC and LEVANT markets. The company is also a market leader in the GCC where it operates nine manufacturing plants and direct sales and distribution centers.

Business Segments/Services Portfolio

- **Brands:** The company is home to numerous brands, notable of which include:
 - **Oasis:** Founded in 1984, Oasis manufactures and distributes packaged drinking water of different sizes ranging from 100 ml cups to five gallons in eight countries besides the UAE. Blu is a sub-brand that offers sparkling water of different sizes and flavor. The company is well-known in the UAE and is a member of International Bottled Water Association and National Sanitary Foundation.
 - **Lacnor:** NFPC acquired Lacnor, a French-owned enterprise in the UAE in 1981. Its products include a variety of fruit juices, milk and flavoured milk that are sold in over 30 countries worldwide.
 - **Gulf & Safa:** Established in 1978, Gulf and Safa Dairies Co. offers a wide range of juices and dairy products including yoghurt, flavoured milk, labneh, laban, akkawi cheese, halloumi, majdallah and double cream from fresh milk in the GCC region. Their products are marketed under sub-brands such as Safa, Freshco, and Just Juicy.
 - **Melco:** Established in 1982, Melco offers a diverse range of juice products of various sizes and flavours such as mango, litchi, and fruit cocktail.
 - **Milco:** Founded in 1971, Milco offers dairy products such as yoghurt, labneh and milk.
 - **Royal Bakers:** Established in 2012, Royal Bakers products include sliced breads, Arabic breads, buns, rolls as well flavoured croissants and cakes among others.
 - **Aqua Fresh:** Launched in 2001, Aqua Fresh is a drinking water company that offers packaged water in different sizes.
- **Industrium Group:** Founded in 1977 in Abu Dhabi, Industrium provides plastic packaging solutions for food products, transportation packaging, composite material, green solutions, general maintenance, and tolls and engineering services. The company has consolidated its brands like MPC (Milco Plastic Co.), Solid Green and many others.
- **Arla:** Established in 1976, Arla NFPC is a JV between NFPC and Arla Foods amba (a Danish multinational company) with operations in the UAE and Oman. Arla is involved in production and distribution of dairy products including milk, cream, cheese, yoghurt, spreads, butter, and milk powder. Arla's best-selling products in the region are Lurpak, Three Cows and Puck.

Recent Developments/Future Plans

- In April 2020, Oasis launched a new product - boxed drinking water in tetra pack available in 330 ml size.

Oman Food Investing Holding Co. SAOC (Privately Owned)

Oman

Company Description

Established in 2012, Oman Food Investment Holding Co. SAOC (OFIC) is a wholly-owned subsidiary of the Government of Oman and is part of the Oman Investment Authority (OIA). OFIC was established with the aim of developing Oman's food sector and promote self-sufficiency in line with Oman's 'Vision 2040'. OFIC through its various partnerships with government agencies, private operators and investors undertakes several food projects, both national and international, to boost Oman's food security.

Business Segments/Services Portfolio

OFIC group companies are mainly divided into two segments: i) companies transferred to OFIC; ii) companies promoted by OFIC.

- **Oman Flour Mills Company (SAOG) (OFM):** Established in 1977 as the first food manufacturing company in Oman, it has strong presence in the Arabian Gulf, Africa, CIS and the Far East region. OFM's products include more than 20 varieties of flour, cattle and poultry feed, and horse feed, which are marketed under the brand names Dhabi, Barakat, and Alpha, respectively. OFM also owns Atyab Investments, established in 2010 to diversify the company's portfolio. Through Atyam, OFM has investments in several companies with stakes ranging from 30% to 100% across food categories such as feed, eggs, bakery, and confectionary items among others. OFIC owns 51% stake in OFM.
- **Oman National Livestock Development Co. (SAOC) (ONLDC):** Established in 1998, the government owns 60% stake in ONLDC. Its products include animal feed, poultry feed and premixes for multiple animal species.
- **Mazoon Dairy Co. (SAOC):** Founded in 2015, OFIC has 20% stake in Mazoon Dairy Co. It is Oman's largest integrated dairy project and operates a dairy farm, which has a capacity to shelter more than 25,000 cows in addition to Central Processing Plant which can produce over a million litres of milk per day.
- **Al Bashayer Meat Co.:** Established in 2016, Al Bashayer Meat Co. is the first largest integrated red meat project in the region. The project aims to import livestock such as cows, sheep, goats, camels, slaughter and distribute them for different market segments including retail, institutional customers and export market.
- **Al Namaa Poultry Co.:** Founded in 2015, the project plan is to build fully integrated poultry farm to produce 60,000 tons high quality white meat and products with the help of latest technology and processes. OFIC has 20% equity stake in the company.
- **Omani Dates Production & Packaging Co.:** Founded in 2018, the company is also known as Tumoor Co. and is responsible for the processing and packing of dates. The annual production capacity is 30,000 tons of dates.
- **Oman Oilseed Crushing Co.:** The company is setting up an integrated oil and soybean extraction plant in the port of Sohar. The extraction plant will produce soybean oil and meals for human and industrial consumptions.
- **Al Morooj Dairy Co.:** Established in 2017, the project involves collecting milk from various farmers in the Dhofar region, processing it and selling the same in Oman. OFIC has 30% stake in the company.
- **Veterinary Vaccines and Medicines Project:** The aim of this project is to prevent disease and epidemics affecting livestock by providing veterinary medicines and vaccines. It is expected to cover the needs of GCC, Iran and MENA countries along with Oman.
- **Agriculture production & Marketing Co.:** This project aims at collecting, storing, processing and marketing vegetables and fruits from farmers along with establishing model farms, compensate for shortage of markets and reduce imports.
- **International Seafood:** Established in 2019, the company plans to set up Sardine and Tuna cannery project with ancillary plant and related facilities, in Duqm with the processing inflow capacity of 88 KT/year.

Recent Developments/Future Plans

- In October 2019, Oman announced the National Program of Enhancing Economic Diversification. As a part of this program, OFIC was requested to coordinate the initiatives to set up Sardine/ Seafood cannery with ancillary plants and facilities.

Source: Company website, Media Reports

Oman Refreshment Company (SAOG) (Publicly Listed)

Oman

Company Description

Established in 1974, Oman Refreshment Co. (ORC) manufactures and distributes a wide variety of beverages and snacks. It holds franchise rights to produce, fill and distribute PepsiCo range of soft drinks and beverages, Aquafina water, Frito Lays range of snacks, Quaker range of Oat products, Eurocake bakery products, Froneri ice cream range products (Nestle, Mondelez, Dell Monte, etc.), hot beverages (Rabea, Lavazza) and frozen vegetables (Della Terra and Maestro) throughout Oman. ORC also produces and distributes juices under its own brand named Topfruit and operates in the vending machine business segment through its wholly-owned subsidiary Arabian Vending Co. The company's manufacturing plant is located in Al Ghubra and its nine distribution centers are spread throughout the country.

Business Segments/Product Portfolio

- **Beverages:** This segment includes carbonated soft drinks of PepsiCo brands; Aquafina Water; tea and coffee of brands like Lipton, Bario, Sting, Lavazza, Rabea Tea and Topfruit juices. The total capacity of the beverage segment is 500 million litres.
- **Snacks:** ORC distributes PepsiCo's range of snacks including Lays potato chips, Doritos, Cheetos, Sunbites, and Euro Cake.
- **Oats:** ORC offers Quaker range of oat products of different variety such as pasta, cookies, soups, and plain oats.
- **Icecream:** ORC offers ice creams of leading brands such as Del Monte, Cadbury, Nestle, Oreo, Daim, and Toblerone.

Recent Developments/Future Plans

- In September 2019, ORC collaborated with Sidel to launch three new formats for PET bottles.

Financial Performance

- ORC's revenues increased 0.3% y-o-y to US\$ 166.4 million in FY 2020 from US\$ 165.8 million during the previous year. The marginal rise in revenues was driven by better performance of export business, which recorded y-o-y growth of 350.6% and improved operational efficiencies in light of COVID-19.
- ORC's net profit in FY 2020 rose 1.5% y-o-y to US\$ 22.3 million from US\$ 22.0 million during the previous year.

Current Price (US\$) 3.5

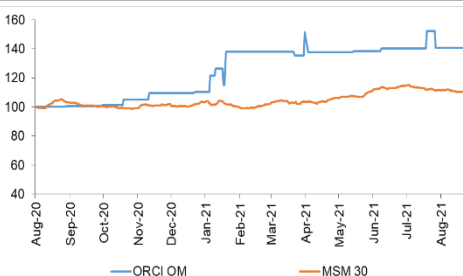
Price as on September 01, 2021

Stock Details	
Bloomberg ticker	ORCI OM
52 week high/low	3.8 / 2.5
Market Cap (US\$ mn)	172.8
Enterprise value (US\$ mn)	169.1
Shares outstanding (mn)	50.0

Average Daily Turnover ('000)

	OMR	US\$
3M	3	8
6M	6	17

Share Price Chart



Valuation Multiples

	2019	2020	LTM
P/E (x)	7.2	6.2	6.0
P/B (x)	1.0	0.8	0.9
EV/S (x)	1.2	1.1	1.0
Dividend yield (%)	6.1	7.1	3.8

Shareholding Structure

Mohd & Obaid Al Mulla Pvt. Ltd.	16.8%
Dubai Refreshments	14.2%
Others	69.0%

Financial Performance

US\$ Million	FY 2019	FY 2020
Revenue	165.8	166.4
Operating Income	22.5	22.4
Net Income	22.0	22.3
NI Margin (%)	13.3	13.4
ROAA (%)	10.5	9.2
ROE (%)	13.4	12.4

Saudi Goody Products Marketing Company (Privately Owned) Saudi Arabia

Company Description

Founded in 1969, Saudi Goody Products Marketing Co. (Goody) is a multinational food packaging company based in Saudi Arabia with operations in the UAE and South Africa. The company's product portfolio includes more than 200 varieties of pasta, tuna, sauces and spreads, canned vegetables, snacks, nectar drinks and sliced fruits catering to both end consumers as well as hotels, restaurants bakeries and catering companies. The products are sold across the GCC and Sub-Sahara region with the help of a large network of distributors present across the GCC countries, Yemen, Jordan, Libya, Kenya, and Canada. Apart from this, the company provides cooking support service named Goody Kitchen that comprises of tools such as shopper assistant, mobile applications, online Cooking Academy, food magazine, loyalty program, and social media platforms. The company is part of Saudi Arabia's Basamh Trading Group, a FMCG distribution company established in 1940.

Business Segments/Services Portfolio

- **Consumer Food:** Goody offers a wide range of pasta food such as pasta sauces, pasta creations, and kids pasta; seafood such as light meat tuna oil, white meat tuna, tuna meals, etc.; taste enhancers such as mayonnaise, hot sauce, ketchups, vinegar, etc.; soup varieties such as chicken noodle, and vegetable shortening; canned fruits and vegetables such as fava beans, sieved tomatoes, olives, etc.; nectars like sparkling apple nectar; spreads such as peanut butter, natural peanut butter and date spread; snacks such as popcorn; desserts such as original pancake syrup and Arabic sweets syrup; velor of two categories - sweet condensed milk, and canned cream; Cofique products including types of hot beverages and iced coffee; Treva brand of pasta, tuna and canned vegetables.
- **Food Service:** This segment includes a range of pasta products such as professional pasta, special pasta; soups, stocks and sauces; tomatoes; mayonnaise; sauces such as burger sauce, spicy chipotle; tuna; ketchup; mustard; dressings; vinegar; grape leaves; fava beans; canned vegetables and fruits; nectars; peanut butter; syrup; sweet condensed milk; date spread; hot beverages; cofique; popcorn and Treva products.

Recent Developments/Future Plans

- Goody's future plans include expanding its footprint in the GCC and South African markets.

Savola Group Co. SJSC (Publicly Listed)

Saudi Arabia

Company Description

Founded in 1979, Savola Group Co. SJSC (Savola) is a food and retail sector investment holding company in the MENA region. Savola Foods, the wholly owned subsidiary of the group, manufactures and distributes edible oils, sugar, seafood, pastas, confectioneries and agricultural products in local and international markets. Savola Retail operates more than 705 stores, largely in Saudi Arabia, through its subsidiaries Panda Retail Co. (98.9%) and Herfy Food Services (49%). Savola holds strategic interests in the two well-known GCC based food companies - Almarai Co. (34.5%) and Al Kabeer Co. (51%), besides investments in real estate companies.

Business Segments/Product Portfolio

- **Food:** The food business accounted for 43% of the company's total revenues in FY 2020. Its main subsidiary Savola Foods offers a wide range of products that are produced in more than eight countries and exported to over 50 markets under brands such as Afia, Yudum, Zaaki, Shams, and Rawaby, among others. The vertical also holds investments in Almarai and Al Kabeer.
- **Retail:** Savola's retail business accounted for 57% of the company's total revenues in FY 2020. The Panda Retail Co. is a grocery store chain with over 205 stores in Saudi Arabia and Egypt, in hypermarket and supermarket formats. Panda Retail Co. is a leading player in retail sector and Herfy is group's platform in QSR space.
- **Investment and Other Activities:** Savola has interests in several real estate and financial services companies.

Recent Developments/Future Plans

- In February 2021, Savola launched its Corporate Venture Capital (CVC) Program followed by investment in Lyve (logistics, e-commerce, and business solutions), and 100% acquisition of Libab - an e-grocery company.

Financial Performance

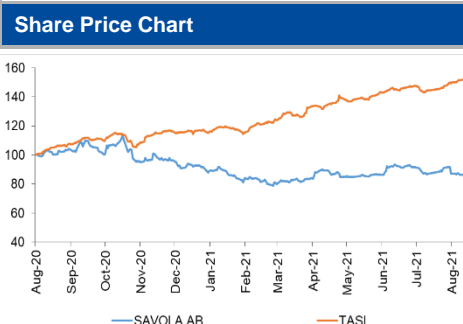
- Savola's revenues increased 1.4% y-o-y to reach US\$ 5,787.9 million from US\$ 5,709.1 million in FY2 020. The growth was helped by return to profitability of Panda Retail, higher earnings in Savola Foods Co., Al Kabeer and due to cost efficiency and optimization.
- The net profit of the company grew by 55.5% y-o-y to US\$ 272.4 million from 175.2 million during the previous year.

Current Price (US\$) 10.7

Price as on September 01, 2021

Stock Details	
Bloomberg ticker	SAVOLA AB
52 week high/low	14.4 / 9.9
Market Cap (US\$ mn)	5,709.2
Enterprise value (US\$ mn)	7,259.6
Shares outstanding (mn)	533.6

Average Daily Turnover ('000)		
	SAR	US\$
3M	44,264	11,802
6M	47,953	12,786



Valuation Multiples			
	2019	2020	LTM
P/E (x)	38.6	24.9	23.9
P/B (x)	2.1	2.5	2.5
EV/S (x)	1.7	1.8	1.3
Dividend yield (%)	2.9	0.7	0.0

Shareholding Structure	
Assila Investments Co.	11.2%
Abdulkader Al Muhaidib & Sons	8.2%
Others	80.6%

Financial Performance		
US\$ Million	FY 2019	FY 2020
Revenue	5,709.1	5,787.9
Operating Income	349.1	442.9
Net Income	175.2	272.4
NI Margin (%)	3.1	4.7
ROAA (%)	2.7	3.8
ROE (%)	7.7	11.1

Strategic Foods International Company (Privately Owned)

UAE

Company Description

Established in 1994, Strategic Foods International Co. (SFIC) is a wholly-owned subsidiary of Britannia Industries (India). Based in Dubai (UAE), the company manufactures and sells bakery brands including biscuits, chocolates, wafers, cakes, bread, rolls and other products across the GCC. Its manufacturing facilities are located in the UAE and Oman. The company's products are exported to 70 countries across Americas, South Asia and LEVANT regions.

Business Segments/Services Portfolio

- **Bakery Products:** SFIC offers a range of products such as croissants, cakes, bread rolls, biscuits, crackers, date and fig bars, chocolates, under the Nutro brand, one of the leading brands in the Middle East. It also supplies the whole range of Britannia biscuits, Britannia cakes, and Britannia cookies in the region.

Recent Developments/Future Plans

- SFIC's business strategy includes strengthening foothold among the Indian diaspora across markets with prime focus on the GCC and Americas.
- The company also aims to leverage new disruptive product launches to expand its consumer base targeting other ethnic clusters – Middle Eastern, South Asians, Hispanics, and Afro Americans.

Financial Performance

- SFIC reported revenues of AED 185.8 million (US\$ 50.6 million) in FY 2020, up from AED 185.7 million (US\$ 50.5 million) during the previous year.
- The company reported profit of AED 5.3 million (US\$ 1.4 million) in FY 2020 compared to a loss of AED 3.3 million (US\$ 0.9 million) during the previous year.

Sunbulah Group (Privately Owned)

Saudi Arabia

Company Description

Established in 1980, Sunbulah Group (Sunbulah) focuses on food manufacturing, processing and distribution in Jeddah, Saudi Arabia. The company's business operations also include creating trademarks, catering services, logistics services, retail, and leading projects. Sunbulah owns three large industrial complexes in Jeddah in addition to ownership of 12 units and few factories in Egypt. It offers more than 250 products across food categories like frozen pastry and cake, frozen meat and seafood, frozen vegetables and fruits, frozen convenience products, cheese, and natural honey. The products are distributed in more than 50 countries across GCC, Middle East, Asia, Australia, and Canada under the brands Sunbulah, Alshifa, Sary, and Walima. The company operates as a subsidiary of Saudi Brother's Commercial Co.

Business Segments/Services Portfolio

- **Frozen Bakeries:** The company specializes in this segment which offers different varieties of French baguettes and Vienna bread, rolls, ciabatta and panini, frozen cakes, Danish range and donuts, frozen cakes, and frozen croissant under the Sunbulah brand. The annual production capacity of this segment is over 30,000 tons.
- **Frozen Pastry:** Offers 28 varieties of puff pastry dough of different sizes and flavours, samosa dough, konafa dough, spring roll dough, and baklava filo among others under the Sunbulah brand.
- **Frozen Cake:** Offers a wide range of frozen ready to defrost and serve cakes of different flavours such as vanilla, chocolate, banana, sultana, dates and orange marketed under the Sunbulah brand.
- **Frozen Fruits and Vegetables:** Offers a range of frozen fruits such as strawberry, mango, guava, etc. and vegetables like green peas, mixed vegetable and okra under Walima and Sunbulah brands. The company's vegetable segment production capacity is more than 60,000 tons.
- **Frozen Potato:** It includes Sunbulah and Walima brand finger foods such as French fries, potato wedges, etc.
- **Frozen Seafood:** It Includes Sunbulah and Walima brand fish finger, breaded shrimp, and white fish fillet.
- **Frozen Meat and Poultry:** Offers a variety of chicken products under Sunbulah frozen chicken category and offers beef and lamb burgers, meat balls, kebabs of Sunbulah brand under frozen meat and lamb category. The annual production capacity of this segment is more than 40,000 tons.
- **Frozen Convenience:** Products include Sunbulah brand pizzas, spring rolls, pie, croquettes, and sambusak among others.
- **Frozen Chilled and Cheese:** It includes different varieties of mozzarella, cheddar, halloumi, labneh, and feta cheese marketed under the Sunbulah and Walima brands.
- **Honey and Jam:** Sunbulah offers natural honey and jam products under two brands namely Al Shifa and Sary. It has a production capacity of 15,000 tons.
 - **Al Shifa:** It is the company's flagship brand that offers premium quality natural honey sourced from flowers in South America, Australia, and Northern Europe.
 - **Sary:** It offers natural honey and jam products at comparatively modest prices for retail consumers as well as the food service sector.

Recent Developments/Future Plans

- In February 2021, Sunbulah announced plans of full or partial acquisition of a number of food factories and logistics services in Saudi Arabia, Europe, Asia and North America.

Trafco Group B.S.C (Publicly Listed)

Bahrain

Company Description

Founded in 1977, Trafco Group's (Trafco) principal activities includes import and distribution of food and non-food products, manufacturing, logistics and related activities. Trafco, through its various subsidiaries and associate companies, has expanded into several markets. The group collectively offers an array of products including canned, frozen & dry food and non-food products, general commodities, fresh fruits and vegetables and chilled & frozen meat imported from countries such as Australia, Brazil, Europe, the Far East, India, UK, US, and Pakistan besides the GCC and Middle East. The group has multiple brands under its umbrella including Sadia, Asmak, Dana, Omela, Rainbow, Al-Zamil, TATA Tea, Honig, and Metro among others.

Business Segments/Product Portfolio

Company	Type	Country	Ownership
Bahrain Water Bottling & Beverage Co.	Subsidiary	Bahrain	100.0%
Bahrain Fresh Fruits Co.	Subsidiary	Bahrain	100.0%
Metro Market	Subsidiary	Bahrain	100.0%
Trafco Logistics Co.	Subsidiary	Bahrain	100.0%
Awal Dairy Co.	Subsidiary	Bahrain	51.0%
Kuwait Bahrain Dairy Co.	Subsidiary	Kuwait	50.0%
Bahrain Livestock Co.	Associate	Bahrain	36.3%
Qatari Bahraini Food Trading Co.	Associate	Qatar	50.0%

Recent Developments/Future Plans

- In April 2019, Trafco announced plans to expand its US\$14 million logistics complex in Galali.

Financial Performance

- Trafco's revenues decreased 2.2% y-o-y to reach US\$ 98.1 million from US\$ 100.3 million in FY 2019 due to lower sales to hotels and the catering sectors amid the COVID-19 pandemic.
- The company's net profit grew 9.5% y-o-y in FY 2020 to US\$ 6.1 million from US\$ 5.6 million during the previous year, largely supported by government schemes.

Current Price (US\$) 0.7

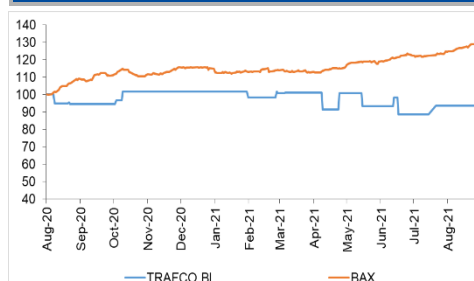
Price as on September 01, 2021

Stock Details	
Bloomberg ticker	TRAFCO BI
52 week high/low	0.8 / 0.7
Market Cap (US\$ mn)	59.1
Enterprise value (US\$ mn)	52.2
Shares outstanding (mn)	74.4

Average Daily Turnover ('000)

	BHD	US\$
3M	15	40
6M	167	442

Share Price Chart



Valuation Multiples

	2019	2020	LTM
P/E (x)	17.2	15.8	0.0
P/B (x)	0.8	0.7	0.8
EV/S (x)	1.0	0.9	0.5
Dividend yield (%)	6.5	6.7	5.4

Shareholding Structure

Abdulhameed Zainal	10.5%
Ebrahim Zainal	2.6%
Others	86.9%

Financial Performance

US\$ Million	FY 2019	FY 2020
Revenue	100.3	98.1
Operating Income	4.9	3.7
Net Income	5.6	6.1
NI Margin (%)	5.6	6.2
ROAA (%)	4.9	5.1
ROE (%)	7.0	7.4

Widam Food Company (Publicly Listed)

Qatar

Company Description

Established in 2003, Widam Food Co. (Widam) is a livestock and frozen meat provider in Qatar. The company's operations include import and trade of meat, livestock and feeds, in addition to managing and operating slaughter houses and butcheries in Qatar, including the Al Wakra automated slaughterhouse. The company is the exclusive importer of subsidized Australian sheep and sheep meat, which accounts for 61% of the local sheep market. The company's slaughter house capacity stood at 3,100 heads per day in 2020 with plans to increasing it up to 5,100 heads per day.

Business Segments/Product Portfolio

- **Livestock and Meat Products:** Widam's products include live and frozen meat from Australian, Syrian, Sudanese, Jordanian, Kyrgyzstan, Georgian, Pakistani, and Indian variety of sheep. It also includes cattle meat from Australia, Somalia, Ethiopia, and Brazil.

Recent Developments/Future Plans

- In March 2020, Widam signed a partnership agreement with Baladna, a producer of dairy and meat products in Qatar, to supply the local markets with veal meat.
- In March 2020, Widam started execution of its Al Shahaniya Slaughter house at a cost of QAR 115 million (US\$ 31.6 million) to serve people in the area which has a large number of livestock breeders.
- In November 2019, Widam announced acquisition of 2% shares of Baldana through an IPO.

Financial Performance

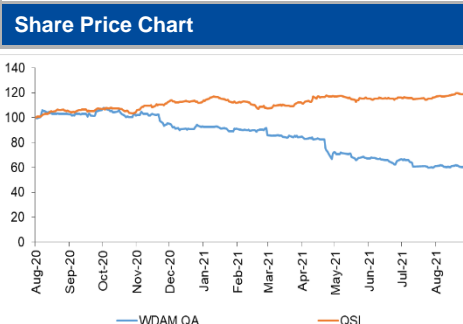
- Widam's revenues increased 23.6% y-o-y to reach US\$ 185.9 million in FY 2020 from US\$ 150.4 million in the previous year.
- The company's net profit fell 36.1% y-o-y to US\$ 13.8 million in FY 2020 from US\$ 21.5 million during the previous year.

Current Price (US\$) 1.1

Price as on September 01, 2021

Stock Details	
Bloomberg ticker	WDAM QA
52 week high/low	2.0 / 1.1
Market Cap (US\$ mn)	200.0
Enterprise value (US\$ mn)	138.2
Shares outstanding (mn)	180

Average Daily Turnover ('000)		
	QAR	US\$
3M	2,153	591
6M	2,979	818



Valuation Multiples			
	2019	2020	LTM
P/E (x)	15.4	22.6	28.9
P/B (x)	3.5	3.1	2.3
EV/S (x)	2.2	1.8	0.7
Dividend yield (%)	6.7	4.7	2.5

Shareholding Structure	
General Authority for Retirement	10.2%
Hassad Food	5.6%
Others	84.2%

Financial Performance		
US\$ Million	FY 2019	FY 2020
Revenue	150.4	185.9
Operating Income	24.1	20.0
Net Income	21.5	13.8
NI Margin (%)	14.3	7.4
ROAA (%)	13.6	8.5
ROE (%)	22.6	13.5



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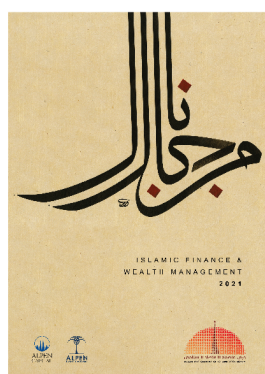
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Sameena Ahmad	Sanjay Bhatia	Krishnadas Mani	Zahra Husain
Managing Director	Managing Director	Director	Executive Manager
sameena.ahmad@alpencapital.com	s.bhatia@alpencapital.com	krishnadas.mani@alpencapital.com	zahra.h@alpencapital.com
+971 (0) 4 363 4345	+971 (0) 4 363 4359	+971 (0) 4 363 4390	+971 (0) 4 363 4321

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**Sale of 51% Equity Stake in
Al Kabeer Group of Companies**



to
Savola Group



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AL Bayan Group of Companies

Sale of 100% Equity stake in the water bottle
manufacturing, purification and distribution business.



to
Agthia Group PJSC



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**Cholamandalam Investment and Finance
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(~US\$150 million)**

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Investor



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US\$ 100,000,000
Term Facility

Financial Advisor



US\$ 67,500,000

Syndicated Senior Term Facility

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Landers

US\$ 20,000,000

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Private Equity Placement in



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