ABU DHABI INDUSTRIAL STRATEGY

دائرة التنمية الاقتصادية
DEPARTMENT OF ECONOMIC DEVELOPMENT

Department of Economic Development

Abu Dhabi Channel Partners Project

Creating attractive investment opportunities in the industrial sector

Opportunity Cards: Food processing sector

June 2023

CONFIDENTIAL

IDB and DED have identified 20 investment opportunities in the food processing sector in UAE with a combined market size of about USD 8 Bn by 2027

Disruptive

Disruptive	208	19.5%
1. Dairy alternatives	110	12.7%
2. Vertical farming	36	16.1%
3. Precision fermentation	34	41.3%
4. Plant based meat	19	15.8%
5. Food upcycling	9	42.1%

High Growth

High Growth	1,444	7.5%
6. Energy drinks	789	7.1%
7. Sauces & dressings	243	7.5%
8. Infant food	220	7.9%
9. Pet food	120	8.9%
10. Ready to eat meals	72	7.5%

Conventional

Conventional	6,277	5.2%
11. Chicken processing	2100	4.2%
12. Dairy products	1069	6.8%
13. Savory Snacks	981	5.0%
14. Packaged seafood	659	5.7%
15. Pasta and noodles	371	4.5%
16. Coffee premixes	357	4.6%
17. Breakfast cereals	271	6.1%
18. Ice cream	236	6.8%
19. Flavored beverages	201	6.5%
20. Date products	30	6.4%

UAE market size value in USD Mn (2027)

CAGR of addressable market (2022 to 2027)

Opportunity Economics were calculated based on the following methodology

Opportunity Economics Methodology

Capital Expenditure

- Capital expenditure was calculated the combination of benchmarking similar companies and adding components of CAPEX
  - Investment made by several local and global companies in different countries were benchmarked
  - Overall plant set-up cost based on machinery and equipment costs available from the various OEMs/aggregators was considered
  - The Capital expenditure amount was further adjusted based on intended capacity and factors like land costs, initial capital etc.
  - Capacity of the plant was calculated based on the total market size, growth rates, number of players, competitive scenario and expected market share at maturity. The required capacity was further adjusted for the potential utilization rate of ~60%-80%

Revenue

- Estimated revenue was calculated based on the production value which is calculated as: “Planned Capacity” X “Utilization Rate” X “Average Product Price”
  - Average product price was sourced from various company’s websites and E-Commerce companies
  - Product price was further adjusted for 25%-30% to reduce the distribution and retailer margin
  - Domestic revenue was considered based on the entity’s potential market share in the UAE
  - Exports were calculated based on size of addressable market, supply chain constraints, existing competition in the export markets etc.
  - Most conservative scenarios was considered for the potential market share of the investor
  - Market share of the largest entity operating in the region was also considered to deduce the estimated market share of the investor

EBIT Margins

- Estimated margins were benchmark of global entities operating in the similar product manufacturing
  - Average EBIT margins of at least 3-5 companies was considered to benchmark the potential EBIT margin for the investor post maturity
  - In case of large global companies operating across multiple segments, the margin of the opportunity specific segment was considered for the benchmarking
  - EBIT margins were further adjusted depending on the availability of raw materials and operating costs in the UAE

1. Dairy Alternatives

Opportunity overview

Dairy alternatives are products that use plant-based ingredients such as nuts, grains, seeds etc. to produce substitutes for milk and other dairy products

Primary Use Cases

- Vegan diet
- Alternative for creamer in smoothies, shakes and other blended drinks
- Diary-free alternative for lactose intolerance

Key Inputs

- Ingredients such as soybeans, almonds, coconut, oats, rice, sweeteners, emulsifiers and stabilizers etc.
- Mixing equipment, heating and cooling equipment, homogenizers, pasteurizers, packaging equipment etc.

Example suppliers

GREEN ROOTS
SST SAY IT WITH TRUST
mazzex
ADM

Business Activity (in focus)

- Sourcing raw materials/feedstock such as soy, almond, coconut etc.
- Blending ingredients with water followed by straining out the solids to form homogenous liquid
- Adding sweeteners, flavours and preservatives as needed

Example players

GREENHEART organic farms
nabati
Salm yook
alpro

Customers

- Convenience stores and supermarkets
- Restaurants
- Pet food manufacturers
- Hospitals
- Direct-to-Consumer channels

Potential local customers

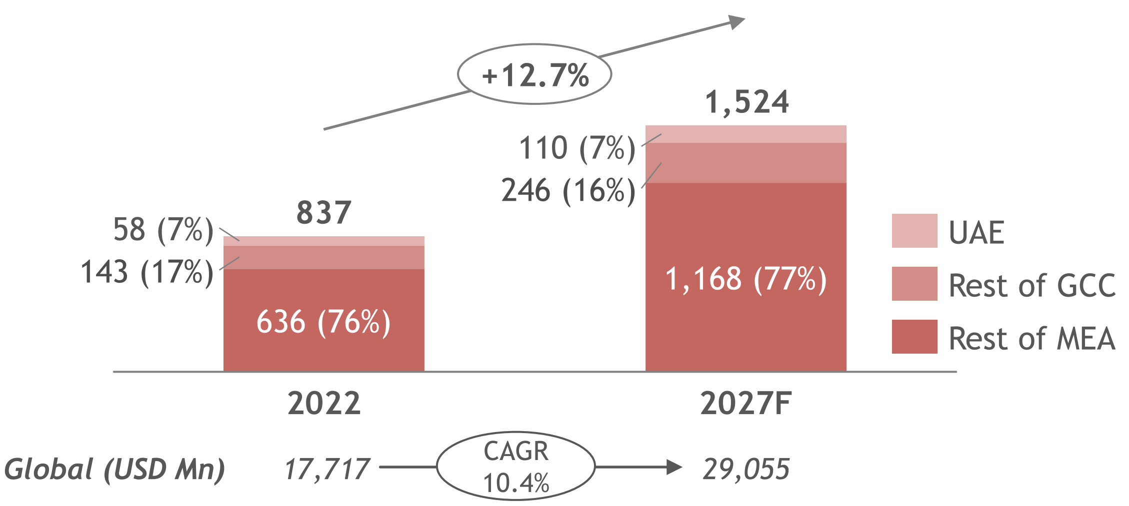
Applebee's
ZOOM your neighbor
ABELA أبيلا
Carrefour market

Local Competition: Limited but growing

- Very few small-scale players currently manufacture dairy alternatives in UAE (e.g., Greenheart Organic)
- International players, specially from Europe, distribute dairy alternatives in UAE (e.g., Alpro, Koita)
- Global large players are considering expansion into UAE as the market is highly attractive (e.g., Nestle)

Addressable market size (MEA) to grow by 80% in 5 years (12.7% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex

USD 12-14 Mn

Revenue

USD 16-18 Mn

Domestic - 80% | Export - 20%

EBIT

18%-20%

Key growth drivers

- Changing consumer preferences owing to health concerns such as lactose intolerance, heart diseases etc
- ESG focus by governments – Diary milk production emits more than 3 times greenhouse gases compared to its alternatives
- Consumer awareness towards nutrition requirement – Alternative dairy products contain high amount of fibre, calcium and protein

Assumptions and business case

- Estimated CAPEX is for an alternative dairy milk manufacturing plant of 20 Mn litre capacity per year
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: Marketline, SunOpta, Dallasnews

Growing local demand, robust infrastructure and strong export potential

Abu Dhabi advantage

Advantage	Details
Growing local demand	▸ High growth rate of ~13% CAGR for MEA through 2022-2027 ▸ Increasing demand owing to change in consumer preferences towards healthy dairy alternatives
Robust infrastructure	▸ KEZAD Food Cluster is providing strong infrastructure for the food processing industry ▸ Access to the specialised companies such as food-grade printing and packaging plants and centralised food testing and certification laboratories within KEZAD's food ecosystem
Strong export potential	▸ Very few competitors in the middle east manufacture alternative dairy products within the region ▸ Robust transportation network via road, rail, and sea provides Abu Dhabi strong advantage to cater to MEA region ▸ Global suppliers incur additional costs due to additional sterilization steps and safe transportation technology
Easy access to critical equipment	▸ Strong presence of international manufacturers of alternative dairy manufacturing equipment in UAE – e.g., GEA, Alfa Laval have strong distribution network in UAE enabling faster establishment of business operations with high quality and cost effective equipment

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: UAE 2030 report

2. Vertical Farming

Opportunity overview

Vertical farming uses stacked layers of crops in a controlled environment agriculture to optimize production using less land and fewer resources

Primary Use Cases

- Leafy greens
- Micro greens
- Berries
- Mushrooms

Key Inputs

- Structures such as buildings, shipping containers
- Environment control systems (temperature, humidity)
- Artificial lighting system
- Nutrient and fertiliser control and monitoring

Example suppliers

SURNA Cultivation Technologies
PHILIPS
Climate Control Systems a nebula group company

Business Activity (in focus)

- Nursery operation
- Plant management
- Resource management (lighting control, water management)
- Nutrient management (hydroponic, aquaponic, aeroponic)
- Harvesting

Example players

AEROFARMS Agriculture, Elevated.
CropOne
مزارع مدار madar farms
SMART ACRES سمارت أكيرس

Customers

- Hotels and restaurants
- Supermarkets and hypermarkets
- E-commerce/quick commerce platforms
- D2C platforms
- Aggregators (e.g., Silal)

Potential local customers

The Ritz-Carlton
سلال silal
Carrefour
LuLu Where the world comes to shop, safely!

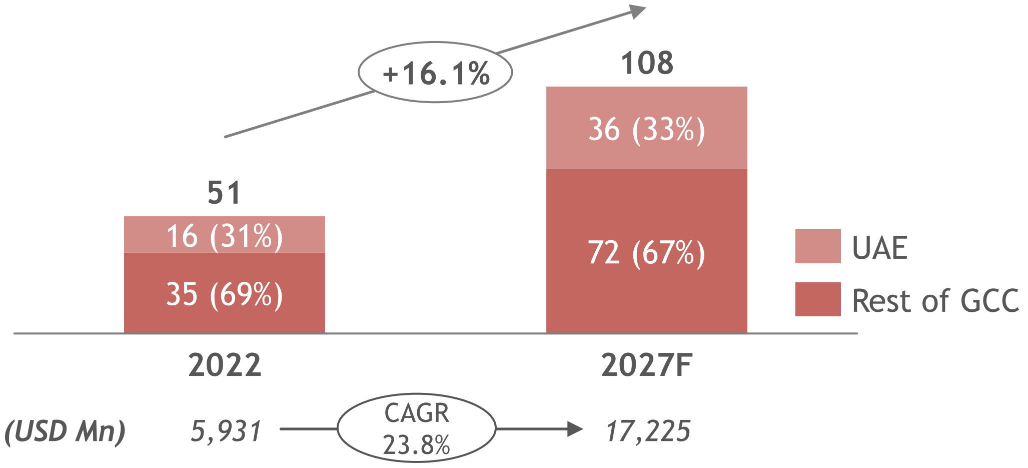
Local Competition: Limited but growing

- Several local and global vertical farming companies have established their presence in the Middle East
  - Aerofarms has opened 65,000 sq.ft. facility in Abu Dhabi for R&D to commercialise tomatoes and peppers
  - Crop one has opened 330,000 sq.ft. vertical farm in Dubai, with production capacity of 2 Mn pounds of leafy greens such as lettuce and arugula

Opportunity Summary

Addressable market size (GCC) to grow by 112% in 5 years (16.1% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex	
CAPEX	**USD 15-17 Mn**
Revenue	
	USD 12-16 Mn *Domestic - 80% | Export - 20%*
EBIT	
	18%-20%

Key growth drivers

- Growth in demand for fresh, locally grown produce in the middle east
- Shift in food production towards urban centres leading to adoption of vertical farming to optimise limited land resources
- Focus on food security by UAE government to reduce dependency on food imports

Assumptions and business case

- Estimated CAPEX is for a 5 acre vertical farming setup
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: Grand View Research, Agrifarming.In

Opportunity Summary

Growing demand, robust infrastructure and scope for import substitution

Abu Dhabi advantage

Advantage	Details
Growing demand	▸ Strong growth rate of ~10% CAGR for GCC through 2022-2027 ▸ Increasing shift in consumer preferences towards fresh fruits and vegetables
Robust Infrastructure	▸ ADQ has initiated the operational phase of the AgTech park ecosystem to implement sustainable farming techniques and localise food supply chain ▸ KEZAD has a well-established ecosystem for food industries across the entire value chain
Scope for import substitution	▸ There is growing focus of the UAE government to reduce dependency on import of vegetables and fruits – UAE imported USD 3.3 Bn worth of fruits and vegetables in 2021, which can be reduced through vertical farming
Strong distribution and retail network	▸ Number of supermarkets and hypermarkets in the UAE have been increasing, thus strengthening last mile connectivity to the customers ▸ Local players like Lulu are tying up with aggregators (Silal) to procure fresh organic produce

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: Mordor intelligence, ADQ, ADIO, Wamda

3. Precision Fermentation

Opportunity overview

Precision fermentation is considered an advanced type of fermentation that is used to produce certain proteins, vitamins and antioxidants

Primary Use Cases

- Dairy products
- Eggs
- Fats/oils
- Meat/seafood

Key Inputs

- Feedstock such as agriculture crops and by-products of food industry
- Bio reactors

Example suppliers

MUELLER
GEA Engineering for a better world.

Business Activity (in focus)

- Target selection
- Host selection and strain development
- pH, temperature, salt and environment control
- Separation and concentration
- Purification and product formulation

Example players

motif FOODWORKS
change FOODS
eggmented reality

Customers

- Dairy product manufacturers
- Bakery and confectionary
- Egg and meat producers
- Supermarkets and hypermarkets
- E-commerce/quick commerce platforms

Potential local customers

مزارع العين Al Ain Farms
أغذية agthia For The Better • من أجل الأفضل
أراماتك aramtec A FOOD SERVICE COMPANY
نون noon

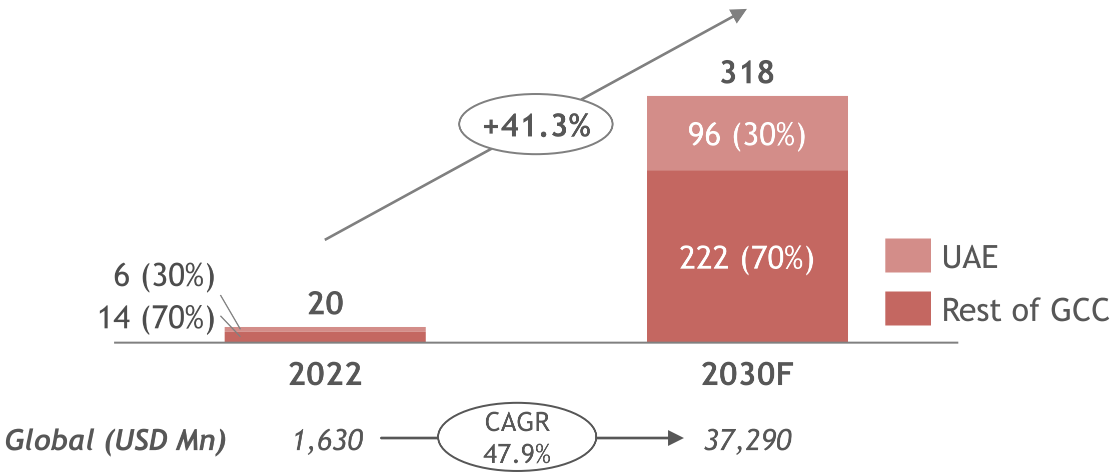
Local Competition: Limited but growing

- Several start-ups are emerging in UAE with focus on increasing production and sustainability of animal products (e.g., Change Foods)
- Regional players are also emerging in the Middle East region (Remilk in Israel, Mayamilk in Turkey)
- Global players such as Nestle and Fonterra have tied up with start-ups to venture into the space and diversify their product offerings to cater to new customer segments

Opportunity Summary

Addressable market size (GCC) to grow by about 1500% in 8 years (41.3% CAGR)

Addressable market by regions (USD Mn), *2022-2030F*



Opportunity economics

Capex

USD 12-15 Mn

Revenue

USD 10-13 Mn

Domestic - 65% | Export - 35%

EBIT

6%-7%

Key growth drivers

- Growing demand for probiotic, functional, and live food with positive health benefits in the middle east region
- Focus on food security by UAE government to reduce dependency on food imports
- Increased access to technical expertise driven by recent technological advancements

Assumptions and business case

- Estimated CAPEX is for a precision fermentation plant of 1,000 kilolitres capacity per year
- Revenue and EBIT figures are shown at maturity (expected in 8 years)

Source: Peakbridge, Polaris Market Research

Robust infrastructure and government focus on food security

Abu Dhabi advantage

Advantage	Details
Robust infrastructure	▸ Strategic location of KEZAD Food Cluster enables proximity to seaports and airports ▸ KEZAD Food Cluster offers low set up and operational costs, and provides business setup assistance – Change Foods has signed a pre-development agreement to build a 1.2 Mn litres fermentation facility for its animal-free dairy products
Government focus on food security	▸ UAE is focussing on development of sustainable food production technologies to cater to growing local and regional demand – UAE government has given subsidies to finance precision fermentation projects and enable scaling up of the manufacturing plant through the nextgen FDI program
Access to capital	▸ Financial institutions in Abu Dhabi provide project financing, and export credit & insurance – Emirates Development Bank provides project financing up to maximum LTV of 80% – Etihad Credit Insurance and Abu Dhabi Exports Office provides export credit and insurance
Key incentives	▸ Offers land at low rates – AED 5 (USD 1.36) per square meter as food is a prioritised sector ▸ No federal tax on profits/income, stamp duty, and withholding tax on companies in the UAE

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: Plant based World Pulse

4. Plant Based Meat

Opportunity overview

Plant-based meat is used to describe food that is designed to mimic or imitate animal meat products in terms of appearance, taste and texture

Primary Use Cases

- Burger patty
- Nuggets
- Deli slices and hotdogs
- Taco or chili meats

Key Inputs

- Protein ingredients (Soy, pea, lupin,wheat)
- Fats (sunflower, canola, coconut oils)
- Structural ingredients (starches, cellulose)
- Colour (beet extracts, caramel colouring)

Example suppliers

TRICE CHEMICALS QUALITY FIRST | REPUTATION FOREMOST

AARKAY

Business Activity (in focus)

- Extraction of proteins from raw plant material
- Structuring of proteins through extrusion or shear cell process
- Addition of colour, flavour and aroma components
- Treatment for microbial contamination

Example players

IFFCO INVESTING IN THE FUTURE

IMPOSSIBLE™

TiNDLE™

Customers

- Supermarkets and hypermarkets
- Retail outlets
- Online marketplace
- Hotels and restaurants

Potential local customers

The Ritz-Carlton®

نون noon

Carrefour

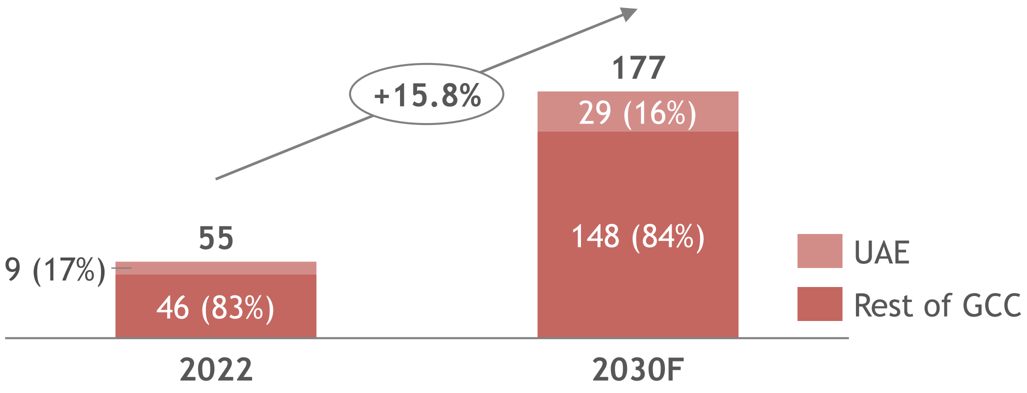
LuLu Where the world comes to shop, safely!

Local Competition: Limited but growing

- IFFCO group has opened the region’s first 100% plant-based meat factory in Dubai under the brand Thryve
- Switch foods inaugurated a 2,000 sq.m. facility with a production capability of 8,000 kg/day in Abu Dhabi
- Global players like Impossible foods and Tindle have announced their intention for international expansion and plan to launch their products in UAE

Addressable market size (GCC) to grow by 220% in 8 years (15.8% CAGR)

Addressable market by regions (USD Mn), *2022-2030F*



Global (USD Mn) *6,300* → CAGR 15.2% → *19,570*

Key growth drivers

- Increasing awareness of the environmental impact of animal agriculture is driving demand for plant-based alternatives in the UAE
- Plant based meats are considered as healthier alternatives, which is driving their consumption by health-conscious customers

Opportunity economics

Capex

USD 8-10 Mn

Revenue

USD 11-14 Mn

Domestic - 70% | Export - 30%

EBIT

18%-20%

Assumptions and business case

- Estimated CAPEX is for a plant based meat manufacturing plant of 1,500 tonnes capacity per year
- Revenue and EBIT figures are shown at maturity (expected in 8 years)

Source: Insight Partners, Good Food Institute

Growing demand, robust infrastructure and government support

Abu Dhabi advantage

Advantage	Details
Growing demand	▸ Demand for plant based meat products in UAE is expected to grow at a rate of 16% form 2022-30
Robust infrastructure	▸ Strategic location of KEZAD Food Cluster enables proximity to seaports and airports ▸ KEZAD Food Cluster offers low set up and operational costs, and provides business setup assistance
Government support	▸ Plant based meat is a key component of UAE's National Food Security Strategy 2051 and UAE's mandate to mitigate the impact of climate change ▸ Government is encouraging citizens to adopt plant-based diets as part of the country's "Year of Sustainability" initiative
Access to capital	▸ Financial institutions in Abu Dhabi provide project financing, and export credit & insurance – Emirates Development Bank provides project financing up to maximum LTV of 80% – Etihad Credit Insurance and Abu Dhabi Exports Office provides export credit and insurance

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: KEZAD,Insight Partners

5. Food Upcycling (Food Waste into Animal Feed)

Opportunity overview

Production of animal feed and related bi-products from food waste through Black Soldier Fly (BSF) larvae harvesting

Primary Use Cases

- Animal protein
- Organic fertilizers
- Chitin (polymer used for pharmaceutical & cosmetic purposes)
- Oil & bio-diesel

Key Inputs

- Discarded edible food
- Spoiled food while transportation
- Food waste from retailers, restaurants, households
- Waste management centres
- Waste processing facilities
- Upcycling facility (BSF larvae harvesting)

Example suppliers

Tadweer, Mil-tek, Carrefour, LuLu

Business Activity (in focus)

- Sourcing organic waste from waste management centres, restaurants and supermarkets
- Use Black Soldier Fly Larvae to upcycle organic waste to create proteins, lipids and organic fertilizers
- Develop distribution network across the country

Example players

Circa Biotech

Customers

- Poultry farms
- Aquaculture
- Pharmaceutical and cosmetic producers

Potential local customers

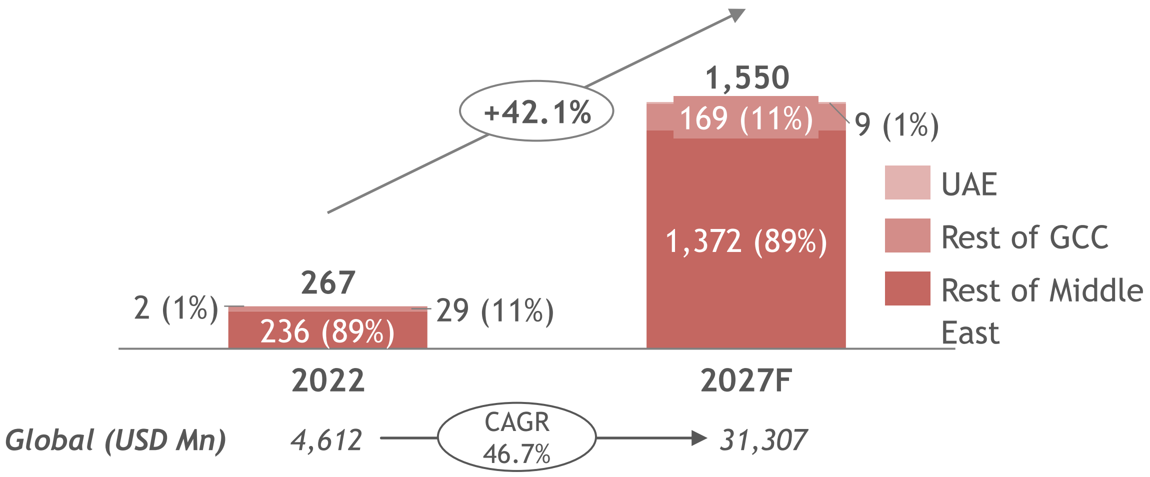
Fish Farm, Al Ain Farms, Al Jazira Poultry Farm LLC, Al Rawabi

Local Competition: Limited

- Circa Biotech is the only local player operating in this space, producing animal protein and fertilizer from food waste using BSF larvae harvesting
- Circa Biotech is region's first food upcycling company
  - Several start-ups like Agriportein (Germany), BioflyTech (Spain), Sfly Greentech (France) etc. are emerging across the globe

Addressable market size (Middle East) to grow by 480% in 5 years (42% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex
USD 4-6 Mn

Revenue
USD 140-150 Mn *Domestic - 2% | Export - 98%*

EBIT
6%-8%

Key growth drivers

- Growing need for the livestock feed in the region. UAE currently imports ~USD 1 Bn of soyabeans every year of which 85% used as poultry feed
- Government push on food security and sustainability based on innovation, green development and circular economy

Assumptions and business case

- Estimated CAPEX is for a food waste to animal feed manufacturing plant of 10,000 tonnes capacity per year
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: UAE Ministry of Industrial and Advanced Technology, United States Department of Agriculture, Capital IQ

Robust infrastructure, raw material availability and regulatory support

Abu Dhabi advantage

Advantage	Details
Robust infrastructure	▸ Established distribution channels through food waste management companies like Tadweer (Abu Dhabi Waste Management Centre), Mil-tek etc. ▸ Well established food tech infrastructure available in Masdar Tech Park in the Abu Dhabi
Raw material availability	▸ The UAE generates about1,500 kilo tonnes of food waste each year (worth USD 3.5 Bn) ▸ Currently, 40% of food waste is disposed of in landfills, while the remaining 60% is burned or processed aerobically to produce fertiliser
Regulatory support	▸ Ministry of Climate Change & Environment provides regulatory support in waste management and feed production through upcycling ▸ Government enabled platforms and marketplaces to connect food producers to consumers ▸ Large opportunity to substitute animal protein imports through food waste upcycling as part of Abu Dhabi government’s push towards circular economy and sustainability
Key incentives	▸ Government support for research into food-processing biotechnologies to identify potential uses for food by-product ▸ ADIO offers financial support (rebates on investments, innovation cost, utility costs) and non-financial support (land location, regulatory and strategic advice)

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: KEZAD Group, IDB, ADIO, EDB, UAE Ministry of Climate Change and Environment

6. Energy and Sports Drinks

Opportunity overview

Energy drinks provide increased energy and mental alertness whereas sports drinks are designed to replenish fluids, electrolytes, and carbohydrates lost during physical activity

Primary Use Cases

- Protein shakes
- Electrolyte drinks
- Post-workout drinks
- Energy boosters
- Hydration beverages

Key Inputs

- Raw materials such as water, glucose, electrolytes, caffeine, vitamins, flavourings, sweeteners etc.
- Equipment such as mixing tanks, heat exchangers, carbonation equipment, bottling and canning equipment etc.

Example suppliers

Cargill
DOW
DSM

Business Activity (in focus)

- Mixing, heating, filtering, carbonation etc. to create the final product
- Testing the final product for quality, taste, and safety
- Bottling, packaging and labelling
- Marketing and distribution of the product

Example players

Red Bull ENERGY DRINK
Dubai Refreshment
MONSTER ENERGY

Customers

- Convenience stores and supermarkets
- Bars and restaurants
- Corporate offices
- Fitness and sports institutes
- Direct-to-Consumer channels

Potential local customers

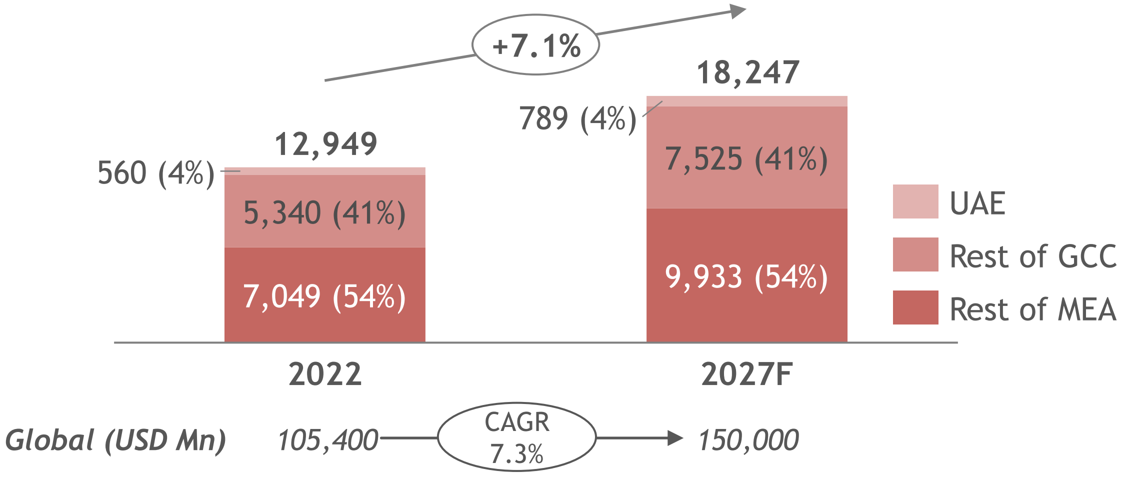
Applebee's
FITNESS TIME
ZOOM your neighbor

Local Competition: Limited

- Regional soft drinks manufacturers who are looking to expand their energy and sports drinks portfolio (e.g., Dubai refreshments)
- Global players who are looking to expand their market presence and diversify their product offerings (e.g., Red Bull, Monster Energy etc.)

Addressable market size (MEA) to grow by 40% in 5 years (6.9% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Key growth drivers

- Growing popularity of high intense workouts such as HIIT (High-intensity internal training) is leading to an increased consumption of energy and sports drinks
- Increasing health awareness is compelling consumers to shift from traditional soft drinks to energy and sports drinks to maintain proper hydration and suit their lifestyle needs

Opportunity economics

Capex

USD 26-30 Mn

Revenue

USD 65-75 Mn

Domestic - 70% | Export - 30%

EBIT

12%-14%

Assumptions and business case

- Estimated CAPEX is for a energy and sports drinks manufacturing plant of production capacity 100 Mn bottles per year
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: Capital IQ, Business.Oregon

Growing demand, robust infrastructure and availability of specialized ingredients

Abu Dhabi advantage

Advantage	Details
Growing demand	▸ Major end consumer industries - tourism and sports, are expected to grow at 6.2% and 7.1% CAGR respectively during 2023-2027 in the region
Robust infrastructure	▸ Abu Dhabi Industrial City, offers a range of facilities and services for manufacturing, including warehouses, workshops, and office spaces
Availability of specialized ingredients	▸ Sweeteners, electrolytes and many other raw materials are abundantly available in the UAE
Distribution networks	▸ Established distribution network for drinks and beverages making it easier for energy and sports drinks businesses to get their products to the market

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: UAE 2030 report

7. Sauces and Dressings

Opportunity overview

Bottom dressing sauces, top sauces and multiple dressings for the local consumption and export market

Primary Use Cases

- Ketchup
- Mayonnaise
- Traditional sauces
- Salad dressing
- Sandwich spread

Key Inputs

- Vegetables, fruits, herbs & spices, additives, preservatives etc.,
- R&D centre to develop new flavours/processes
- Processing and packaging equipment

Example suppliers

KIBSONS INTERNATIONAL
SAFCO

Business Activity (in focus)

- Recipe development
- Sorting and mixing of the raw materials
- Heating and homogenisation
- Packaging and quality control

Example players

PureFood PROCESSING INDUSTRIES LLC
HK's Amar
GENERAL FOOD PROCESSING INDUSTRIES LLC
DELTA FOOD INDUSTRIES FZC

Customers

- Hotels and restaurants
- Supermarkets and grocery stores (own brand and white-labelling)
- Institutional catering companies

Potential local customers

Spinneys
WAITROSE & PARTNERS
Carrefour
LuLu Where the world comes to shop, safely!

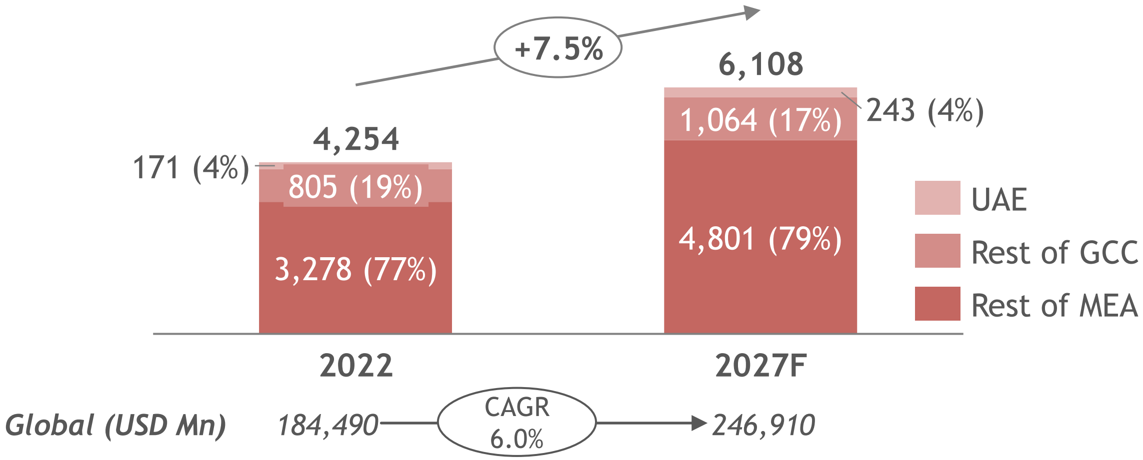
Local Competition: Moderate

- There are local producers like PureFood, HK Amar, General Food etc., operating at a relatively small scale and majority of the current demand is import dependent
- Very limited number of global players have their own manufacturing unit in the region

Opportunity Summary

Addressable market size (MEA) to grow by 44% in 5 years (7.5% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Key growth drivers

- Increasing consumer demand for flavours and textures from their culinary traditions or experience and experiment foreign cuisines
- Increasing demand of private label brands in the UAE as consumers become more value-conscious and seek high-quality products at affordable prices
- Growing number of restaurants and hotels in the region are raising demand for specialized sauces and dressings

Opportunity economics

Capex

USD 10-12 Mn

Revenue

USD 40-45 Mn

Domestic - 55% | Export - 45%

EBIT

10%-12%

Assumptions and business case

- Estimated CAPEX is for a ketchup manufacturing plant of 14,000 tonnes capacity per year
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: UN Comtrade, Capital IQ

Robust infrastructure and raw material accessibility

Abu Dhabi advantage

Advantage	Details
Robust infrastructure	▸KEZAD Food Cluster is the hub for food processing, storage and distribution activities in the UAE ▸KEZAD has close proximity to Al Ain – the hub for fresh produce in the UAE ▸Abu Dhabi has well developed cold storage facilities, testing and certification, and packaging facilities
Raw material accessibility	▸Close proximity to India to source required vegetables, spices, herbs and other ingredients at relatively reasonable prices ▸Increasing domestic production of vegetables and fruits, e.g., Pure Harvest has established the commercial greenhouse, with a focus on year-round tomato production
Proximity to the export markets	▸Khalifa Port serves over 25 shipping lines, offering global reach and direct links to major export markets in the MEA
Key incentives	▸No federal tax on profits/income, stamp duty, and withholding tax on companies in the UAE ▸Multiple incentives and advisory services provided by IDB as part of various programs e.g., smart manufacturing program, financial ecosystem program, electricity tariff incentive program etc.

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: KEZAD Group, IDB, EDB, UAE Ministry of Industry and Advanced Technology

8. Infant Food

Opportunity overview

Foods designed and formulated to meet the nutritional needs of infants, typically from birth up to 12 months such as infant formula, infant cereals, fruit purees, etc.

Primary Use Cases

- Complementary foods along with breast milk
- Special dietary needs

Key Inputs

- Raw materials (grains, dairy products, fruits, vegetables)
- Additives & preservatives (vitamin & mineral fortifiers, rosemary extract, etc.)
- Processing, production and packaging equipment

Example suppliers

Fonterra
DSM
Tetra Pak® PROTECTS WHAT'S GOOD
Aptar

Business Activity (in focus)

- Cleaning of raw materials
- Pasteurisation
- Grinding, pureeing & blending of raw materials
- Addition of additives and preservatives
- Packaging of infant foods

Example players

مصنع حسني لإنتاج أغذية الأطفال و حليب البودرة
HASSANI BABY FOOD & MILK POWDER PROD. FACTORY
Arla
for aisha
HiPP

Customers

- Medical stores
- Specialized baby stores
- Retail chains (independent brand & white labelling)
- Online marketplace

Potential local customers

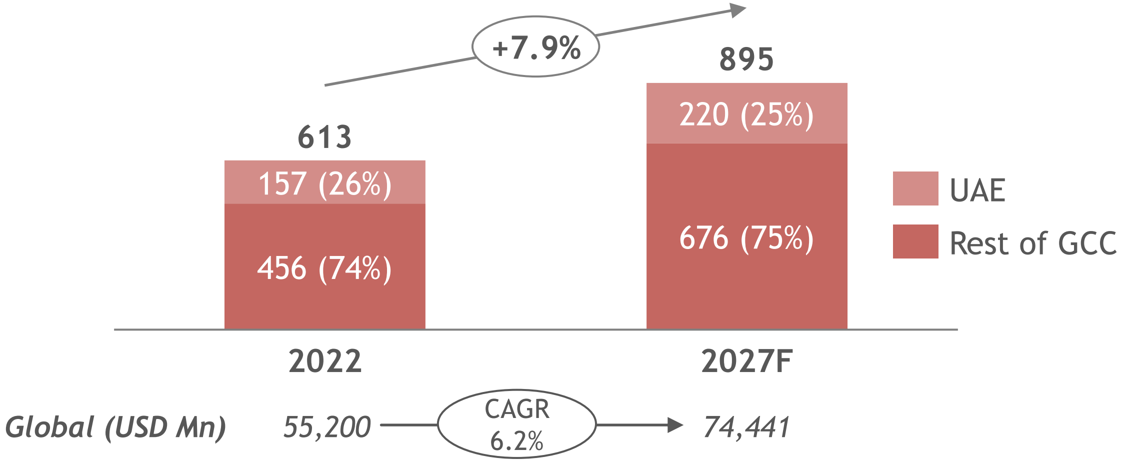
Carrefour
LuLu
نون noon
babystore FROM TUMMY TO TODDLER
Aster PHARMACY We'll Treat You Well

Local Competition: Limited but growing

- Very limited number of indigenous manufacturers in UAE (e.g., Hassani Group)
- Global players focussing on innovative products like camel milk-based formula, halal baby foods, organic infant foods, etc. (e.g., Arla Foods, For Aisha Baby Foods, Nestlé, Hipp Organic)

Addressable market size (GCC) to grow by 45% in 5 years (7.9% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex

USD 12-15 Mn

Revenue

USD 32-36 Mn

Domestic - 76% | Export - 24%

EBIT

12%-14%

Key growth drivers

- Increasing women workforce in the GCC due to liberal work regulations to increase demand for breastmilk substitutes
- Rising demand for innovative infant foods like halal baby foods, camel milk-based formula, etc.
- Parents increasingly adopting healthier baby foods like organic variants

Assumptions and business case

- Estimated CAPEX is for an infant food manufacturing plant of 2,500 tonnes per year capacity
- Revenue and EBIT figures are shown at maturity (expected in 4 years)

Source: Food Processing Technology, Capital IQ

Robust infrastructure, import substitution and raw material availability

Abu Dhabi advantage

Advantage	Details
Robust infrastructure	▸ KEZAD Food Cluster offers infrastructure support in the form of proximity to seaports and airports, lower set up and operational costs, and efficient investor support services
Scope for import substitution	▸ Growing focus of the UAE government to reduce dependency on imports – In 2021, UAE imported USD 146 Mn worth of infant foods
Raw material availability	▸ KEZAD Food Cluster hosts several suppliers of cereals, dairy products, fruits and vegetables
Access to capital	▸ Financial institutions in Abu Dhabi provide project financing, and export credit & insurance – Emirates Development Bank provides project financing up to maximum LTV of 80% – Etihad Credit Insurance and Abu Dhabi Exports Office provides export credit and insurance
Key incentives	▸ No federal tax on profits/income, stamp duty, and withholding tax on companies in the UAE ▸ Multiple incentives and advisory services provided by IDB as part of various programs e.g., smart manufacturing program, financial ecosystem program, electricity tariff incentive program etc.

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: KEZAD Group, AD Ports, MarkNtel Advisors, UAE Ministry of Industry and Advanced Technology, Emirates Development Bank

9. Pet Food

Opportunity overview

Type of feed prepared from ingredients such as grains and meat products that are specifically formulated and intended for consumption by pets

Primary Use Cases

- Dog food
- Cat food
- Food for other pets (fish, rabbit, birds etc.)

Key Inputs

- Raw materials (meat, poultry, seafood, feed grains)
- Antioxidants (BHA, BHT)
- Sucrose/sorbic acid to prevent mold and bacterial growth
- Preservatives and stabilisers

Example suppliers

مزارع العين
Al Ain Farms

PALVI POWER TECH SALES FZE

DUBI CHEM

Business Activity (in focus)

- Rendering the meat
- Grinding and pre-cooking the meat to produce consistency
- Blending of meat with other ingredients such as vitamins and minerals
- Extrusion of blended meat to obtain the required shape and size

Example players

MARS

Nestlé

Hill's

Customers

- Supermarkets
- Retail outlets (independent brand and white labelling)
- E-commerce/quick commerce platforms
- Pet care shops
- Veterinary clinics

Potential local customers

Carrefour

LuLu Where the world comes to shop, safely!

pet corner A BETTER STORE, NOT A BIGGER ONE!

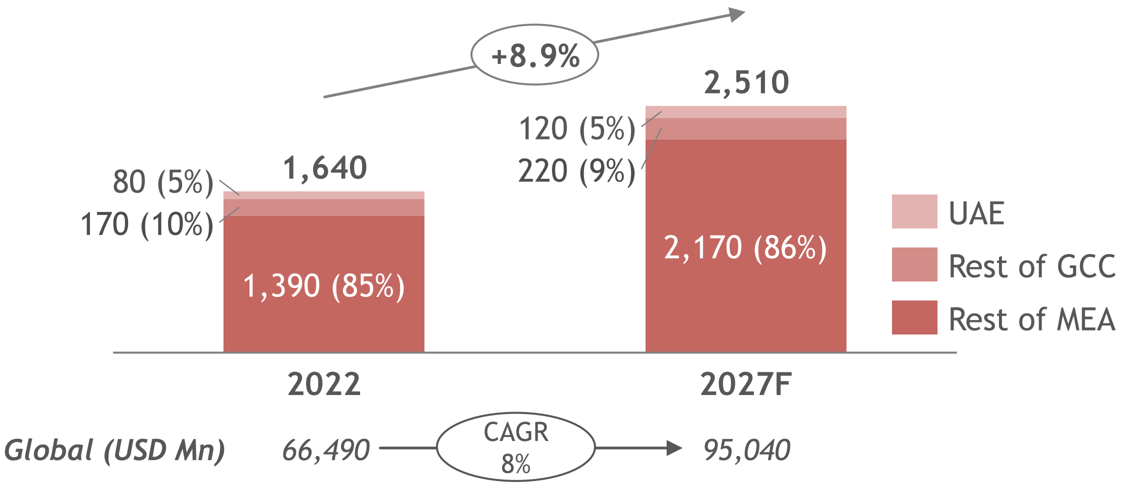
petzone

Local Competition: Limited

- Major pet food brands are the key players in UAE, but there is limited manufacturing facility in the region and the products are sold by resellers/importers (e.g., Nestle Purina, Pedigree etc.)
- Few start-ups have entered the market and are providing niche products (gluten free, grain free etc.)

Addressable market size (MEA) to grow by 53% in 5 years (8.9% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex

USD 9-12 Mn

Revenue

USD 26-32 Mn

Domestic - 65% | Export - 35%

EBIT

10%-12%

Key growth drivers

- Pet ownership in UAE has risen by 30% during the pandemic period as people bought/adopted pets for companionship
- Increased awareness among pet owners about pet's health, nutrition, allergies and diets
- Increasing traction among customers for premium products (gluten-free, protein specific, multigrain etc.)

Assumptions and business case

- Estimated CAPEX is for a pet food processing plant of 5,000 tonnes per year capacity
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: The Business Research Company, Petfoodprocessing.net, Cascadia Capital

Rising pet ownership and scope for import substitution

Abu Dhabi advantage

Advantage	Details
Rising pet ownership	▸ The UAE has ~1.5 million pet owners and is home to over 2 million pets – mainly cats and dogs ▸ The pet ownership percentage in the region is expected to show strong growth as young singles and seniors in the region look for companionship
Scope for import substitution	▸ Pet food imports are expected to reach 32 Mn Kgs by 2026, growing at an average rate of 3% y-o-y, which can be replaced by cheaper locally produced product
Strong pet regulations	▸ The UAE has created a portal to improve the focus on animal health and food safety ▸ Pet protection laws preventing abandonment and obligations to properly care for pets are in place
Access to capital	▸ Financial institutions in Abu Dhabi provide project financing, and export credit & insurance – Emirates Development Bank provides project financing up to maximum LTV of 80% – Etihad Credit Insurance and Abu Dhabi Exports Office provides export credit and insurance

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: Zawya, Report Linker

10. Ready to Eat Meals

Opportunity overview

Food prepared or cooked in advance, with no further cooking or preparation required before being eaten except reheating etc.

Primary Use Cases

- Convenience food
- Travel food

Key Inputs

- Food ingredients such as meat, fish, tofu, cheese, vegetables, fruits, flour, oils, spices and seasoning etc.
- Industrial kitchen facility
- Freezing equipment, retort processing equipment and packaging

Example suppliers

RATIONAL, أسماك asmak, التنمية TANMIAH, Electrolux PROFESSIONAL

Business Activity (in focus)

- Ingredient preparation such as sourcing, washing, cutting, marinating etc.
- Cooking such as grilling, boiling, frying etc.
- Portioning and packaging
- Freezing for preservation
- Storage and distribution

Example players

Al Kabeer الكبير, Haldiram's, DINNER'S READY, SERVES GOURMET

Customers

- Supermarkets and grocery stores
- Retail outlets (independent brand and white labelling)
- Online marketplace
- Cafes and tuck shops
- Cinema multiplexes

Potential local customers

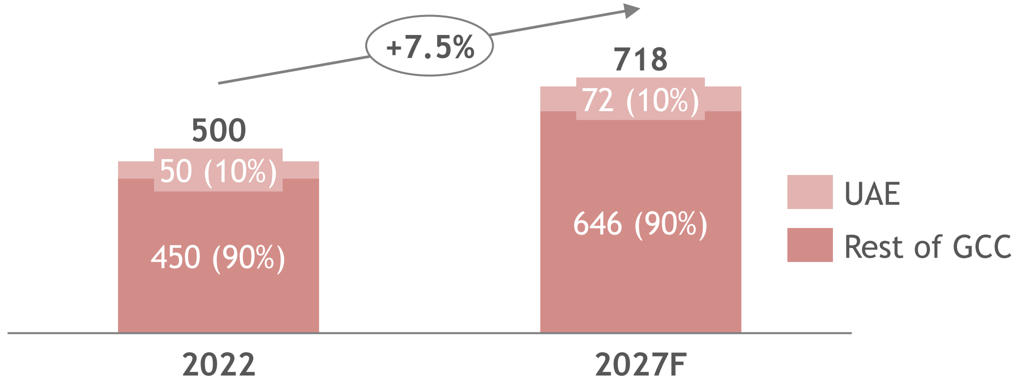
Spinneys, نون noon, Carrefour, LuLu

Local Competition: Moderate

- Ready to eat prepared meals are available from international brands in Abu Dhabi (e.g., Al Kabeer Group, Gusto Vero, Haldiram's, Global Food Industries, Freshly Food etc.)
- Emerging contenders like Dinner's Ready, Prep and Co., and Delicut are also witnessing growth within this market

Addressable market size (GCC) to grow by 44% in 5 years (7.5% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Global (USD Mn) *156,330* → CAGR 6.8% → *217,219*

Opportunity economics

Capex

USD 8-10 Mn

Revenue

USD 11-13 Mn

Domestic - 75% | Export - 25%

EBIT

12%-15%

Key growth drivers

- Increasing desire for easy and instant food options among millennials and GenZ
- Increase workforce that is having less time to cook
- Limited cooking skills due to sociodemographic factors, leading to a greater dependence on ready-made meals and convenient food

Assumptions and business case

- Estimated CAPEX is for ready to eat meals plant of 1000 tonnes capacity per annum
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: Marketline, The Business Research Company, MarketResearch.com, Globaldata, Al Kabeer website

Robust infrastructure and raw material availability

Abu Dhabi advantage

Advantage	Details
Robust infrastructure	▸ KEZAD Food Cluster is the hub for food processing, storage and distribution activities in the UAE ▸ Abu Dhabi has well developed cold storage facilities, testing and certification facilities, and packaging facilities
Raw material availability	▸ KEZAD Food Cluster hosts several suppliers of cereals, dairy products, fruits, seafood, poultry and vegetables
Access to capital	▸ Financial institutions in Abu Dhabi provide project financing, and export credit & insurance – Emirates Development Bank provides project financing up to maximum LTV of 80% – Etihad Credit Insurance and Abu Dhabi Exports Office provides export credit and insurance
Key incentives	▸ No federal tax on profits/income, stamp duty, and withholding tax on companies in the UAE ▸ Multiple incentives and advisory services provided by IDB as part of various programs e.g., smart manufacturing program, financial ecosystem program, electricity tariff incentive program etc.

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: UAE 2030 Report, UAE Energy Transition 2050 Report; Logistics Performance Index, Abu Dhabi SME Hub, National News, KEZAD Group

11. Chicken Processing

Opportunity overview

Chicken processing converts live chickens into processed food such as pre-cut/whole chicken, convenience ready to cook food and products such as kebabs, bacons etc.

Primary Use Cases

- Fresh chicken (pre-cut/whole)
- Frozen chicken (pre-cut/whole)
- Convenience foods (ready to cook/eat)
- Value added products (kebabs, sausages, bacon, meatballs etc.)

Key Inputs

- Live chicken
- Feed (Grains, proteins, vitamins and minerals)
- Slaughtering and processing equipment
- Refrigeration and cooling equipment

Example suppliers

National Feed الوطنية للأعلاف
unitech
DANA

Business Activity (in focus)

- Receiving and slaughtering of live chicken
- Cleaning and evisceration (removal of feathers and internal organs)
- Processing and preparation (carcass are cut, debone to become different products)
- Packaging and shipping

Example players

مزارع العين
Al Ain Farms
مزرعة الجزيرة للدواجن ش.ذ.م.م
Al Jazira Poultry Farm LLC
Abu Dhabi Poultry Farm

Customers

- Supermarkets and hypermarkets
- Retail outlets
- Online marketplace
- Hotels and restaurants

Potential local customers

The Ritz-Carlton®
نون noon
Carrefour
LuLu Where the world comes to shop. safely!

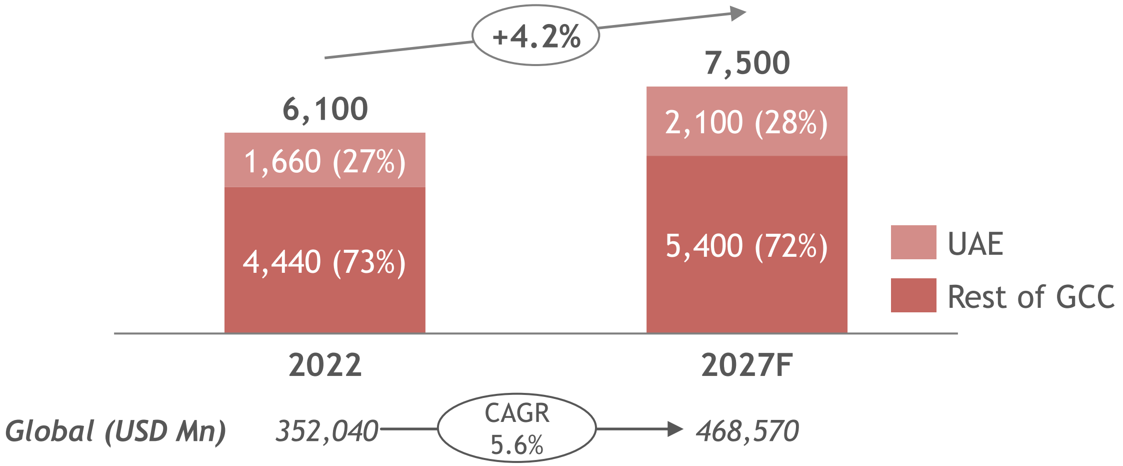
Local Competition: Moderate

- Major chicken processing companies in the UAE include Al Rawdah, Al Islami food and Al Ain farms
- Abu Dhabi based Agthia is expanding its presence in the Middle East region by buying 75% stake in Egyptian meat processor Atyab
- Growing competition in the product segment from Saudi Arabia (fresh chicken) and Brazil (frozen products)

Opportunity Summary

Addressable market size (GCC) to grow by 23% in 5 years (4.2% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex

USD 11-15 Mn

Revenue

USD 55-65 Mn

Domestic - 70% | Export - 30%

EBIT

11%-13%

Key growth drivers

- Growth in demand for convenience foods such as ready to cook/eat chicken items due to changing lifestyles and dietary habits
- Growing awareness of health and nutrition among the consumers and diets such as flexitarianism are leading to consumers opting for lean cuts of white meat

Assumptions and business case

- Estimated CAPEX is for a chicken processing plant of 1,000 tonnes capacity per year
- Revenue and EBIT figures are shown at maturity (expected in 3 years)

Source: The Business Research Company, Globalaginvesting.com, Capital IQ

Strong local demand and scope for import substitution

Abu Dhabi advantage

Advantage	Details
Strong local demand	▸Local demand is expected to remain strong in the coming years, with growing labor pool boosting demand for sources of protein
Scope for import substitution	▸75% of chicken imports for Abu Dhabi comes from Brazil and with high transportation costs, which can be replaced by cheaper locally produced products
Connectivity to export markets	▸Khalifa Port serves over 25 shipping lines and has direct links to 70 international destinations, enabling connectivity to global export markets
Access to capital	▸Financial institutions in Abu Dhabi provide project financing, and export credit & insurance – Emirates Development Bank provides project financing up to maximum LTV of 80% – Etihad Credit Insurance and Abu Dhabi Exports Office provides export credit and insurance

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: Wamda, Ministry of Industry and Advanced Technology

12. Dairy Products

Opportunity overview

Products that are made from raw milk by altercating its natural state through addition of preservatives or ingredients, or processes like fermentation, etc.

Primary Use Cases

- Cooking or baking ingredient (cheese, butter)
- Healthy supplements (probiotics)
- Texture or flavor enhancer
- Milk substitutes (milk powder)

Key Inputs

- Milk
- Cultures and enzymes
- Processing aids (emulsifiers, stabilizers, preservatives, thickeners, additives, etc.)
- Dairy processing & production equipment (pasteurizer, homogenizer, etc.)
- Packaging equipment

Example suppliers

Business Activity (in focus)

- Pasteurisation and homogenisation
- Blending of additives and preservatives
- Packaging of dairy products

Example players

Customers

- Retail chains (independent brand & white labelling)
- Online marketplace
- Bakeries, cafés and hotels

Potential local customers

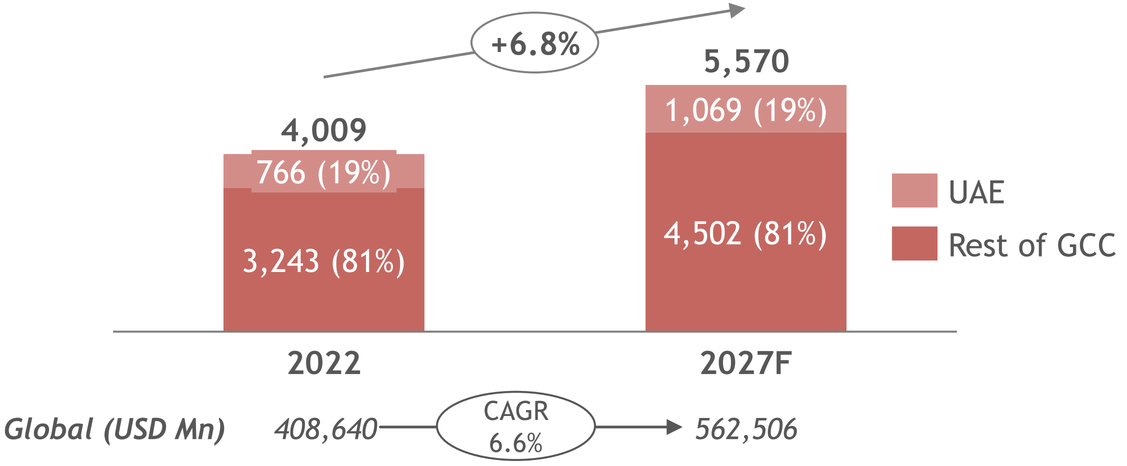
Local Competition: Limited but growing

- Top five local dairy manufacturers competing primarily in the product categories of fresh milk, laban and curd (Almarai, Al Ain Farms, Al Rawabi, NFPC, Emirates Industry for Camel Milk & Products)
- Global players focussing on niche products like lactose-free, organic and low-calorie diary products, butter, yogurt varieties, and speciality cheeses (e.g., Nestle, Kraft Heinz, Arla Foods, etc.)

Opportunity Summary

Addressable market size (GCC) to grow by 39% in 5 years (6.8% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex

USD 13-15 Mn

Revenue

USD 26-30 Mn

Domestic - 84% | Export - 16%

EBIT

6%-8%

Key growth drivers

- Growing domestic and expatriate population, and high disposable income
- Increasing demand for innovative and premium products like speciality cheeses, low fat, lactose-free and sugar-free products, and camel milk-based products
- Rising health consciousness leading to increased consumption of fermented dairy products like yoghurt and probiotics

Assumptions and business case

- Estimated CAPEX is for a milk processing plant of 50 Mn litres per year processing capacity
- Revenue and EBIT figures are shown at maturity (expected in 3 years)

Source: Precedence Research, Mordor Intelligence, Expert Market Research, Capital IQ

Growing demand and scope for import substitution

Abu Dhabi advantage

Advantage	Details
Growing demand	▸ Demand for processed dairy products in GCC is expected to increase by more than USD 1.5 Bn during 2022-27 (~7% CAGR)
Robust infrastructure	▸ KEZAD Food Cluster offers infrastructure support in the form of lower set up and operational costs, and availability of dairy testing and certification laboratories
Scope for import substitution	▸ Growing focus of the UAE government to reduce dependency on imports – In 2021, UAE imported USD 567 Mn worth of processed dairy products, with butter and cheese together contributing more than 85% of the imports
Raw material availability	▸ UAE is the 2nd largest milk producer in GCC and KEZAD Food Cluster hosting several dairy farms
Access to capital	▸ Financial institutions in Abu Dhabi provide project financing, and export credit & insurance – Emirates Development Bank provides project financing up to maximum LTV of 80% – Etihad Credit Insurance and Abu Dhabi Exports Office provides export credit and insurance

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: KEZAD Group, UN Comtrade, UAE Ministry of Industry and Advanced Technology, Emirates Development Bank

13. Savory Snacks

Opportunity overview

Production of savory snacks of different ingredients, flavours, and shapes to cater both domestic and export markets

Primary Use Cases

- Chips and fries
- Pretzels
- Ready-to-eat popcorns
- Puffed and baked snacks

Key Inputs

- Vegetables, cereals, spices, herbs, additives, preservatives etc.
- Processing and packaging equipment

Example suppliers

KIBSONS INTERNATIONAL, الغرير Al Ghurair, SAFCO

Business Activity (in focus)

- Sourcing ingredients (vegetable, cereals etc.)
- Process raw material depending on type of snack
- Fry or bake the snack
- Season with salt and spices
- Packaging and distribution

Example players

CRUNCHY FOOD, NFI, IFFCO INVESTING IN THE FUTURE, HUNTER FOODS, NOTIONS GROUP

Customers

- Hotels and restaurants
- Supermarkets and hypermarkets
- Institutional catering companies
- Export traders

Potential local customers

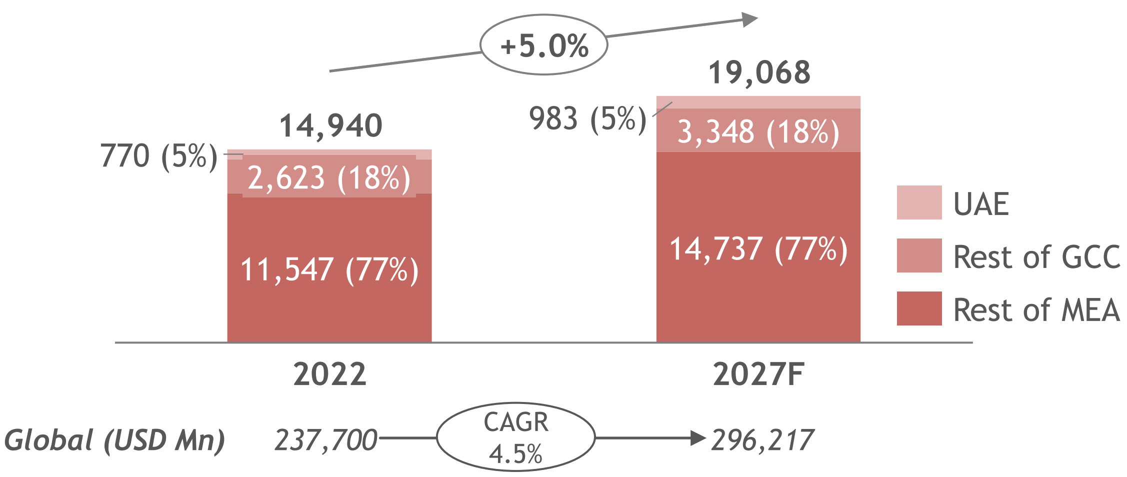
Spinneys, AMERICANA RESTAURANTS, Carrefour, LuLu Where the world comes to shop, safely!

Local Competition: Moderate

- There are local producers such as Hunter Foods, IFFCO, National Food Industries etc.
- Global brands (e.g., PepsiCo, Pringles etc.) have presence in the region mostly through imports

Addressable market size (MEA) to grow by 28% in 5 years (5% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex

USD 110-120 Mn

Revenue

USD 130-140 Mn

Domestic - 75% | Export - 25%

EBIT

15%-20%

Key growth drivers

- Increasing consumer demand for flavours and textures from their culinary traditions
- Increasing demand for gluten-free, organic snacks made without genetic modifications, and snacks with low salt/sugar and fat content
- Rise in urbanization, working population, and growing disposable income increasing consumption of ready-to-eat snacks

Assumptions and business case

- Estimated CAPEX is for a potato and corn chips manufacturing plant of ~14,600 tonnes capacity per year
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: The Business Research Company, Capital IQ

Robust infrastructure and proximity to export markets

Abu Dhabi advantage

Advantage	Details
Robust infrastructure	▸ KEZAD Food Cluster is the hub for food processing, storage and distribution activities in the UAE ▸ KEZAD has close proximity to Al Ain – the hub for fresh produce in the UAE ▸ Abu Dhabi has well developed cold storage, testing and certification facilities, and packaging facilities
Proximity to export markets	▸ Khalifa Port serves over 25 shipping lines, offering global reach and direct links to major export markets in the MEA
Raw material accessibility	▸ Close proximity to India to source required vegetables, cereals, spices and other ingredients at relatively reasonable prices ▸ UAE is developing integrated food parks in India to increase self-sufficiency and reduce supply chain vulnerabilities
Key incentives	▸ No federal tax on profits/income, stamp duty, and withholding tax on companies in the UAE ▸ Multiple incentives and advisory services provided by IDB as part of various programs e.g., smart manufacturing program, financial ecosystem program, electricity tariff incentive program etc.

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: KEZAD Group, IDB, EDB, UAE Ministry of Industry and Advanced Technology

14. Packaged Seafood

Opportunity overview

Packaged Seafood processing is sorting, cleaning, cutting and filleting of raw fish, followed by preservation and packaging

Primary Use Cases

- Processed sea food like white fish fillet etc.
- Fresh and chilled seafood like salmon fillet, tuna steak etc.

Key Inputs

- Raw seafood such as salmon, kingfish, royal sea bream, sea bass, and other marine animals
- Ice and ice making equipment
- Packaging material like cans, boxes etc.
- Processing equipment

Example suppliers

JBT
BAADER
North Star

Business Activity (in focus)

- Sorting and grading of seafood
- Cleaning and washing seafood
- Cutting and filleting
- Preservation, packaging and quality control
- Cold chain logistics and distribution

Example players

أسماك asmak
ROYAL FISHERIES
FRESH CATCH FOODS L.L.C
The Deep Seafood Company

Customers

- Supermarkets and grocery stores
- Retail outlets
- Online marketplace
- Hotels and restaurants

Potential local customers

Carrefour
نون noon
LuLu
EMAAR HOSPITALITY

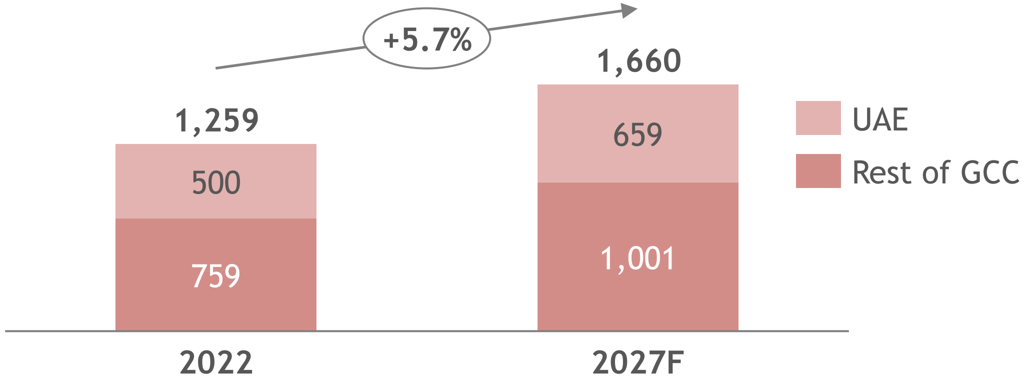
Local Competition: Moderate

- UAE seafood processing market is highly fragmented with top five companies occupying less than 5% of the market share
- Regional players have strong presence in the UAE market (e.g., Blue Island PLC, National Fishing Company K.S.C., Oman Fisheries Co. SAOG, Sea Pride LLC, The Deep Seafood Company)

Opportunity Summary

Addressable market size (UAE) to grow by 32% in 5 years (5.7% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Global (USD Mn) *250,000* → CAGR 6.9% → *349,000*

Key growth drivers

- Increasing focus on healthy foods as people prefer from consuming carbs and red meat to vegetables and fish

Opportunity economics

Capex
USD 35-40 Mn

Revenue
USD 40-50 Mn *Domestic - 90% | Export - 10%*

EBIT
6%-8%

Assumptions and business case

- Estimated CAPEX is for packaged seafood processing plant of 40,000 tonnes capacity per year
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: The Business Research Company, Zawya, Capital IQ, UN Comtrade

Strong local demand, robust infrastructure and raw material availability

Abu Dhabi advantage

Advantage	Details
Strong local demand	▸ UAE consumes 33kg per capita fish annually, which is over double the global average
Robust infrastructure	▸ Presence of KEZAD Food Cluster which provides the latest infrastructure for the food processing industry ▸ Presence of large modern fish markets and retail channels offering sales and distribution infra
Strong distribution	▸ Presence of large modern and online retail channels offering world class sales and distribution infrastructure
Raw material availability	▸ Focus towards self-sufficiency through initiatives like aquaculture has resulted in huge increase of domestic production of fish ▸ Presence of world's leading food market for wholesale trading fresh seafood, meat, poultry and all kinds of dry food
Key incentives	▸ No federal tax on profits/income, stamp duty, and withholding tax on companies in the UAE ▸ Multiple incentives and advisory services provided by IDB as part of various programs e.g., smart manufacturing program, financial ecosystem program, electricity tariff incentive program etc.

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: Zawya, ADAFSA, National News

15. Pasta and Noodles

Opportunity overview

Pasta and noodles are staple Italian and Asian cuisines which are made using two main ingredients - wheat and water. They come in different shapes including spaghetti, macaroni, penne, fettuccine

Primary Use Cases

- Soups and stews
- Main dishes
- Appetizers
- Salads
- Side dishes
- Snacks
- Desserts

Key Inputs

- Raw materials - Durum wheat, semolina flour, refined wheat flour, water
- Equipment – Silos, flour makers, vacuum mixers, shaping & cutting equipment, driers, coolers, and packaging machines

Example suppliers

الغرير Al Ghurair

URSCHEL®

SMG Shri Mahavir Group

Business Activity (in focus)

- Sourcing raw materials/feedstock such as durum wheat
- Grinding grains into flour, mixing with water, kneading, shaping the dough, drying and cooling, packaging, storing & distribution

Example players

Barilla

emf Since 1979

pastaZARA

مصنع معكرونة الإمارات Emirates Macaroni Factory

Customers

- Convenience stores
- Supermarkets (own brand or white labelling)
- Hotels and restaurants
- Direct-to-Consumer channels

Potential local customers

Applebee's

ZOOM your neighbor

ABELA أبيلا

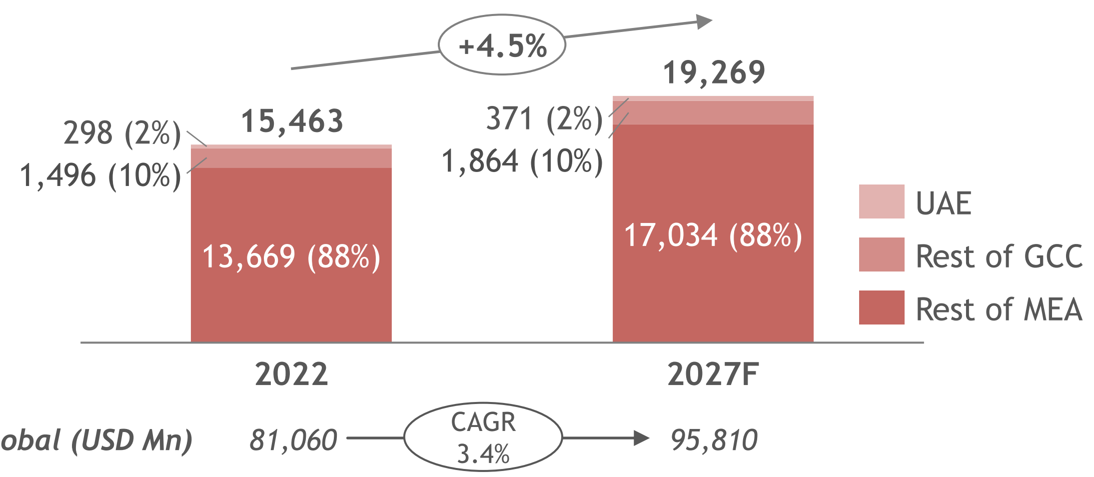
Carrefour market

Local Competition: Limited

- Many small-scale players currently manufacture pasta and noodles in UAE (e.g., Emirates macaroni factory, Baraka macaroni manufacturing LLC)
- Many international players, specially from Europe, distribute pasta and noodles in UAE (e.g., Barilla, De Cecco, pastaZARA, La Molisana)

Addressable market size (MEA) to grow by 25% in 5 years (4.5% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex

USD 10-12 Mn

Revenue

USD 18-20 Mn

Domestic - 70% | Export - 30%

EBIT

12%-14%

Key growth drivers

- Growth in consumer preferences towards groceries that have extended shelf life and are easy to cook
- Rise in demand for international cuisines in restaurants in the middle east as the globalization and tourism in the region continues to grow

Assumptions and business case

- Estimated CAPEX is for an pasta and noodles manufacturing plant of 18,000 tonnes capacity per year
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: Marketline, OEC.world, Selinawamucii

Growing demand, strong export potential and raw material availability

Abu Dhabi advantage

Advantage	Details
Growing demand	▸ Increasing demand for international cuisines in the region, owing to globalization, tourism, and shifting consumer preferences towards convenient, easy-to-cook, and long shelf life foods
Strong export potential	▸ Addressable market largely relies on imported pasta from Italy, China and other regions ▸ Potential substitution of re-exports market of >USD 50 Mn per year
Raw material availability	▸ Availability of durum wheat, semolina, and other raw material producers and suppliers (e.g., Al Ghurair) ▸ Significant investments being made to expand raw material manufacturing capabilities in UAE – E.g., Sharjah's wheat farm, launched in 2022, covers 1400 hectares of wheat production land
Access to capital	▸ Financial institutions in Abu Dhabi provide project financing, and export credit & insurance – Emirates Development Bank provides project financing up to maximum LTV of 80% – Etihad Credit Insurance and Abu Dhabi Exports Office provides export credit and insurance
Key incentives	▸ Customs exemptions on durum wheat and other raw materials for companies operating in free zones ▸ Offers land at low rates – AED 5 (USD 1.36) per square meter as food is a prioritised sector

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: MOEC.gov, Khaleej Times, Food Business Africa, Zawya, UAE 2030 report

16. Instant Coffee and Premixes

Opportunity overview

Coffee products that are pre-brewed, concentrated, and dehydrated to create an easy-to-prepare form of coffee, and sometimes with added flavours

Primary Use Cases

- Refreshment beverage
- Dessert ingredients

Key Inputs

- Coffee beans
- Additives & flavours (sugar, milk powder, vanilla, mocha)
- Processing aids (emulsifiers, stabilizers, preservatives, etc.)
- Coffee production and packaging equipment

Example suppliers

RAW coffee company, KARAM COFFEE قهوة, BÜHLER, FSL Your Long Term Partner

Business Activity (in focus)

- Bean roasting
- Grinding of roasted beans
- Brewing, concentration and dehydration
- Blending with flavours and additives

Example players

INSTANT K Coffee, DAVIDOFF, NESCAFÉ, Alicafé

Customers

- Retail chains (independent brand & white labelling)
- Online marketplace
- Bakery, café, and confectionery companies

Potential local customers

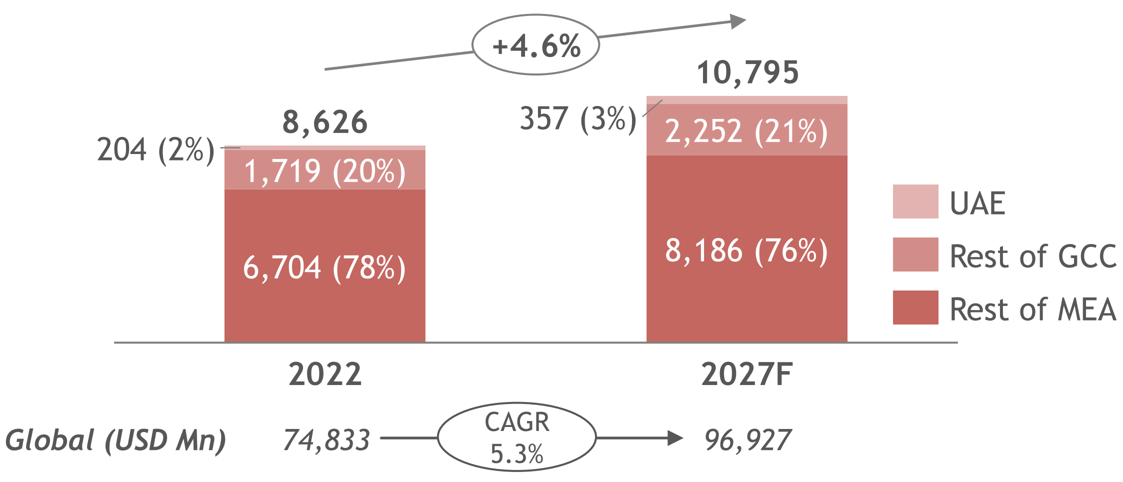
Carrefour, LuLu, NESTO نستو, La Brioche CAFÉ ET PÂTISSERIE EST. 1984

Local Competition: Moderate

- Local players focussing on traditional whole beans coffee variants like Qahwa (e.g., Emirati Coffee, Karam Coffee)
- International players competing with conventional flavours (espresso, green bean, etc.), and variants like Arabica and Turkish coffee (e.g., Nescafe, Davidoff)

Addressable market size (MEA) to grow by 25% in 5 years (4.6% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex

USD 20-22 Mn

Revenue

USD 36-40 Mn

Domestic - 65% | Export - 35%

EBIT

14%-16%

Key growth drivers

- Growing demand for premium instant coffee products owing to increasing working population and high disposable income
- Rising popularity and demand for organic coffee, coffee variants like Qahwa and Arabica, and new coffee flavours (green bean, Italian roast, French vanilla, etc.)

Assumptions and business case

- Estimated CAPEX is for an instant coffee production plant of 2000 tonnes per year capacity
- Revenue and EBIT figures are shown at maturity (expected in 4 years)

Source: Coherent Market Insights, Knowledge Sourcing Intelligence, Market Data Forecast, Coffee World Portal, Capital IQ

Strong local demand and robust infrastructure

Abu Dhabi advantage

Advantage	Details
Strong local demand	▸ Demand for instant coffee products in UAE expected to grow by over 75% (USD 153 Mn) during 2022-27
Robust infrastructure	▸ KEZAD Food Cluster offers infrastructure support in the form of business setup assistance, and proximity to seaports connecting Abu Dhabi to coffee bean producers in the Middle East
Government initiatives to promote coffee-culture	▸ Abu Dhabi National Exhibitions Company holds annual UAE National Coffee Championship to promote the culture of specialty coffee
Access to capital	▸ Financial institutions in Abu Dhabi provide project financing, and export credit & insurance – Emirates Development Bank provides project financing up to maximum LTV of 80% – Etihad Credit Insurance and Abu Dhabi Exports Office provides export credit and insurance
Key incentives	▸ Offers land at low rates – AED 5 (USD 1.36) per square meter as food is a prioritised sector ▸ No federal tax on profits/income, stamp duty, and withholding tax on companies in the UAE

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: KEZAD Group, UN Comtrade, The National News, Abu Dhabi International Food Exhibition, UAE Ministry of Industry and Advanced Technology, Emirates Development Bank

17. Breakfast Cereals

Opportunity overview

Breakfast cereals are a traditional breakfast food made from processed cereal grains and are primarily eaten as part of breakfast or as a snack food

Primary Use Cases

- Breakfast food
- Snack food

Key Inputs

- Processed cereal grain such as corn, wheat, oats, rice, rye and barley
- Equipment used to make breakfast cereals: extruders, cereal cookers, flaking rolls, shredders, toasters, syrup coating units, cooking, cooling, and cutting machine

Example suppliers

Olam
Cargill
wilmar
Baker Perkins

Business Activity (in focus)

- Flour mixing and ingredient preparation
- Extrusion process
- Flake forming
- Toasting
- Coating, additional ingredients and packaging

Example players

Weetabix
Kellogg's
Quaker
General Mills

Customers

- Supermarkets and hypermarkets
- Online marketplace
- Hotels and restaurants
- Retail chains (independent brands and white labelling)

Potential local customers

Carrefour
نون noon
LuLu
ZADEA

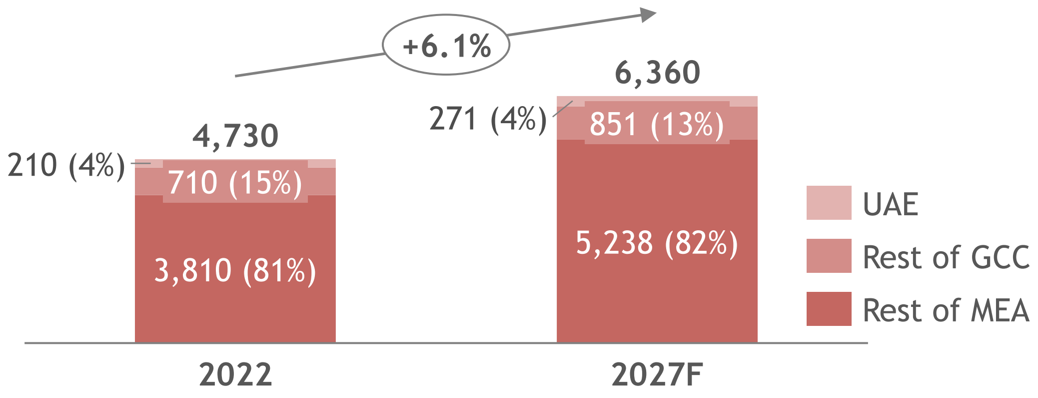
Local Competition: Limited

- Global cereal brands are the key players in UAE, but there are limited manufacturing facilities in the region and the products are sold by resellers/importers (e.g., Quaker, General Mills, Kellogg's etc.)

Opportunity Summary

Addressable market size (MEA) to grow by 34% in 5 years (6.1% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Global (USD Mn) *67,600* → CAGR 5.5% → *88,350*

Opportunity economics

Capex
USD 11-13 Mn

Revenue
USD 34-42 Mn *Domestic - 80% | Export - 20%*

EBIT
12%-16%

Key growth drivers

- Increasing awareness and preference for convenient and ready-to-eat breakfast options among the busy urban population
- Consumers' increasing recognition of the need for nutritious and well-balanced food
- More women in the Middle East entering the workforce and having limited time in morning for kitchen activities

Assumptions and business case

- Estimated CAPEX is for the breakfast cereal plant of 500 tonnes capacity per month
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: The Business Research Company, Mordor Intelligence, Bakery and Snacks, Economic Times, LA Times, FoodIngredientsFirst.com; Mpagro; UN Comtrade, Food Navigator - Asia,

Robust infrastructure and scope for import substitution

Abu Dhabi advantage

Advantage	Details
Robust infrastructure	▸KEZAD Food Cluster is providing strong infrastructure for the food processing industry ▸Access to the specialised companies such as food-grade printing and packaging plants and centralised food testing and certification laboratories within KEZAD's food ecosystem
Scope for import substitution	▸There is growing focus of the UAE government to reduce dependency on import of food supplies – UAE imported at least USD 73 Mn worth of breakfast cereals in 2021
Access to capital	▸Financial institutions in Abu Dhabi provide project financing, and export credit & insurance – Emirates Development Bank provides project financing up to maximum LTV of 80% – Etihad Credit Insurance and Abu Dhabi Exports Office provides export credit and insurance
Key incentives	▸100% foreign business ownership and low VAT (5%) ▸Customs exemptions for raw materials

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: Logistics Performance Index, National News, Abu Dhabi SME Hub, UN Comtrade, KEZAD Group, AD Ports, MarkNTel Advisors, UAE Ministry of Industry and Advanced Technology, Emirates Development Bank

18. Ice Cream and Frozen Desserts

Opportunity overview

Ice cream is a frozen dairy food made from milk or cream and flavoured with a sweetener, while frozen desserts are made from fruit purees, flavoured water, and mousse.

Primary Use Cases

- Dessert
- Snack food
- Ingredient of other desserts

Key Inputs

- Milk, milk solids
- Sugar and sweeteners
- Stabilisers, emulsifiers, flavourings etc.
- Fruits, nuts, choco-chips, cookies dough etc.
- Mixing and freezing equipment

Example suppliers

MATRIX
富騁科技 FU CHEN TECHNOLOGY
SLG
SADAFCO سدافكو

Business Activity (in focus)

- Mixing of ingredients such as milk, fat, sweeteners, flavourings etc.
- Pasteurization to kill harmful bacteria
- Aging of the mixture to improve texture and taste
- Churning and freezing
- Hardening and packaging

Example players

Jelly Belly
Smize & Dream
House of Pops

Customers

- Supermarkets and grocery stores
- Retail outlets (independent brand and white labelling)
- Online marketplace
- Hotels and restaurants

Potential local customers

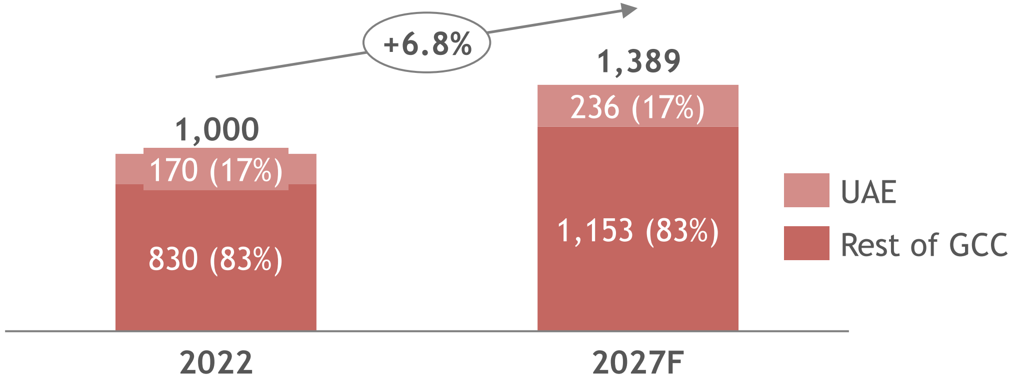
Carrefour
نون noon
LuLu
HYATT

Competition: Moderate

- Increasing number of comparatively small local ice cream brands entering the market (like Jelly Belly, Smize Ocean, House of Pops etc.)
- Presence of large companies in the market primarily through imports (like Desert Chill Ice Cream LLC., Dunkin Brands, Inc., General Mills, Inc., Mini Melts Inc., Nestle S.A., IFFCO, Mars, Unilever etc.)

Addressable market size (GCC) to grow by 31% in 5 years (5.5% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Global (USD Mn) *270,800* — CAGR 8% → *398,690*

Opportunity economics

Capex
USD 25-30 Mn

Revenue
USD 30-40 Mn *Domestic - 80% | Export - 20%*

EBIT
12%-14%

Key growth drivers

- Growing tourism sector is helping increase demand as tourist tend to indulge in ice cream and frozen desert while on vacation
- Growing health consciousness is increasing demand as new innovative healthy products such as low fat, natural sweetener based products

Assumptions and business case

- Estimated CAPEX is for ice cream making plant with a capacity of 20,000 litre/day
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: TBRC, Marketline, SunOpta, Dallasnews

Opportunity Summary

Robust infrastructure, strong distribution network and raw material availability

Abu Dhabi advantage

Advantage	Details
Robust infrastructure	▸ KEZAD Food Cluster offer infrastructure support in the form of proximity to seaports and airports, lower set up and operational costs, and efficient investor support services
Strong distribution	▸ UAE is 1st in the region and 11th globally on the World Bank's Global Logistics Performance Index (2018) ▸ Easy access to cater to growing local demand and robust GCC market
Raw material availability	▸ UAE is the 2nd largest milk producer in GCC ▸ KEZAD Food Cluster hosts several suppliers of other ingredients like fruits, nuts etc. ▸ Abu Dhabi's focus towards precision fermentation which can locally produce more input material for ice-creams
Key incentives	▸ Offers land at low rates – AED 5 (USD 1.36) per square meter as food is a prioritised sector ▸ No federal tax on profits/income, stamp duty, and withholding tax on companies in the UAE

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: Logistics Performance Index, National News, Abu Dhabi SME Hub, UN Comtrade, KEZAD Group, AD Ports, MarkNTel Advisors, UAE Ministry of Industry and Advanced Technology, Emirates Development Bank

Opportunity Summary

19. Flavored Beverages

Opportunity overview

Production of flavoured drinks which typically contain water and sugar with limited amount of fruit concentrate or artificial flavours

Primary Use Cases

- Flavored water
- Fruit nectars
- Fruit flavored beverages
- Other non-carbonated soft drinks excl. 100% fruit juices, and sport drinks

Key Inputs

- Dried pulp of fruits, flavours, additives, sugar/ artificial sweeteners, preservatives etc.
- Beverage processing and packaging equipment

Example suppliers

Business Activity (in focus)

- Sourcing raw material
- Syrup preparation
- Water treatment
- Mixing, blending and chilling
- Bottle filling and packaging

Example players

Customers

- Hotels and restaurants
- Supermarkets and hypermarkets
- Institutional catering companies
- Export traders

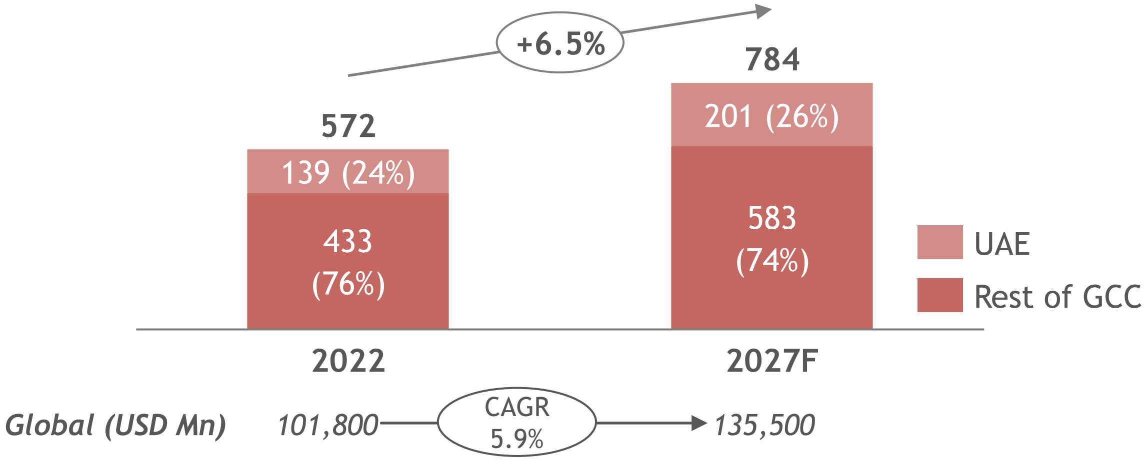
Potential local customers

Local Competition: Limited

- There are local players like Al Rawabi, Al Ain, Rani etc. but the existing product offerings are very limited
- Almarai is a major regional competitor. However, the overall regional competitiveness is low
- A few global companies operating in the region have set up their own processing plants (e.g., Lipton and Aujan Coco-Cola)

Addressable market size (GCC) to grow by 37% in 5 years (6.5% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex

USD 15-20 Mn

Revenue

USD 45-50 Mn

Domestic - 85% | Export - 15%

EBIT

15%-20%

Key growth drivers

- High demand among young population with disposable income and high desire for experiencing new flavours
- More affordable as compared to relatively costlier "100% fruit juices or dairy beverages" and have relatively longer shelf life
- High acceptance of flavoured beverages in the region as an alternative to the alcoholic beverages for social gatherings

Assumptions and business case

- Estimated CAPEX is for a flavoured soft drinks manufacturing plant of 40 million litre capacity per year
- Revenue and EBIT figures are shown at maturity (expected in 5 years)

Source: UN Comtrade, Capital IQ

Robust infrastructure and established distribution network

Abu Dhabi advantage

Advantage	Details
Robust infrastructure	▸ Large water treatment infrastructure available in the Abu Dhabi ▸ KEZAD Food Cluster is the hub for beverage production, storage and distribution activities in the UAE ▸ Abu Dhabi has well developed cold storage, testing and certification facilities, and packaging facilities
Established distribution network	▸ Well established distribution network for drinks and beverages in the country provides good market access to new entrants
Proximity to the export markets	▸ Khalifa Port serves over 25 shipping lines, offering global reach and direct links to major export markets in the MEA
Raw material availability	▸ There are multiple local companies available to source required flavours and other ingredients ▸ Major global companies offering food flavours and ingredients have strong presence in the UAE
Key incentives	▸ Abu Dhabi has set water tariffs for industries in a bid to rationalize the high costs of water desalinization ▸ 100% foreign business ownership and low VAT (5%) ▸ Customs exemptions for raw materials

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: KEZAD Group, IDB, EDB, UAE Ministry of Industry and Advanced Technology

20. Date Products

Opportunity overview

Products made using dates as the primary ingredient by processing date fruit (pitting, grinding, blending, etc.) to achieve the desired flavor & consistency

Primary Use Cases

- Baking or cooking ingredients (date paste, date syrup, date sugar, date jam)
- Natural sweeteners or refined sugar alternatives (date syrup & sugar)

Key Inputs

- Dates
- Processing aids (flavourings, preservatives, etc.)
- Processing and packaging equipment (pitting machine, grinder, blender, filling machine)

Example suppliers

تمور البركة
AL BARAKAH DATES
FSL
Your Long Term Partner
GULF FLAVOURS & FRAGRANCES
al thika packaging

Business Activity (in focus)

- Pitting and grinding of date fruit
- Blending and heating of crushed date fruit
- Addition of flavouring agents and preservations
- Packaging of processed date products

Example players

بتيل
Bateel
الفوعة
AL FOAH
تمور المملكة
KINGDOM DATES

Customers

- Retail chains (independent brand & white labelling)
- Online marketplace
- Bakery, café, and confectionery companies

Potential local customers

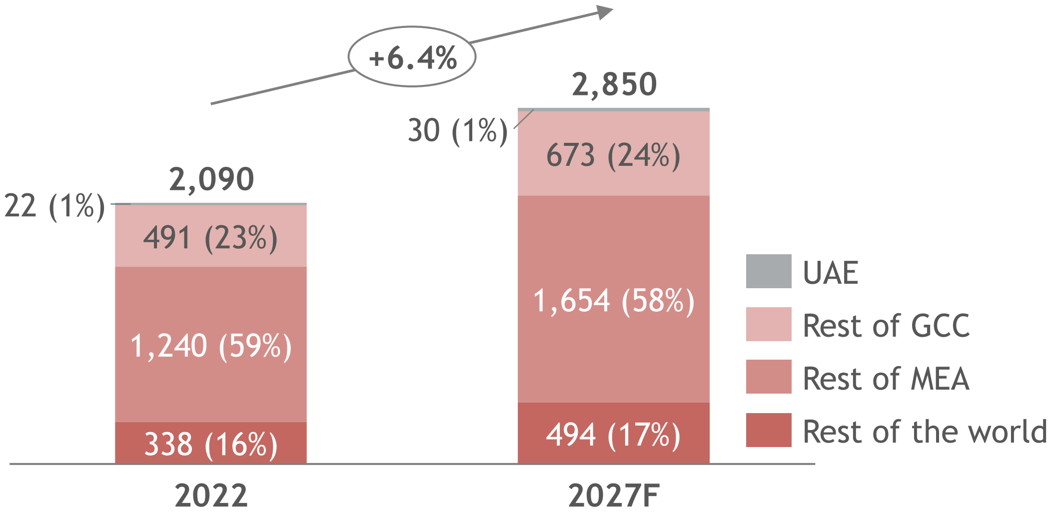
Carrefour
LuLu
نستو
NESTO
نون
noon

Local Competition: Moderate

- Few established players existing in the market – competing on product innovations and premium offerings (e.g., Bateel, Al Foah, Al Barakah)
- Small local producers are primarily focussing on the whole dates segment

Global market size to grow by 36% in 5 years (6.4% CAGR)

Addressable market by regions (USD Mn), *2022-2027F*



Opportunity economics

Capex

USD 8-10 Mn

Revenue

USD 30-34 Mn

Domestic - 10% | Export - 90%

EBIT

10%-12%

Key growth drivers

- Rising demand for date syrup and date sugar among health-conscious consumers looking for sugar alternatives
- Growing adoption of plant-based diet and associated demand for date products from vegans to substitute animal-based sweeteners like honey
- Increasing use of date products as gourmet ingredients

Assumptions and business case

- Estimated CAPEX is for a dates processing plant of 25,000 tonnes per year capacity
- Revenue and EBIT figures are shown at maturity (expected in 3 years)

Source: Market Watch, World Population Review, Persistence Market Research, Data Bridge Market Research, Capital IQ

Growing demand due to sugar tax and raw material availability

Abu Dhabi advantage

Advantage	Details
Growing demand due to sugar tax	▸ Introduction of 50% excise tax on all products with added sugar in 2019 is driving the local demand for sugar alternatives (date sugar, date syrup)
Robust infrastructure	▸ Strategic location of KEZAD Food Cluster enables proximity to seaports and airports ▸ KEZAD Food Cluster offers low set up and operational costs, and provides business setup assistance
Connectivity to export markets	▸ Khalifa Port serves over 25 shipping lines and has direct links to 70 international destinations, enabling connectivity to global export markets
Raw material availability	▸ UAE is the 5th largest producer of dates in the world
Access to capital	▸ Financial institutions in Abu Dhabi provide project financing, and export credit & insurance – Emirates Development Bank provides project financing up to maximum LTV of 80% – Etihad Credit Insurance and Abu Dhabi Exports Office provides export credit and insurance

There are additional incentives like rebates on cost of land, utilities etc., available to all investors captured as part of IDB proposition

Source: KEZAD Group, Agricultural Marketing Resource Center, Salaam Gateway, UAE Ministry of Industry and Advanced Technology, Emirates Development Bank