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Authors



KESHIN PANDIT
Analyst - Research



SANKARA NARAYANAN
Assistant Vice President - Consulting & Advisory Services



AJAY SAMUEL
Senior Manager

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For further information, please contact 'Markaz' at P.O. Box 23444, Safat 13095, Kuwait; Email: info@e-marmore.com; Tel: 00965 22248280; Fax: 00965 22495741.



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EXECUTIVE SUMMARY

The food & beverage industry is one of the promising sectors in the GCC region and has shown a strong appetite for growth for a longer period. The region has many global and local players meeting the rich and varied demands of the consumer. The industry dynamic is slightly different compared to other regions, as a large proportion of the consumption is driven by imports. From a supply perspective, steps have been taken to improve self-sustenance and reducing dependence on imports as disruption in the supply chain has led to a spike in food prices. On the demand side, the industry is expected to expand in the near term, supported by factors such as increasing disposable income, rising tourist inflows, positive government initiatives, and a changing consumer lifestyle and preferences.

The rise in population is expected to drive demand for food and water further, lead to rapid urbanization, and result in a surging need for new and innovative product categories. As a result, the demand for food and beverages is expected to rise. To support this demand, the Gulf countries have historically relied heavily on imports to fulfil their food and beverages requirements. This external reliance has slowly started to reduce as various long-term government initiatives introduced in recent years aim to improve the food self-sufficiency of the countries over the coming years.

The GDP per capita of the GCC nations is amongst the highest globally. A high GDP per capita is indicative of more disposable income and higher spending power, which ushers in growth opportunities for the various industries, especially food and beverage as demand surges. This is also boosted by customers looking for healthier and alternative organic products, produced by companies that use sustainable and environmentally friendly practices. Post the COVID-19 pandemic, online food delivery and service platforms have also seen rapid growth, adding to the overall growth of this industry.

Emerging trends in the GCC F&B space include the increasing adoption of online food delivery platforms and the rise of cloud kitchens, which cater to the growing demand for food delivery services. The emphasis on local production and reducing dependence on food imports is gaining importance, along with a focus on sustainability in packaging and farming practices. Technology in the F&B space is gaining traction as it plays a significant role in the F&B industry, with advancements such as drone delivery, automation, robotics, artificial intelligence, and 3D printing shaping the sector.

Overall, the GCC F&B industry is experiencing significant growth driven by various factors but rising food prices and the need for regulatory compliance pose challenges. Embracing technology, promoting sustainability, and focusing on local production will remain key strategies for the governments to drive the industry's growth.

GCC FOOD & BEVERAGE INDUSTRY LANDSCAPE

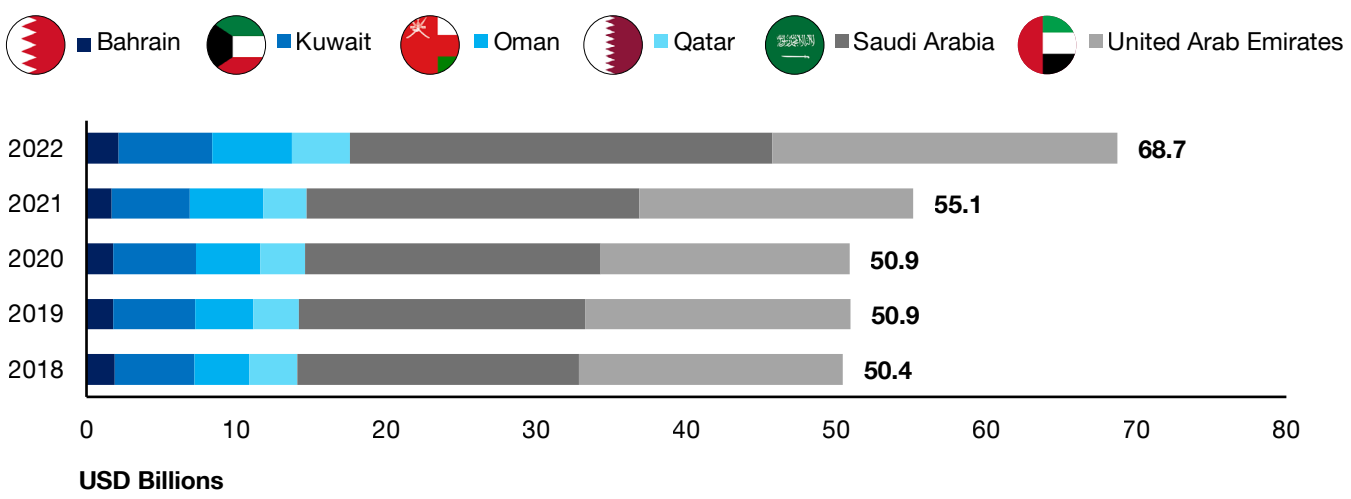
Macroeconomic Overview



The GCC region represents about 0.7% of the global population, but the GCC countries' contribution to the world's GDP remains over 2%[1]. Over the years, the influx of expatriates has introduced a wide variety of palettes to the region leading to an amalgamation of cuisines. A large population of expatriates is expected to drive food consumption and demand in the F&B sector. High per capita income, young population, and strong demand for dining out options make the GCC region attractive for foreign and regional food and beverage players.

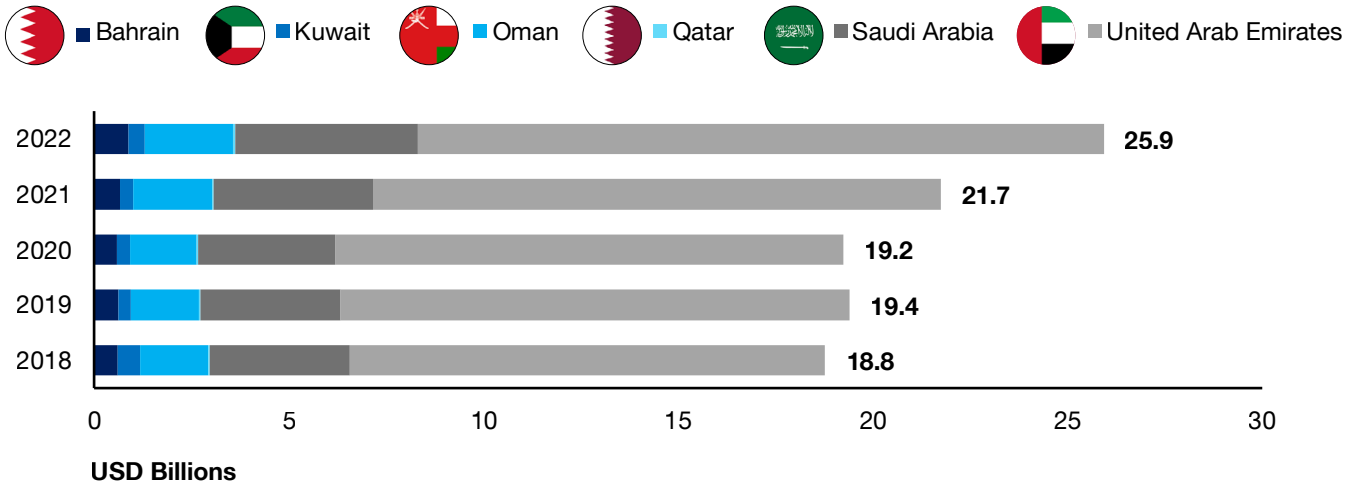
To fulfil this growing demand for food and beverages, the GCC countries have historically relied on imports. This reliance has increased over the years with the F&B-related imports in the region increasing at a rate of 8.0% to reach USD 68.7 billion in 2022 from USD 50.4 billion in 2018. Compared to imports, the F&B-related exports in the region have grown at a rate of 8.4% between 2018-22 reaching USD 25.9 billion in 2022 from USD 18.8 billion in 2018.

GCC F&B - Imports



[1] IMF World Economic Outlook April 2024

GCC F&B - Exports



Source: Trade Map

GCC Countries F&B Import Dependency (% of Total F&B Trade)

Country	2018	2019	2020	2021	2022
Bahrain	75.9%	74.4%	75.1%	71.8%	71.1%
Kuwait	90.0%	94.2%	94.3%	94.2%	93.6%
Oman	67.8%	69.0%	71.6%	70.6%	70.4%
Qatar	99.0%	99.0%	99.0%	98.4%	98.4%
Saudi Arabia	83.9%	84.1%	84.8%	84.4%	85.7%
UAE	59.1%	57.5%	56.0%	55.6%	56.6%

Source: Trade Map

According to the IMF Regional Economic Outlook released in April 2024, the GCC countries' real GDP is expected to grow at 2.4% in 2024 and 4.9% in 2025 compared to a relatively flat growth of 0.4% in 2023. On the other hand, the overall change in inflation in the region is expected to decline to 2.1% by 2025 from 2.2% in 2023.

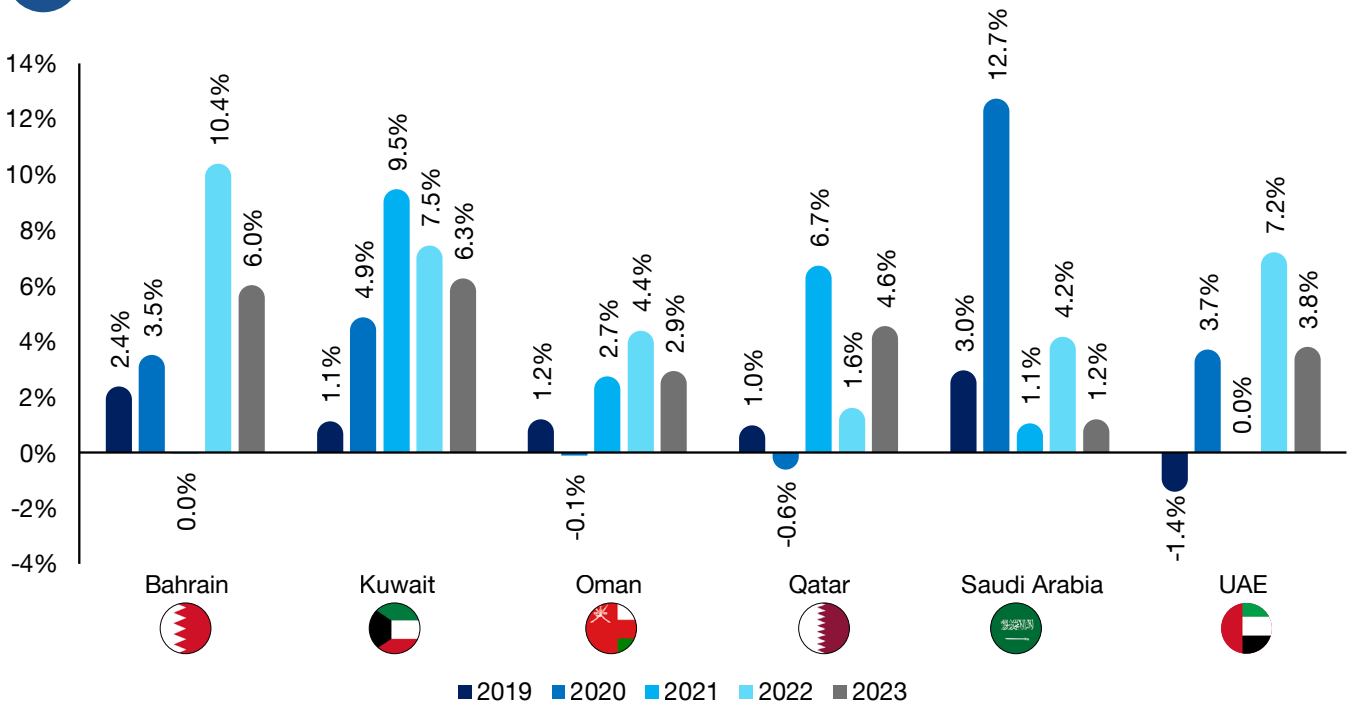
GCC Countries Consumer Price Index (YoY % Change)

Country	2019	2020	2021	2022	2023	2024E	2025F
Bahrain	1.0%	-2.3%	-0.6%	3.6%	0.1%	1.4%	1.8%
Kuwait	1.1%	2.1%	3.4%	4.0%	3.6%	3.2%	2.7%
Oman	0.1%	-0.9%	1.7%	2.5%	0.9%	1.3%	1.5%
Qatar	-0.7%	-2.5%	2.3%	5.0%	3.1%	2.6%	2.4%
Saudi Arabia	-2.1%	3.4%	3.1%	2.5%	2.3%	2.3%	2.0%
UAE	-1.9%	-2.1%	-0.1%	4.8%	1.6%	2.1%	2.0%
GCC	**-1.5%**	**1.3%**	**2.2%**	**3.3%**	**2.2%**	**2.2%**	**2.1%**

Source: International Monetary Fund

While inflation in the GCC is unlikely to spiral out of control, rising food prices remain a concern for the food and beverage industry. The food price index in all the GCC countries has increased since the Covid-19 pandemic. Prices in Bahrain, Kuwait, and Saudi Arabia have increased at a higher rate compared to Oman and Qatar where the increase has been relatively lower.

GCC - F&B Inflation (YoY % Change)



Source: GCC Central Statistical Authorities

GCC countries are relatively oil-driven economies, with prevalent water scarcity and high dependence on food imports, making the region particularly vulnerable to the adaptive capacity of water. Increasing consumption by the growing local and expat population, combined with limited renewable water resources, along with the import dependency leaves the region to global shocks.

To mitigate the risk of shortages and increase self-sufficiency, GCC governments have invested heavily in expanding the local desalination capacity in recent years. This has supported the rise in the production of different varieties of fruits, vegetables, and cereals which were historically not feasible to grow due to a lack of freshwater and harsh climatic conditions.

However, the GCC food industry continues to be challenged with supply chain disruptions, higher costs, and raw material quality owing to changing weather patterns and logistic hurdles. Rising costs have made it difficult for food and beverage companies to maintain a competitive edge and gain sustainable margins, resulting in the need to raise product prices, further burdening consumers.

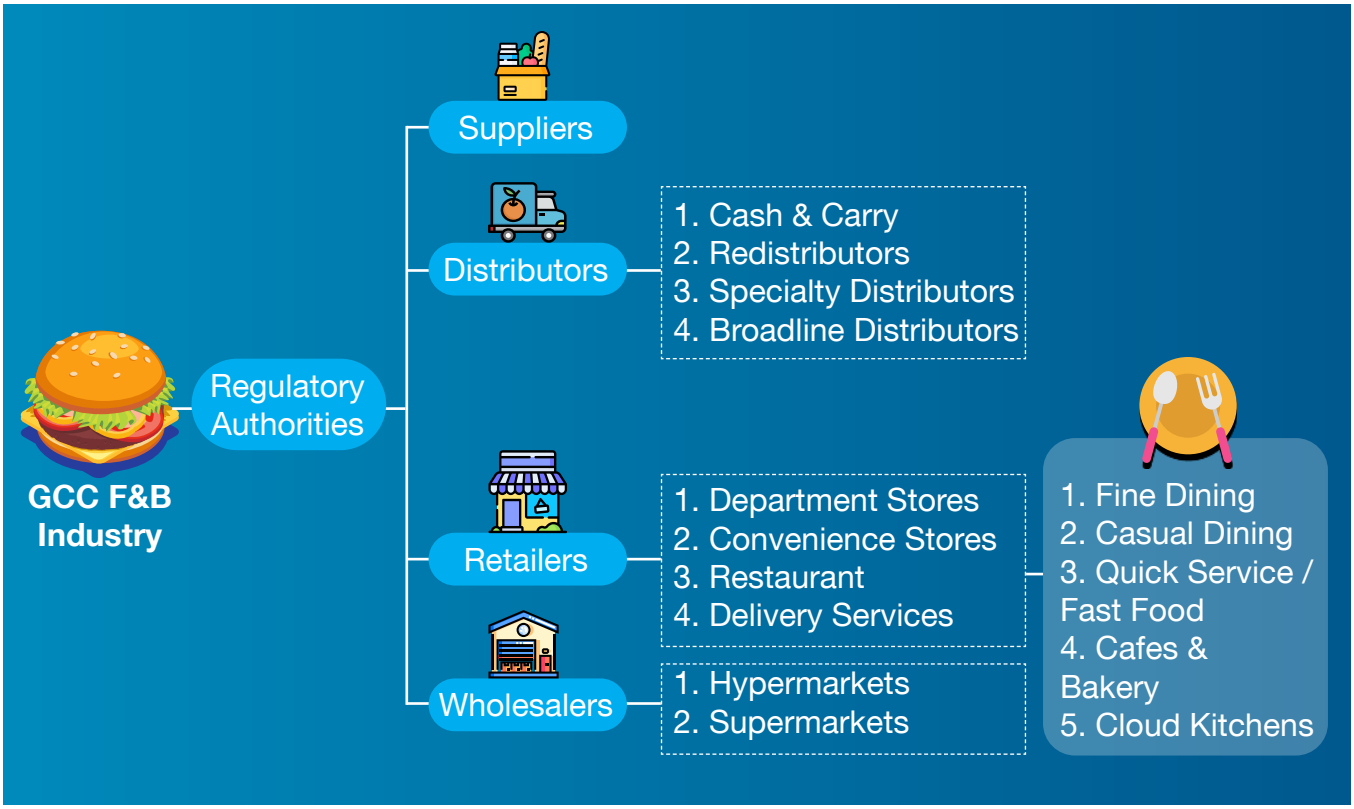
Private sector participants, in collaboration with the regional governments, are exploring opportunities for value engineering, optimizing efficiencies, and leveraging strong partnerships to build a robust food ecosystem. F&B manufacturers are implementing various strategies to reduce costs, including investing in new product development and innovation, sourcing sustainable packaging materials and renewable energy solutions, and re-engineering recipes to use alternative ingredients while maintaining quality standards.





Industry Structure

GCC countries import a substantial portion of their food requirements, including staples, processed food, and spices.

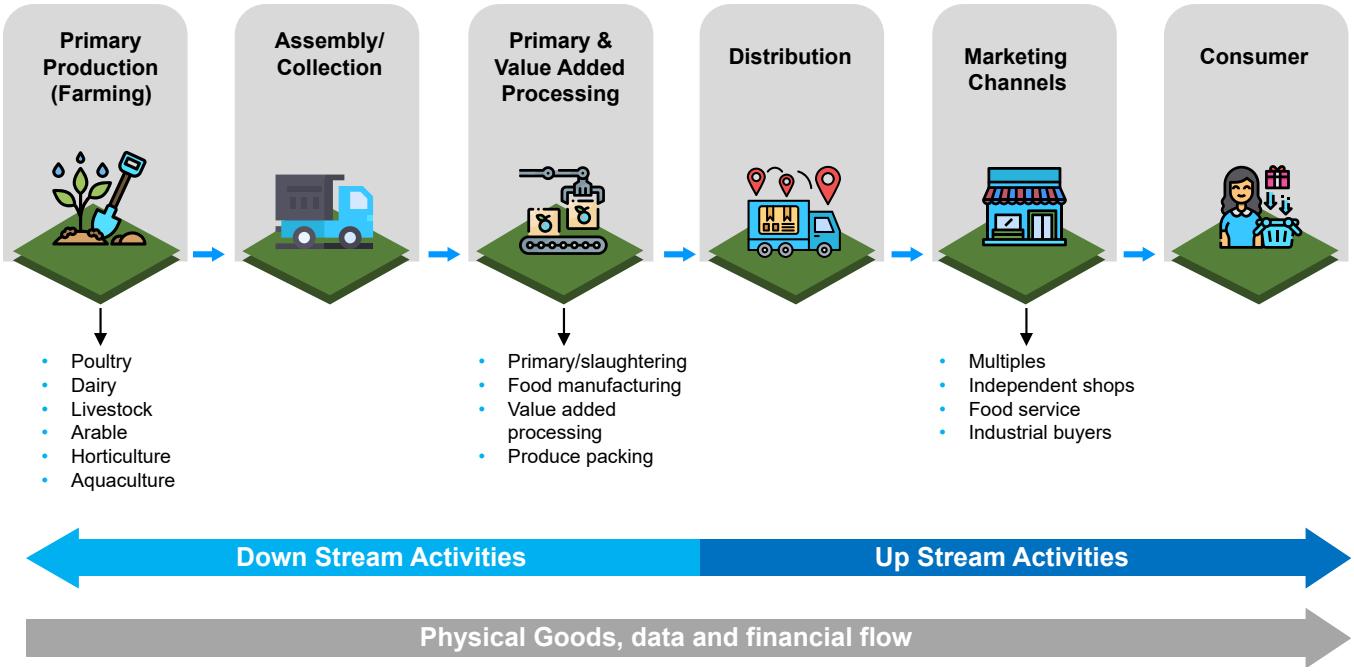


The GCC has a fragmented food retail sector dominated by many small and local retailers. But, in recent years supermarkets & hypermarkets have increased with the entry of foreign players. Due to the reliance on imports, most establishments source food items from local exclusive agents, although some major retailers import food items directly from overseas suppliers[2].



[2] Farrelly & Mitchell

GCC F&B Value Chain Model



Source: Farrelly & Mitchell

GCC F&B Market by Channel

Hypermarkets & Department Stores

- The size of such stores varies between 25,000 and 100,000 sq. ft.
- Key players include LuLu Hypermarket, Carrefour, Sultan Center, Bin Dawood, Panda Retail, and Kuwaiti Union of Cooperative Societies.

Supermarkets

- The size of supermarkets varies between 3,000 and 25,000 sq. ft.
- Key players include LuLu, Carrefour, Spinneys, Union Coop, Sultan Centre, SPAR and Al-Othaim Supermarket.

Convenience Stores

- The size of these stores varies between 500 and 3,000 sq. ft.
- Key players include Meed, Zoom, ADNOC Oasis, Allday Retail, Geant Express and Circle K.

Online Grocery & Food Delivery

- Key players include Kibsons, Barakat, Instashop, Talabat, NowNow, Suncart, Qfresh Online, and El Grocer.



Regulatory Authorities

Various regulatory norms have been established by the GCC nations to keep up the quality of food and simultaneously maintain food safety. The GCC Standardization Organization (GSO) is the entity responsible for developing food and non-food standards for the GCC. The food-related standards and regulations laid down by the GSO govern food imports into the Gulf region[3].

The GCC countries each have their regulatory authority supervising food safety and assessing food quality. The Emirates Standardization and Metrology (ESMA) ensures that imported food quality complies with the UAE's standard regulations whereas the Saudi Food & Drug Authority (SFDA) regulates food safety, packaging, and labeling.

New and improved regulatory amendments have been launched in the GCC countries relating to the sale of goods and importation. Some policy changes include halal certification and conformity assessment, the registration process for various food products, and norms for the addition of additives.

The Gulf countries uphold strict food regulatory policies to safeguard the safety of food products, encompassing both imports and locally manufactured items. These



policies, rooted in international standards such as those set by the Codex Alimentarius Commission, cover various critical aspects like labeling requirements, adherence to Halal practices, and the meticulous control of additives and preservatives. The region's heavy reliance on food imports necessitates rigorous regulations and inspections to ensure that products meet stringent safety and quality standards. Simultaneously, the encouragement of local manufacturing is accompanied by specific standards to guarantee the safety and quality of domestically produced foods, with a particular emphasis on obtaining Halal certification.

[3] GCC Guide for Control on Imported Foods 2016

The Gulf countries employ a combination of mandatory and voluntary standards to maintain food safety. Mandatory standards encompass essential elements such as labeling criteria, permissible levels of additives, and adherence to Islamic dietary laws. Voluntary standards, aligned with international best practices, provide additional benchmarks for producers aspiring to surpass basic regulatory requirements.

As part of their future goals, the Gulf nations are integrating advanced technologies, including digital platforms for supply chain tracking and tracing, to enhance transparency and traceability in the food industry. Regular updates and revisions to food regulations underscore the region's commitment to staying abreast of evolving challenges and advancements in the food sector. While regulatory responsibilities are shared among Gulf countries, the UAE plays a pivotal role in shaping and enforcing these standards, leveraging its strategic location and economic influence.

Key Industry Growth Drivers

The F&B industry offers a diverse portfolio of brands for businesses to capitalize on and expand their markets. Two specific clear trends in the GCC food and beverage sector include the increasing demand for healthier and organic options, as consumers in the region are becoming more health conscious. Second, with an increase in environmental awareness, the demand for vegetarian or vegan food is increasing[4].

The food and beverage industry in the Gulf Cooperation Council (GCC) countries is growing significantly due to several factors that boosted the companies to expand and develop by seizing the opportunity.

Following are some of the key growth driving factors:



Rapid population growth and rising urbanization (i.e., disposable income)

As per IMF, the GCC population is expected to grow at a CAGR of 1.8% between 2023 to 2029 to reach 63.7 million in 2029, thus adding 6.6 million individuals. An increase in population will drive the growth in food consumption and an increasing urbanization will continue to drive the demand for packaged and international food. This population boom is expected to be driven by youth, working-class professionals, and a significant proportion of expatriates. This diverse consumer base has led to an increased demand for a variety of cuisines, spanning from Arabic to international fare. Additionally, the approval of a unified visa is anticipated to provide substantial support to the sector.

[4] Ardent Advisory – GCC F&B Retail Sector Report 2021



Digital growth

In recent years, the F&B industry in the region has undergone significant digital transformation. The adoption of food delivery apps and online reservation systems has become prominent. The emergence of artificial intelligence (AI) is expected to introduce AI-driven menu customization, augmented reality dining experiences, and efficient supply chain management, among other improvements.



Increasing awareness of healthy eating habits

In line with global trends, there is a growing awareness of health and wellness in the GCC region. Consumers prefer healthy products like organic, gluten-free, no preservatives, sugar-free, and vegan food, and beverages. Businesses have responded to this trend and are diversifying their product portfolios to fulfill consumer requirements.



Tourism

The GCC countries are renowned tourist destinations, attracting visitors from all over the world. Since the Covid-19 pandemic, inbound travel in the GCC improved faster compared to the rest of the world with a 43% YoY increase between 2021-22. As of 2022, the region was the third largest market in inbound tourism globally, accounting for USD 45 billion in expenditures. In the same year, Dubai & Saudi Arabia observed an average spend per card of USD 814 and USD 731, respectively[5].



Government initiatives

The food and beverage industry plays a crucial role in boosting a nation's economic growth. Owing to this, governments in the GCC region have implemented various methods to support the industry and promote its growth. Dubai Food Park, a large-scale project by the Dubai Municipality, is a project launched to establish the largest food park in the Middle East region. It provides a dedicated platform for various companies to operate on, aiding in the overall growth of the industry.

[5] Mastercard

The increasing number of sports events in the GCC region

In recent years, the Gulf countries have actively taken part in professional sports events like the FIFA World Cup, Saudi International Championship for Parachuting, and others, which has not only added investments to the sports industry but also provided support to the cafeterias, restaurants, and infrastructure.

Key Challenges

The GCC countries import about 85% of their total food consumption due to adverse climatic conditions, limited water sources, and arable land. This makes the region vulnerable to food price volatility and any negative changes in the social and political climate in source countries and important trade routes could put the GCC food imports at risk. The food processing industry in the GCC countries faces challenges like inadequate supply chain infrastructure, seasonality of operations, low-capacity utilization, institutional gaps in the supply chain, and lack of focus on quality and safety standards. These have affected the growth of the small-scale food processing business due to the shortage of raw materials.

The major challenges faced by the F&B industry are:

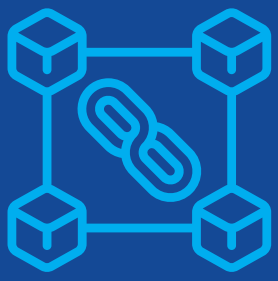
Inflationary pressures

Due to the rise in food prices, the cost of living has also increased consequently. The second biggest cause of inflation in the GCC is posed by the inflation in food prices. In the wake of the Covid-19 pandemic, the F&B inflation growth in the Gulf countries has remained above that of 2019 levels except for Saudi Arabia where the inflation growth has declined from 3.0% in 2019 to 1.2% in 2023. This has had a severe negative impact on families with low annual incomes, posing a risk to future generations as well.



Supply chain vulnerabilities

During the COVID-19 pandemic, global trade systems and food supply chains were disrupted causing a shortage of labour, a reduction in trade practices, and a general market degradation in many industries. Despite significant progress in fortifying their strategic stores and embracing innovation in food production, the GCC countries are still susceptible to export prohibitions and panic buying, which frequently occurs during emergencies. This can be largely attributed to a lack of sufficient control and access to its food chains that has led to a considerable reliance on imports to meet domestic requirements. This has left the GCC vulnerable to supply-side shocks, which have often put inflationary pressures on the economies.



Reliance on food imports

The challenge of food insecurity among the GCC nations along with the recent COVID-19 health scare has exposed the region to multitudes of food challenges. Despite successful efforts to increase production, the GCC relies extensively on food imports. The dependence on food imports can be largely attributed to the limited availability of arable land, water scarcity, and harsh climatic conditions that are not suitable for cultivation.



Various issues put considerable strain on food security on a global scale. The general availability of food items as well as the availability of nutrition-enriched options for consumers are severely strained in the regions of the Middle East and Africa due to the rising food prices and growing populations.

Agri-tech and cutting-edge technologies and innovations are the way forward towards adopting sustainable practices in the raw food supply system. The UAE was one of the first GCC countries to recognize the importance of food-tech to achieve food self-sufficiency. In 2021, the country unveiled the first of a series of projects aimed at tripling its food production, a major innovation district combining laboratories, research centers, and prototype agricultural systems. The district is expected to serve as a global destination for food-tech innovators and will offer financial incentives to startups operating within the project thanks to an agreement signed with the Emirates Development Bank.

In June 2022, Emirati vertical farming operator Pure Harvest raised a massive USD 180.5 million to expand into the Gulf Cooperation Council and Asia markets. Soon after, Crop One and Emirates Flight Catering announced the opening of a new vertical farming production facility. Another major deal was struck by Change Foods and Abu Dhabi Ports, who plan to build a 1.2-million-liter fermentation facility to produce animal-free cheese.

Qatar is following a similar path to food independence to the UAE. The country is pursuing this strategy by financing startups globally via government-backed funds and engaging with startups on local projects. In 2022, Qatar's sovereign wealth fund led a USD 250 million investment round in French vertical insect farm operator InnovaFeed. The Qatari government had also targeted alternative proteins back in 2021 when it joined forces with Eat Just to establish a USD 200 million cellular-cultured meat hub. In April 2024, microbial fermentation company Unibio and Doha-based industrial biotech investor Gulf Biotech announced plans to build a 6,000-tonne capacity plant to convert methane to a valuable feed ingredient through continuous fermentation.

Meanwhile, several food innovation projects are underway in the region. NEOM is a planned city that is set to produce 600,000 tons of food by 2030 to help Saudi Arabia achieve food independence. Oman has also taken steps to increase its food security. In May 2022, Oman's Sovereign Wealth Fund established a joint venture with mycelium solutions company MycoTechnology to produce high-quality mushroom-based protein from locally-grown dates.

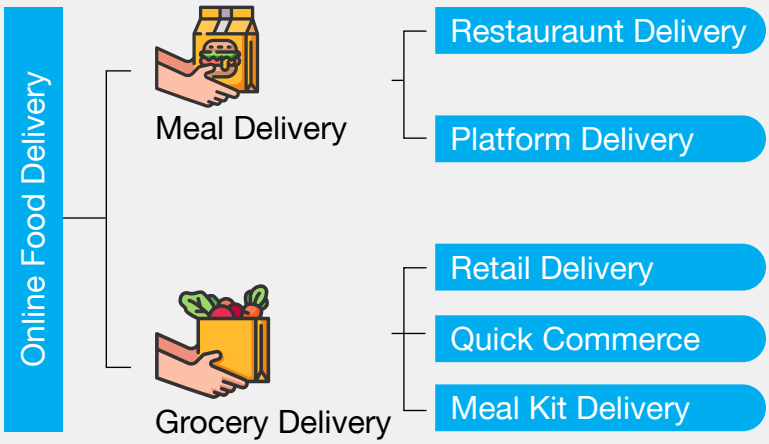


EMERGING TRENDS THAT ARE SHIFTING THE INDUSTRY LANDSCAPE



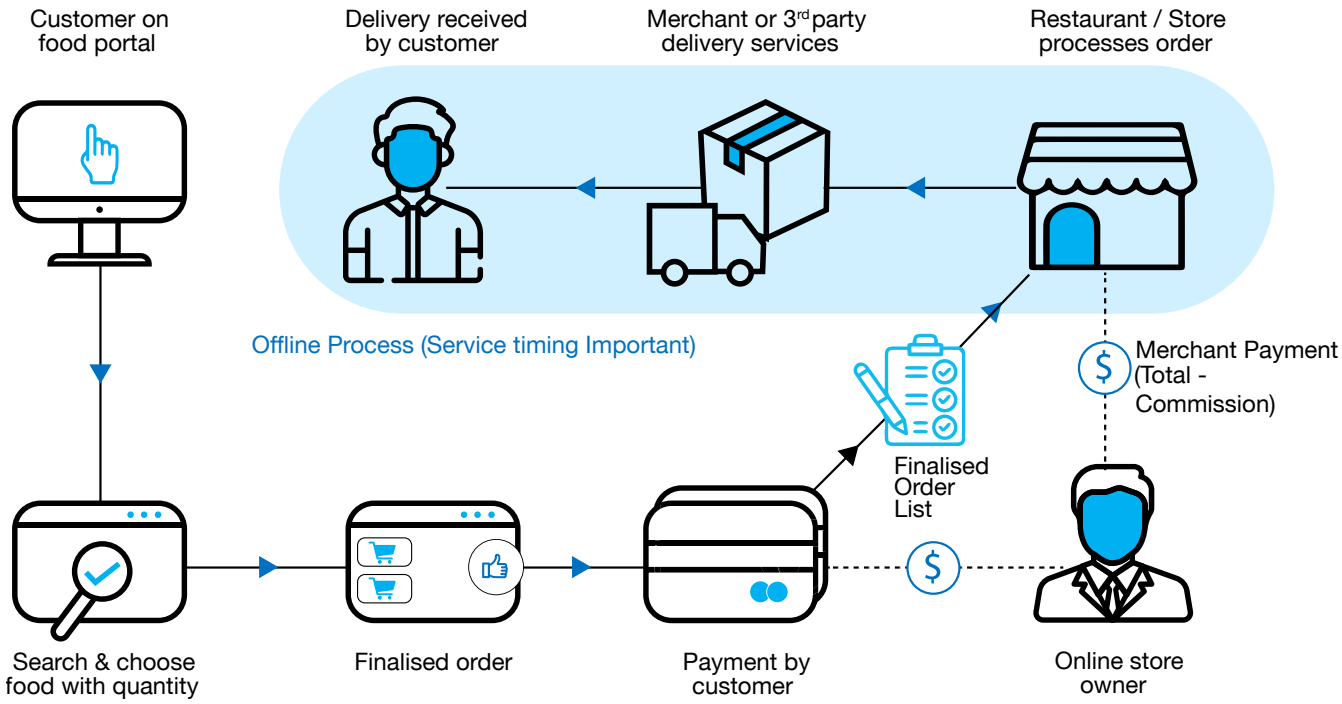
Online Food Delivery

Online food delivery refers to the intersection of ordering groceries and prepared meals through digital platforms. Orders are typically placed through an app or website and delivery times vary.



The online food delivery market consists of the user and revenue development of two different delivery service solutions: **(1) meal delivery and (2) grocery delivery.** Meal delivery includes services such as delivering prepared meals and food ordered online for direct consumption. Under meal delivery, there are two concepts – first, direct delivery of meals carried out by the restaurants, known as restaurant delivery; second, online delivery services that provide meals to customers from restaurants that do not necessarily have to offer food delivery services themselves, known as platform delivery.

Online ordering process



Source: NIX United

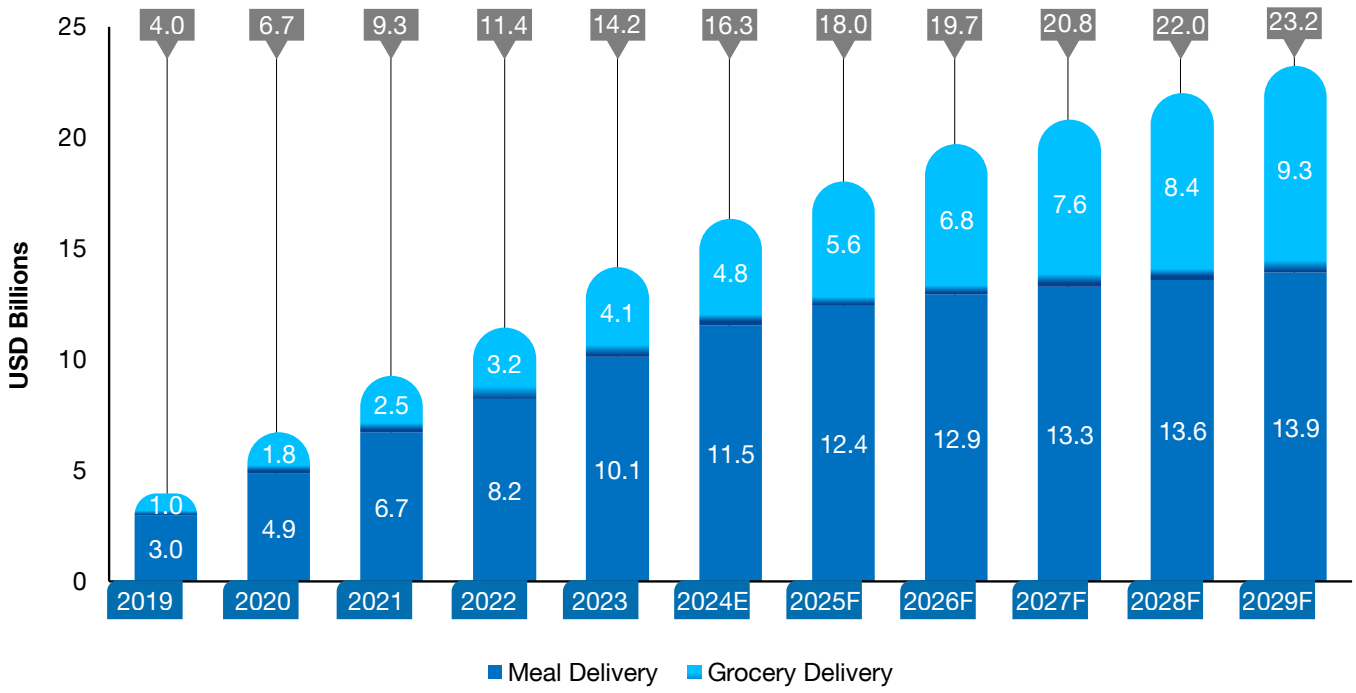
Grocery delivery services, as the name suggests, include non-prepared food and beverage products, and household and personal care products. Grocery delivery is – if the products are delivered from supermarkets or retailers to where the delivery is scheduled (retail delivery); delivery that takes place within 3 hours and operated through dark stores (retail distribution centers exclusively used for the fulfilment of online orders) or own warehouses (quick commerce); and prepped fresh ingredients to be directly used for preparing dishes or meals at home, typically offered through a subscription service (meal kit delivery).

The major reasons for these services to be established and their popularity are:

1. Significant increase in adoption and prevalence of e-commerce and mobile devices, which has made it more convenient for consumers to order food online.
2. In this fast-moving world, people are neither able to find the time nor have the patience to cook daily, and dining in restaurants is a rare and expensive option. This has in turn boosted online delivery services.
3. Furthermore, the COVID-19 pandemic has also accelerated the adoption of online food ordering and delivery platforms in the GCC, as more consumers are opting for contactless delivery options.

The revenue from online food delivery in the GCC region is estimated to reach USD 16.3 billion by the end of 2024. The revenue in the online food delivery industry in the GCC region is expected to grow at a CAGR of 8.6% (2023-29) and is projected to reach a market value of USD 23.2 billion by 2029. The grocery delivery market in GCC is expected to register a revenue growth of 14.7% between 2023-29[6].

GCC - Online Food Delivery



Source: Statista

Some of the major players in the GCC's online food ordering and delivery market include:

The largest online food delivery app in UAE, launched in 2012, it is a subsidiary of Delivery Hero and currently operates in Kuwait, Saudi Arabia, UAE, and Egypt among other regions. The company operates a fleet of 16,000.

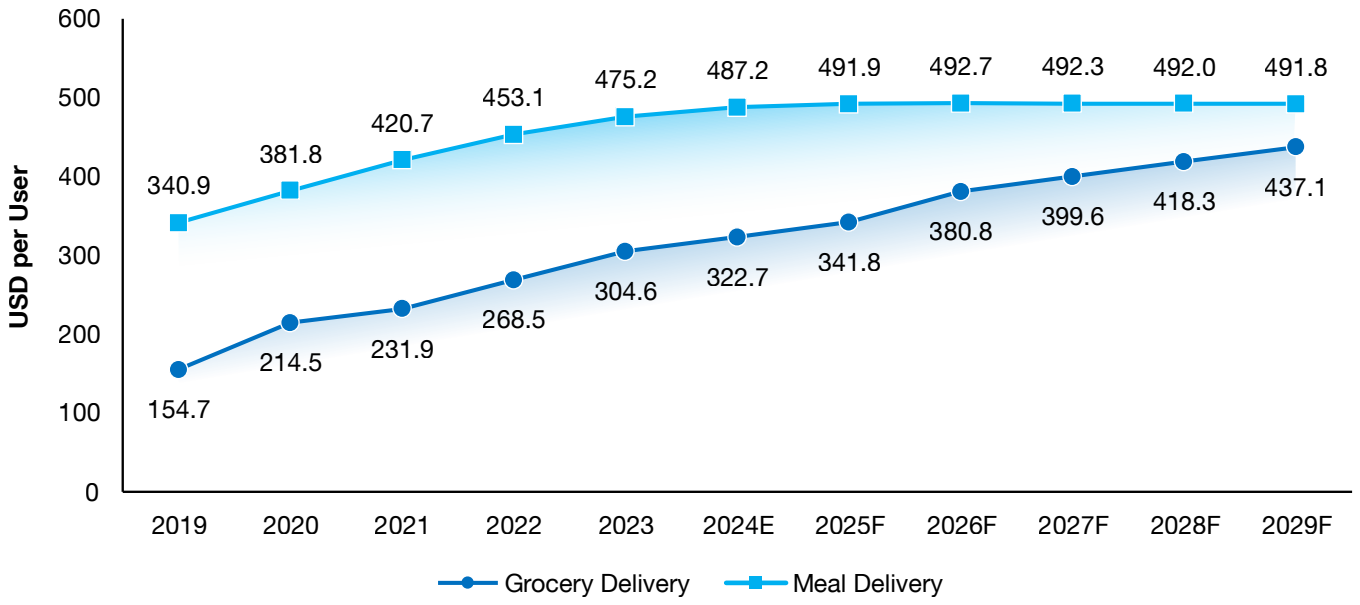
It is the most popular app in UAE, launched a year later in 2013, and has also expanded beyond borders. The platform has over 110,000 riders in the UAE and overseas. Unlike discovery and marketing apps, Deliveroo mainly targets restaurants that don't have their own couriers and also works with those that do.

An India-based app that understands the core values of UAE making it a sought-after on-demand food delivery app in the region. It currently operates in Dubai and Qatar and is quickly expanding throughout the UAE.

[6] Statista

Another popular food delivery app in the region, started its operations in 2012, one competitor of Careem was UberEATS until 2020 when the latter acquired Careem expanding its reach and consumer base.

The average revenue per user (ARPU) in the GCC online food delivery market is expected to stabilize to approximately USD 491.8 by 2029 for meal deliveries[7] compared to an estimated USD 475.2 in 2023. On the other hand, the ARPU for grocery deliveries is expected to grow at a CAGR of 6.2% (2023-29) to reach USD 437.1 in 2029 from USD 304.6 in 2023[8].



Source: Statista

Cloud Kitchen

A ghost kitchen, virtual kitchen, cloud kitchen, or dark kitchen is a cutting-edge and contemporary method of operating in the food service sector. A cloud kitchen only serves online orders for takeout or delivery, as opposed to regular restaurants that welcome diners. A cloud kitchen's digital presence is its fundamental component. Instead of having a physical eating area, these kitchens interact with clients through smartphone apps, internet platforms, and food delivery services. Through these platforms, customers submit orders, and the culinary team of the cloud kitchen produces the



[6] Statista
[7] Statista

food in a central kitchen facility. Given that delivery and takeout are the main offerings, cloud kitchens are positioned carefully in densely populated regions close to their intended clientele.

The GCC cloud kitchen market is projected to grow at a rate of 40.5% between 2024-32 due to several causes. A discernible trend in consumer preferences in the GCC countries toward convenience and digital experiences has fuelled the demand for online food delivery. Furthermore, the GCC's multicultural cities and rising international visitor numbers have given rise to a range of gourmet demands. Cloud kitchens, which offer quick access to a variety of culinary options via the Internet and mobile apps, are especially well-suited to address this trend.

Cloud kitchens gained popularity during the COVID-19 pandemic, whose primary operations lay in online and mobile order and delivery. A large portion of the consumer base of Cloud Kitchens were customers who had never ordered online before, with the new space providing them an opportunity to experience a delivery model that required no restaurant sitting space. Various virtual brands show an increase in delivery service, changes in consumer behaviour and preferences, and a rising need for enhanced health and safety regulations. The easily accessible and innovative idea behind cloud kitchens served as a factor that boosted the growth of this sector, with revenues being on the rise even after the pandemic had settled down.

Key players in the cloud kitchen industry in the GCC region are:

Company Name	Country of Origin	Year Established	Number of Kitchens	Total Funding (USD Million)	Description
Kitopi	UAE	2018	200+	118	Kitopi is a tech-based, multi-brand restaurant. Founded in January 2018, Kitopi partners with over 200 brands, across UAE, Bahrain, KSA, Kuwait, and Qatar, operating 200+ kitchens.
Sweetheart Kitchen	UAE	2019	5+	17.7	Sweetheart Kitchen is a delivery-only multi-brand virtual kitchen with a portfolio of over 25 quick service and fast-food concepts.
iKcon	UAE	2018	45+	10	iKcon is a Dubai-based startup operating a network of cloud kitchens partnering with multiple brands in the GCC region.
Dukkan Express	Kuwait	2020	30+	3.3	Online grocery platform operating in Kuwait.

The increasing role of technology in the F&B industry

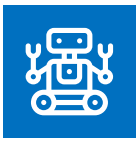
Over the years, there have been several technological advancements that have transformed the industry. Some of the technological advancements in the food and beverage sector in the GCC include:



Drone Delivery

- Drone delivery services in the GCC are intended to deliver products directly to customers' doorsteps without requiring human interaction. Products are transported by a variety of drone variants, including rotary and fixed-wing aircraft. This service is also used by the F&B industry. It helps in increasing efficiency and customer experience.

- Talabat, a local tech platform for food and e-commerce, launched a successful drone food delivery pilot program in Qatar in June 2022. In addition, Talabat has partnered with UVL Robotics to launch Oman's first-ever drone food delivery service in Muscat Bay, with other areas to follow from October 2022.



Automation and Robotics

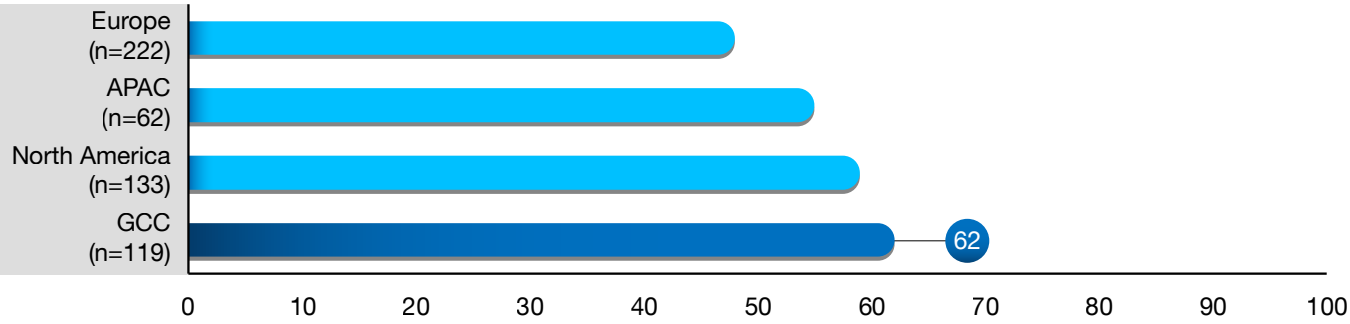
- The food and beverage industry has seen a surge in the adoption of automation and robotics in the GCC in recent years. Employing automated systems, packaging, control and assessment of quality, sorting, and even preparation have become much easier. When aided by robotic systems, efficiency, and food safety can also be enhanced while simultaneously reducing labour and other costs.

- Some robotic innovations are already running in the industry. Miso Robotics has partnered with Americana Restaurants to pilot Flippy 2, a robotics solution that automates the work of an entire fry station, at Americana Restaurants' flagship Wimpy location in The Dubai Mall, in 2022. Americana Restaurants is known for bringing global brands such as KFC, Pizza Hut, Hardee's, Krispy Kreme, and TGI Friday's to the Middle East and North Africa. Flippy 2 has demonstrated the ability to optimize operations in quick-service restaurants and will be integrated into other Americana Restaurants locations in the future.

Artificial Intelligence

- Artificial intelligence (AI) and machine learning are used in various areas of the industry. These technologies can help with quality control, inventory management, and personalized consumer experiences. Demand and production go hand-in-hand. For an F&B company to optimize its warehousing operations, it must first know how many (and which) products they need based on customer needs and preferences. Instead of relying on manual reports and forecasts, companies can use AI to predict what their customers need, and how will they react and can create forecasts, track demand, and order supplies accordingly. This saves money and time and prevents overruns.

Regional AI adoption in more than one business function
% of respondents (n = 536)



Source: McKinsey

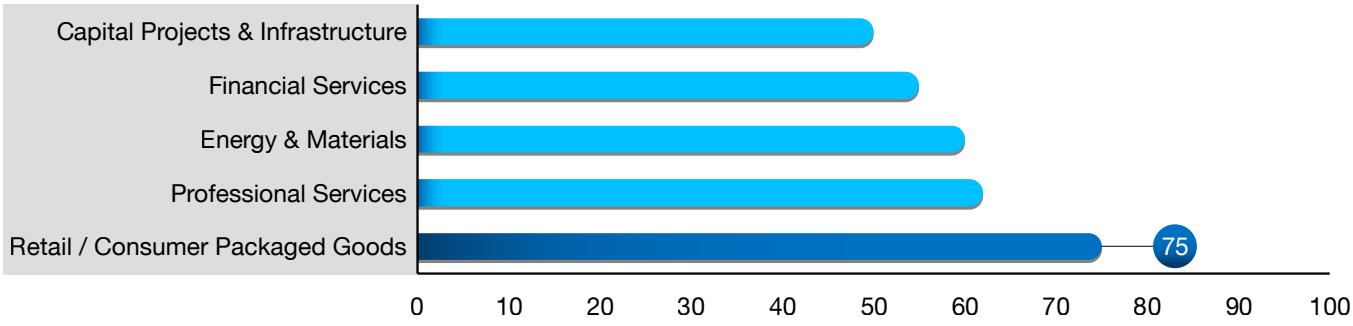
Select AI Adoption Announcements

Date	Company	Description
09/29/2023	Olo	• In September 2023, SoundHound AI announced integration with restaurant tech firm Olo to make its technology available to any locations that use Olo's technology. • This integration moves voice orders directly to the Olo platform, which seamlessly integrates with a restaurant's operations. The voice AI system which understands natural human speech, can learn any restaurant's menu. It can process orders, answer customer queries, and even upsell add-ons and special offers.
05/23/2023	Delivery Hero	• In May 2023, Delivery Hero, alongside Talabat announced the launch of Talabat AI. • Using generative AI, the shopping assistant enables customers ordering through Talabat Mart, the company's grocery delivery service, to search for recipes and identify the corresponding available ingredients at the same time.

Source: Company Press Releases

A 2023 survey by McKinsey shows that AI has the potential to add value of up to USD 150 billion or 9% of the combined GDP for GCC countries. According to the survey, retail companies have made the most progress, with 75% of respondents from that sector saying their companies have adopted AI in at least one business function.

AI adoption in GCC countries by sector
% of respondents (n = 119)



Source: McKinsey

Evaluation of different product categories



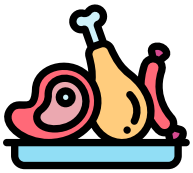
Dairy Products

The dairy market, inclusive of poultry and eggs, in the GCC is expected to grow by a rate of 5.4% annually (CAGR 2023 to 2028), with the market projected to grow in volume at 3.7% by the end of 2024[10]. The expansion of the dairy market can be linked to the growing preference for dairy among consumers, owing to the rise in innovative and nutritious products like low-fat milk and cream as well as vitamin-enriched and sugar-free items. The rise in population and disposable income combined with a growing trend for the consumption of dairy globally has further boosted the growth of the dairy market.

UAE and Saudi Arabia are leaders in this market, with Saudi Arabia holding almost 75% share of dairy production and consumption. Owing to the increase in awareness regarding the health benefits of dairy products, the market is likely to continue witnessing growth, propelled by investment in efficient and high-tech facilities.

[10] Statista

Company	Country	Key Developments
SADAFCO	Saudi Arabia	• In May 2023, rebranded its anchor brand by refreshing all dairy and non-dairy packaging. • This is aimed at boosting consumer sales as well as reforming brand image.
Public Investment Fund (KSA Wealth Fund)	Saudi Arabia	• In July 2023, set up Sawani Company to drive sustainable growth and explore the potential in the dairy industry. • The company will leverage the latest manufacturing and production technologies and modernize operations and aims to collaborate with the private sector to enhance dairy production.
Tamkeen (Bahrain's Labor Fund)	Bahrain	• In March 2023, extended support to the Awal Dairy Company in hopes of doubling the production of fresh dairy products, increasing their life expectancy, as well as expanding into local and regional markets.
Bel Group	France	• In February 2023, signed a manufacturing agreement with Baladna, a leading dairy producer in Qatar, to develop nutritious and easily accessible dairy products. • The agreement was made over the production of The Laughing Cow cheese jars.



Meat Products

As per estimates, the meat market in the GCC is expected to grow by an annual rate of 5.5% (CAGR 2023 to 2028)[11], whereas the meat substitute market is expected to show a growth of 9.0% forecasted for the same period[12]. The significant development in food infrastructure as well as the use of cutting-edge technology has further driven the growth of this industry, with consumers looking for products with high quality and nutritional value. Diet diversification due to changes in lifestyle choices along with an increase in income has aided meat market growth across the GCC.

Company	Country	Key Developments
Desert Hills Veterinary Services	Saudi Arabia	• In September 2023, signed a USD 53 million agreement with MHP SE, a listed London-based agrotech company, to boost poultry production in Saudi Arabia to boost self-sufficiency in poultry products
Al-Islami Foods	UAE	• The company ensures the use of completely natural, non-stunned meat with no added hormones.

[11] Statista
[12] Statista

Mekeni Food Corporation	Philippines	• In June 2023, the company took on the processing, distribution, and marketing of meat products in Qatar, through its partner company located in the region. • Earlier, Mekeni was solely exporting its products to Doha but has taken on this operation considering expanding its export target to other GCC countries.
Almarai Group	Saudi Arabia	• In March 2024, Almarai announced plans to invest over USD 4.8 billion until 2028 to boost its existing businesses and expand into new segments. • The plan includes USD 1.9 billion for poultry expansion and USD 1.3 billion for strengthening food categories such as dairy, juice, and bakery.



Fruits and Vegetables

The increasing population, coupled with an inclination towards readily available nutritious food, has given a boost to the fruits and vegetables market in the GCC region. The fresh fruits market is expected to grow by 4.1% annually with the vegetables market showing growth of 4.5%, the CAGR being calculated for 2023 to 2028. With fruits and vegetables being rich nutritious food sources, their demand has increased due to people becoming more aware of the severe implications of an unhealthy diet and the ever-rising need to convert to a healthier lifestyle. The rise in disposable income has also aided the shift from processed food to fresh produce.

Company	Key Developments
Green Corp	• In May 2023, acquired a stake in Badia Farms, the GCC's first-ever vertical farming company in UAE, to expand regional and domestic food production and put sustainable farming practices into effect. • This boost will allow Badia Farms to use advanced farming techniques and production models as well as develop pesticide-free farms to provide premium and locally produced fruits and vegetables in Saudi Arabia and Bahrain.
Pure Harvest Smart Farms	• In January 2023, entered a strategic partnership with Saudi Arabia's National Agricultural Development Company (Nadec) to help achieve food security in the GCC. • Pure Harvest will be increasing production over the next five years while Nadec will oversee the marketing of these products to consumers.
Millenium Hotels & Resorts	• In June 2023, partnered with Watermelon, a food and beverage procurement platform, to incorporate locally sourced produce across its hotels in the UAE. Through this partnership, fresh, good-quality produce sourced from local farmers will be made available in the hotels, assisting in UAE's food sustainability initiative.



Plant-Based Products

Plant-based alternatives to meat, egg, and dairy are on the rise owing to the shift in dietary patterns and consumer preference, with the rising trend of veganism majorly driving this market, especially in Saudi Arabia. Consumers looking for healthier and more nutritious alternatives, as well as the rise in health problems associated with high-fat animal-based food, have boosted the growth of this industry.

Company	Key Developments
Thryve	• In January 2023, the first 100% plant-based meat factory in the region, was opened in Dubai's Industrial City by IFFCO Group, with the new products catering to over 30% of the GCC's population. • The company was launched as part of Dubai's economic and food diversification, as well as to provide opportunities for private companies to invest in sustainable technologies.
Saudi Ministry of Environment, Water, and Agriculture	• In April 2024, signed agreements with local companies to drive the growth of plant-based alternatives and improve local production of nutritional plant-based food items. • Parties to the agreements include officials and the Cooperatives Societies Council, the Saudi Greenhouses Management and Agricultural Marketing Company, and Ayla Food Options Company.
Switch Foods	• In August 2023, launched Abu Dhabi's first state-of-the-art plant-based meat production facility in the Khalifa Economic Zones. • Using high-tech equipment and innovation centres, the facility produces a wide range of products from soy-based kebabs to vegan minced meat, and services to retailers and food outlets across the UAE.



Seafood Products

The fish and seafood market has a projected annual CAGR of 3.86% for the period 2023 to 2028, with the volume expected to show growth of 2.1% by 2024. The main factors driving the growth of this market in the GCC region are suitable climatic conditions, and advanced fishing and production technologies, fuelled by a rising consumer demand. Seafood, apart from being a rich source of protein, also offers other benefits as it improves food security, reduces pressure on livestock, and aids tourist consumption habits while also providing livelihood to the rural population.

Company	Key Developments
Cargill	• Signed a Memorandum of Understanding in early February 2023 with the Arabian Agricultural Services Company (ARASCO) and the Neom Company to expand fish farming and boost aquaculture development in northwest Saudi Arabia. • The venture is aimed towards supporting Saudi Arabia's drive to achieve seafood self-sufficiency by the year 2030.
International Fish Feed Company	• In November 2023, partnered with Skretting Middle East and Africa, a Dutch animal feed and nutrition specializing firm, to develop high-tech aquafeed production facilities and offer a comprehensive range of feed products to fish and shrimp farmers across Oman.



Ready-to-Eat and Convenience Products

The market for Ready-to-Eat meals in the GCC is expected to grow annually by a rate of 4.2% (CAGR for the period of 2023 to 2028)[13], with the Convenience Food market expected to grow annually by 4.3%, for the same period. With a shift in lifestyle habits, work hours, and rapid urbanization, ready-to-eat meals and packaged snacks offer consumers easy and quick food options. The demand for these products is projected to be sustainable as the urban population grows along with an increase in the expat population, with companies launching new and diverse product portfolios to gather a loyal consumer base.

Company	Key Developments
GMG	• Launched four new factories to produce value-added meat, poultry, and seafood in March 2023.
Siwar Foods	• In May 2023, selected to act as a distributor for TGI Friday retail products in Saudi Arabia, as per the exclusive agreement signed with Rastelli Global Middle East. • The product range includes readymade chicken wings, strips, and other food items, to be sold through an extensive retail network or online.

[13] Statista

Emphasis on Local Production

Owing to their significant financial reserves, the GCC countries have ensured the constant availability of food imports and have handled occasional price spikes to guarantee that affordability is never a problem. However, the dependence on agricultural products and imported food items begs the question of how disruptions in the supply chain could impact food prices and shortages.

The GCC countries are among the most secure countries according to the Global Food Security Index, which considers the availability, affordability, quality, and safety of food. However, the region does not control its food sources and remains highly dependent on imports. The countries import about 85% of their food which includes – rice imports that cover almost all consumption, about 93% of cereals, and about 62% of meat and 56% of vegetables. During supply chain disruptions such as a pandemic, dependence on imports makes countries vulnerable to shortages.

Global Food Security Index 2022 – GCC Countries Ranks

Country	Affordability	Availability	Quality & Safety	Sustainability & Adaptation	Overall Food Security Environment
Bahrain	11 (91.3)	52 (60.1)	32 (76.3)	78 (47.3)	**38 (70.3)**
Kuwait	45 (80.0)	22 (62.9)	59 (67.8)	85 (45.5)	**50 (65.2)**
Oman	21 (88.6)	34 (64.3)	42 (73.2)	60 (53.6)	**35 (71.2)**
Qatar	21 (88.6)	9 (72.9)	47 (71.7)	72 (51.0)	**30 (72.4)**
Saudi Arabia	40 (83.2)	23 (67.2)	49 (71.6)	57 (53.7)	**41 (69.9)**
United Arab Emirates	31 (86.7)	7 (73.8)	16 (81.3)	53 (55.2)	**23 (75.2)**

Source: United National Convention to Combat Desertification & the Economist Intelligence Unit (EIU); Note: Category-wise ranks with scores in brackets

Because of long-term food security measures put in place following the 2007–2008 food crisis, GCC countries have maintained access to critical food commodities despite their reliance on imports. Various approaches have been taken by nations like Kuwait, Qatar, and the United Arab Emirates to improve their food security systems. Creating national food plans is one of these, and it aims to increase homegrown production, diversify imports, cut waste, and increase reserve capacity. They are also adopting Agri-tech to improve supply chains and boost food production, such as digital tools and vertical farms. Saudi Arabia and the United Arab Emirates have also made investments in foreign farmlands

in reaction to difficult climatic circumstances for agriculture.

To reduce the dependence on imported products in the GCC, there is a growing demand for the promotion of local food production. Owing to disruptions caused by the COVID-19 pandemic, which widely disrupted transport, climate as well as chemical and fertilizer prices, food shortages, and inflation have been on the rise. The Russia-Ukraine war also impacted the food supply and distribution of food globally. The US and UK have faced food shortages and food insecurity due to disruptions in the food chain and bans on various local and international exports.

Focus on Sustainability

The rapid increase in world population poses a struggle for food production and distribution, creating a need for reducing emissions and pioneering a new type of fermentation that converts energy from a few ingredients into food products. Developing countries in the Middle East, particularly the GCC, have the necessary resources and technology to develop the food fermentation industry in the industry.

Reports show that the world population is projected to reach 9.7 billion by the year 2050, which requires agricultural production to grow by over 60% globally to feed the entire population base.

The Middle East, especially the Gulf Cooperation Council, can meet this challenge and produce healthy, low-emission food. The GCC countries are rich in cheap renewable energy sources and capital and have the necessary inputs to make energy-to-food precision fermentation commercially viable. Energy-to-food uses energy, nitrogen, carbon, oxygen, and organisms (or biochemically active substances derived from such organisms) to produce proteins and other food substitutes. The process from energy to food takes place in a bioreactor, which provides a stable environment for energy-intensive chemical reactions.

With the rise in consumer consciousness regarding the environment, consumers in the GCC region have shifted their focus towards sustainable and environmentally friendly food items. This has caused an increase in demand for those items that use recyclable or biodegradable packaging, are procured by ethical farming practices, and reduce the production and consumption of waste. In the year 2022, the GCC sustainable packaging market was valued at USD 7 billion and is expected to rise to USD 9 billion by 2028, growing at a CAGR of over 4% during this period. With people and companies becoming more aware of the harm being caused by non-biodegradable items, increasing pollution, and health hazards, this market is expected to show sustainable growth.

KEY STAKEHOLDERS AND DEAL ACTIVITY IN THE INDUSTRY

Market Leaders

The companies belonging to the food and beverage industry are constantly expanding, innovating, and diversifying to adapt to the needs of their customers. Constant investment in advertisements and marketing also allows these companies to develop a brand image, create market awareness, as well as grow their market share while simultaneously increasing profitability. Since these companies employ a large group of people, they are also a significant contributor to the GDP of a nation.



The growth of the food and beverage industry is boosted by a significant rise in disposable income, urbanization, and population, along with a constantly evolving customer preference. It is expected to continue growing in the upcoming years. Catering to the needs of all ages and demographics, these above-listed companies have developed a strong market presence and a loyal customer base. This is because these companies heavily invest in research and development and are constantly improving and evolving their product portfolio. These investments also allow them to stay ahead of their competitors while maintaining profitability.

The following table shows the top ten listed companies (by market capitalization) in the Food and Beverage Industry along with select financial figures:

Company Name	Country of Headquarters	Market Cap (As of 11th Jun '24) (USD Mn)	Total Revenue (USD Mn)	Net Income (USD Mn)	Net Income Margin
Almarai Company SJSC	Saudi Arabia	15,012.1	5,325.1	562.4	11%
Savola Group Company SJSC	Saudi Arabia	6,478.5	7,150.4	285.4	4%
Saudia Dairy & Foodstuff Company SJSC	Saudi Arabia	3,066.0	741.2	110.6	15%
National Agricultural Development Company SJSC	Saudi Arabia	2,577.8	852.4	80.5	9%
Agthia Group PJSC	United Arab Emirates	1,303.5	1,242.0	81.6	7%
Zad Holding Company QPSC	Qatar	998.3	431.2	53.6	12%
Tanmiah Food Company SCJSC	Saudi Arabia	649.5	558.1	23.8	4%
Mezzan Holding Company KSCP	Kuwait	773.2	881.7	41.4	5%
Baladna QPSC	Qatar	687.9	290.1	30.0	10%
Halwani Brothers Co SJSC	Saudi Arabia	471.4	237.0	-26.1	-

Source: United National Convention to Combat Desertification & the Economist Intelligence Unit (EIU); Note: Category-wise ranks with scores in brackets

[14] NEC – Not Elsewhere Classified

Almarai Group

A food and beverage company from Saudi Arabia, the variety of products manufactured and distributed by Almarai includes juices, baked goods, fresh milk, yogurt, and infant nutrition among a wide range of other quality items. Almarai offers around 622 products across 7 different brands. The company is a market leader with market shares varying from mid to high double digits across its operating segments (dairy, juice, bakery, and poultry) in various GCC countries.

Savola Group

A renowned Saudi Arabian company, Savola Group has established itself as a major market player in the North African and Middle East region. Its primary operations lie in the food and retail sectors, and the company is known for delivering a high-quality and diverse range of products and services. The company operates the largest logistics network in Saudi Arabia while its subsidiary Panda holds over 25% market share in the retail space in Saudi Arabia. Savola operates 14 production facilities in over 6 countries and serves a combined population of over 400 million.

Baladna

The Qatar-based company, Baladna occupies a 53.5% market share in the country's dairy industry. The company fulfils over 95% of Qatar's fresh milk requirement. Baladna's facility spans over 2.4 million square meters and can house 24,000 Holstein cows. The company has several production lines of fresh milk, evaporated milk, sterilized cream, yogurt, laban, long-life milk, cheese, labneh, fresh cream, desserts, and non-dairy products, namely juices, meat, and organic fertilizers.

Among the above-mentioned companies, Almarai Company SJSC has the highest Net Income After Taxes (NIAT) of USD 562.4 million, whereas Halwani Brothers Co SJSC has a negative NIAT of USD -26.1 million. A negative NIAT indicates that a loss was incurred during that specified period.

Most companies in the GCC F&B industry operate on a current ratio >1 with a median current ratio of 1.39. This signifies sufficient capacity to repay short-term obligations. Similarly, the companies have a low net debt to EBITDA ratio with a median of 2.54 denoting sufficient debt repayment capacity.

The companies' asset turnover ratio remains close to or less than 1 owing to the capital-intensive nature of their operations i.e., generation of < USD 1 per dollar value of total assets.

The GCC F&B companies display varying levels of profitability. Where 5% to 10% Net Income Margins are considered average, a margin above 10% is considered to be good. The Net Income Margin is in the range of 2% to 49%, with multiple companies showing a Margin of more than 10%.

Food-tech Startups in the GCC

Food-tech companies are those companies that manufacture and distribute food and beverages by using technology and network services. Cloud-based restaurants, and online food order and delivery platforms form a major part of this industry. The market for food-tech companies is expected to reach USD 385.7 billion by the year 2030, increasing at an annual rate of 5.8% (CAGR for the period 2022 to 2030). Saudi Arabia and the UAE hold leadership positions in the food-tech industry.



KitchenomiKs

KitchenomiKs is one of Oman's fastest-growing innovative food-tech and cloud kitchen startups, which has shown significant and continuous upward growth since its launch in March of 2022. The company has over 10 successful F&B concepts operating under it, which has helped it to emerge as one of Oman's fastest-growing hybrid food-tech enterprises.

KitchenomiKs provides its virtual brands through delivery hubs, offering a Kitchen-As-A-Service platform to well-known brands. The company allows local home-based entrepreneurs venturing into the food industry an opportunity to scale their operations while simultaneously providing a wide range of diverse products to its customers.

KitchenomiKs has also raised USD 1.7 million in its seed round from angel investors and is on track to expand its reach, aiming to add ten automated and tech-enabled delivery hubs in Muscat by the fourth quarter of 2023. Its In-Country Value (ICV) strategy aimed at contributing to the local economy as well as its collaboration with the Oman Convention and Exhibition Centre to operate state-of-the-art kitchen facilities has helped it achieve the position of the largest cloud kitchen operator in the country.

Matbakhi

Riyadh-based food-tech startup Matbakhi was founded in October 2022 by Joe Frem and Rodolph Njeimto to work together with local chefs and provide ease of access to different menus to the consumers, while also playing the role of an F&B supplier to hotels. Matbakhi currently operates cloud kitchens with four brands across five different locations in Riyadh, focusing on providing faster services as well as reducing the use of labour.

Matbakhi has successfully raised USD 2.3 million in a pre-seed round led by Bugshan Investment Company and an undisclosed group of angel investors. The company plans to use the fresh capital to introduce and accelerate the expansion of a hotel cloud kitchen in Riyadh as well as Eastern Saudi Arabia and attract a larger client base.

The company aims to start making significant profits by Q1 2024, by shifting focus to expansion and growth in Riyadh and the eastern region of Saudi Arabia during 2023 and growing its portfolio from four to at least twenty different brands.

Growdash

Growdash is a UAE-based food-tech startup founded in 2022 by Enver Sorkun and Sean Trevaskis. It was launched with the motive to help restaurants use analytics and business tactics to unlock growth potential and positively impact their profitability. It uses an in-house SaaS solution to connect data points across a particular restaurant's pre- and post-order path.

Growdash raised USD 750,000 in a pre-seed round led by Flat6Labs. This round included participants such as Plus Venture Capital, Judah VC, TPN Investments, and other angel investors including former Talabat CEO Abdulhamid Alomar and serial entrepreneur Zeid Husban. It currently operates in UAE and Kuwait, launching the business in Qatar and Saudi Arabia in 2023, which will be followed by further expansion in 2024.

Pure Harvest Smart Farms

Pure Harvest Smart Farms is a UAE-based technology-enabled agribusiness founded in 2016 by Mahmoud Adi, Robert Kupstas, and Sky Kurtz. The company is focused on the production of greenhouse fruits and vegetables in the challenging climates of the Arab Gulf region leveraging Dutch greenhouse growing technologies. Pure Harvest specializes in vine vegetable crops (tomatoes, capsicum, cucumbers, eggplants, strawberries, etc.).

The company has raised over USD 400 million in total through various funding rounds. In July 2022, Pure Harvest secured USD 180.5 million in a funding round with participation from UK-based private capital fund advisor Metric Capital Partners, Korean investment firm IMM Investment Corp, as well as the KSA-headquartered Olayan Group.

Calo

Calo is a Bahrain-based platform founded in 2019. The app platform provides personalized meal plans through nutritional algorithms, built by chefs, nutritionists, and software engineers. Calo's app automatically calculates the calories and macronutrients that users need and delivers ready-to-eat meals portioned to fit an individual's fitness goals.

The company has raised USD 26.5 million in total through two funding rounds. In December 2022, Calo secured USD 13 million in a pre-Series A funding round led by Nuwa Capital and STV.

Siwar

Siwar is a Saudi Arabia-based food-tech company founded in 2020. Siwar offers a range of food options to customers looking for cheaper alternatives to eating out. It offers a variety of food products – including ready-to-eat meals and desserts – and lets customers purchase through different channels such as retail, online, and vending machines. The company secured USD 7.5 million in a Series A funding round led by Seera Group.



Dailymealz

Dailymealz is a Saudi Arabia-based food subscription platform founded in 2017 by Mohamed Elzalabany, Abdulrahman Ahmed, Abdallah Said, and Motaz AbuOnq. Dailymealz enables individuals to order food using weekly and monthly subscriptions with a choice of different subscriptions including healthy, diet, Keto, and fast food.

The company has raised USD 7.3 million in total through two funding rounds. In March 2022, Dailymealz secured USD 5.3 million in a pre-Series A funding round led by Saudi Airlines Catering and participation from Hala Ventures, an MLM investment company, VEDA holding, Seedraventures, and other angel investors.



Raha

Raha is a Kuwait-based logistics tech company founded in 2022. In April 2022, the company launched ShopRaha, a fully automated e-grocery platform in Kuwait. The company has raised USD 14 million in total through two funding rounds. In November 2023, Raha raised USD 7 million in a pre-Series A funding round led by Soor Capital and PIF-backed private equity fund eWTP Arabia Capital.



Haseel

Haseel is a Saudi Arabia-based e-commerce startup founded in 2018. Haseel allows both individuals and businesses to buy fresh food supplies directly from farmers through Haseel's mobile applications and have them delivered in two hours in over 16 cities in Saudi Arabia. In March 2022, the company secured USD 6.6 million in a Series A funding round led by Vision Ventures, with participation from Arzan Ventures, Riyad Taqnia Fund, Sky Horizon, and Aid for Investments alongside angel investors.



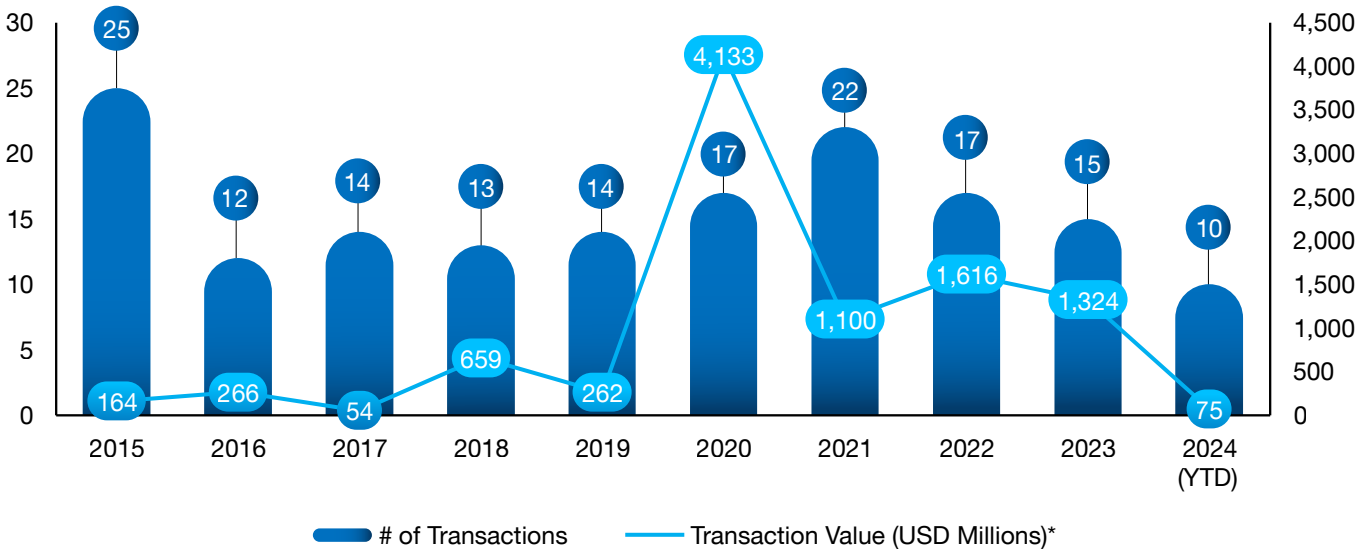
Barakah

Barakah, a Saudi Arabia-based startup raised USD 1.5 million in a seed round led by Hambro Perks Oryx Fund. The round also saw participation from other venture capitalists and angel investors.

Mergers and Acquisitions Activity in the GCC F&B Industry

Mergers and acquisitions in the Food and Beverage industry in the GCC have witnessed a rise in value since 2019 owing to an ever-evolving competitive landscape, consumer preferences, and market growth. Despite the economic slowdown globally in 2023, mergers and acquisitions have continued to be a part of company operations.

GCC F&B - M&A Activity



Note: Includes completed transactions only. * Transaction value is based on disclosed figures and therefore does not represent the total value of all transactions completed in a calendar year.

Acquiror	Target	Description
Kitopi	AWJ	• Acquisition to allow opportunities to invest in regional brands promoting their growth while simultaneously extending AWJ's presence in new markets. • AWJ, an F&B enterprise headquartered in Dubai, will also benefit from Kitopi's smart kitchen operating system because of the acquisition.
Almarai	International Dairy and Juice Limited	• IDJ was established as a joint venture between PepsiCo and Almarai for manufacturing and distributing food and beverages in Egypt and Jordan, as well as exporting products globally. • USD 68 million investment to acquire the remaining 48% stake from PepsiCo. Food Processing

Acquiror	Target	Description
Jumalty	Appetito	• Cross-border merger with Appetito, its Egyptian counterpart, to form a new grocery delivery platform NOMU. • With headquarters in Riyadh, NOMU aims to become Middle East and North Africa's leading food-tech supply chain to service around 25 million consumers and 100,000 F&B stores including Almarai, Nestle, etc.
Deliverect	ChatFood	• Acquisition aimed at providing consumers with a one-stop online platform, aimed at serving over 43,000 restaurants and food service enterprises. • Caters to over 300 million orders in 42 different markets, with a special focus on the Gulf region, owing to it being a key area of focus in ChatFood's operations.
Silal	SAFCO Group	• Acquired a majority stake in UAE-based food and beverage distribution company, SAFCO Group, to expand into the production and distribution industry. • SAFCO marks Silal's second acquisition in 2023, adding to its diverse portfolio of domestic and international brands, increasing its consumer base, and marking its expansion into the export and distribution sector

Way Forward

A growing industry offering a diverse portfolio of products and brands for businesses to capitalize on and expand, the food and beverage sector in GCC countries is expected to reach a market value of USD 128.2 billion by the year 2029, growing at a CAGR of 6.1% between the years 2024 to 2029.

With a surge in demand for nutrition-enriched food products, an ever-evolving consumer preference, and changing lifestyle habits, as well as environmental and health benefits posed by alternative resources and products, the food and beverage industry has seen significant growth in recent years.

The demand for food is expected to rise by almost 70% by the year 2050, with innovation and drastic reforms being the only way to attain food security.

The Halal Food and Beverage Market in the GCC region is forecasted to reach USD 18.9 billion by the year 2027 , while the food service industry is projected to grow at a CAGR of 8.9%, amounting to approximately USD 62.3 billion by 2030, up from USD 34.3 billion in 2023 .

Along with innovative inventions and digital infrastructure being adopted into the food and beverage sector, growth in this industry

is further boosted by various regional and global programs, private and government-aided collaborations as well as import and export.

The UAE has undertaken various initiatives, under National Food Security Strategy 2051, to develop sustainable food systems using modern technology to aid local production as well as build strategic partnerships internationally. It also aims to boost food security by creating 20,000 jobs in the next five years and increase economic contribution by the food and agriculture sectors by USD 10 billion.

Earlier in 2023, the Emirates Development Bank introduced the AgTech loans initiative to financially support UAE's priority sectors. It has planned to allocate a sum of USD 27.2 million to develop the food and agricultural sector as well as support local farmers and producers.

Other government initiatives to drive growth in the food and beverage industry include Qatar's New National Food Security Strategy 2024-2030, which aims to focus on increased applications of innovative and modern technology and drive agricultural production by adopting modern agricultural practices. It is to be implemented by the end of the first quarter of 2024.

The meal replacement market in the UAE is expected to grow to USD 1.8 billion by 2028, from USD 1.5 billion in 2023, owing to a rapid rise in population, with increased demand for convenience meals by the young generations. The food delivery market in the GCC region is expected to rise by an annual CAGR of 14.9% for the period 2023 to 2027. The leading cause of this forecasted growth is vividly evident after the COVID-19 pandemic with the rise in cloud kitchens and online food order and delivery platforms combined with an ever-evolving consumer preference being major contributors. The food-tech and retail startups need to continuously innovate and evolve to adapt to this dynamic industry.

Further, the increase in demand and sale of beverages due to a shift in consumer tastes towards healthier, more nutritious, and alternative drink items has fuelled the growth of dedicated beverage sections in large-scale retail stores, shopping malls, and supermarkets in the GCC region.



Saudi Arabia's food industry is also set to foster new growth by an amount of USD 20 billion by 2035, owing to new investments in various dairy, beverages, poultry, and bakery companies. This decision is also aimed at assisting the country to achieve its objectives stated in the National Industry Strategy of doubling agricultural exports from USD 3.7 billion in 2022 to USD 10.9 billion in 2035. This growth in the food market will further be supported by increased consumer spending of approximately 1.4% approximately, on food and beverages by the rising population. GCC nations also have a high GDP per capita, making them rank in top positions globally. GDP per capita is a good indicator of a nation's disposable income as well as purchasing and spending habits. A rise in GDP per capita is also indicative of a rise in the spending power of the customers, boosting growth in various industries, and demand for different items including food and beverage products.

More disposable income often reflects a change in people's consumption and lifestyle habits, with an increased chance of investing in premium food and beverage items. These further drive growth in the F&B industry, leading to the creation of new hotel chains, restaurants, and food production and delivery enterprises.

APPENDIX I – KEY F&B COMPANIES' FINANCIALS

Company Name	Country of Headquarters	Market Cap (As of 11th Jun '24) (USD Mn)	Total Revenue (USD Mn)	Net Income (USD Mn)	Net Income Margin
Almarai Company SJSC	Saudi Arabia	15,012.1	5,325.1	562.4	11%
Savola Group Company SJSC	Saudi Arabia	6,478.5	7,150.4	285.4	4%
Saudia Dairy & Foodstuff Company SJSC	Saudi Arabia	3,066.0	741.2	110.6	15%
National Agricultural Development Company SJSC	Saudi Arabia	2,577.8	852.4	80.5	9%
Agthia Group PJSC	United Arab Emirates	1,303.5	1,242.0	81.6	7%
Zad Holding Company QPSC	Qatar	998.3	431.2	53.6	12%
Tanmiah Food Company SCJSC	Saudi Arabia	649.5	558.1	23.8	4%
Mezzan Holding Company KSCP	Kuwait	773.2	881.7	41.4	5%
Baladna QPSC	Qatar	687.9	290.1	30.0	10%
Halwani Brothers Co SJSC	Saudi Arabia	471.4	237.0	-26.1	-
Dubai Refreshment PJSC	United Arab Emirates	512.1	218.7	98.5	45%
Al Jouf Agricultural Development Company SJSC	Saudi Arabia	528.0	113.7	16.5	15%
Naqi Water Co	Saudi Arabia	354.1	63.7	11.5	18%

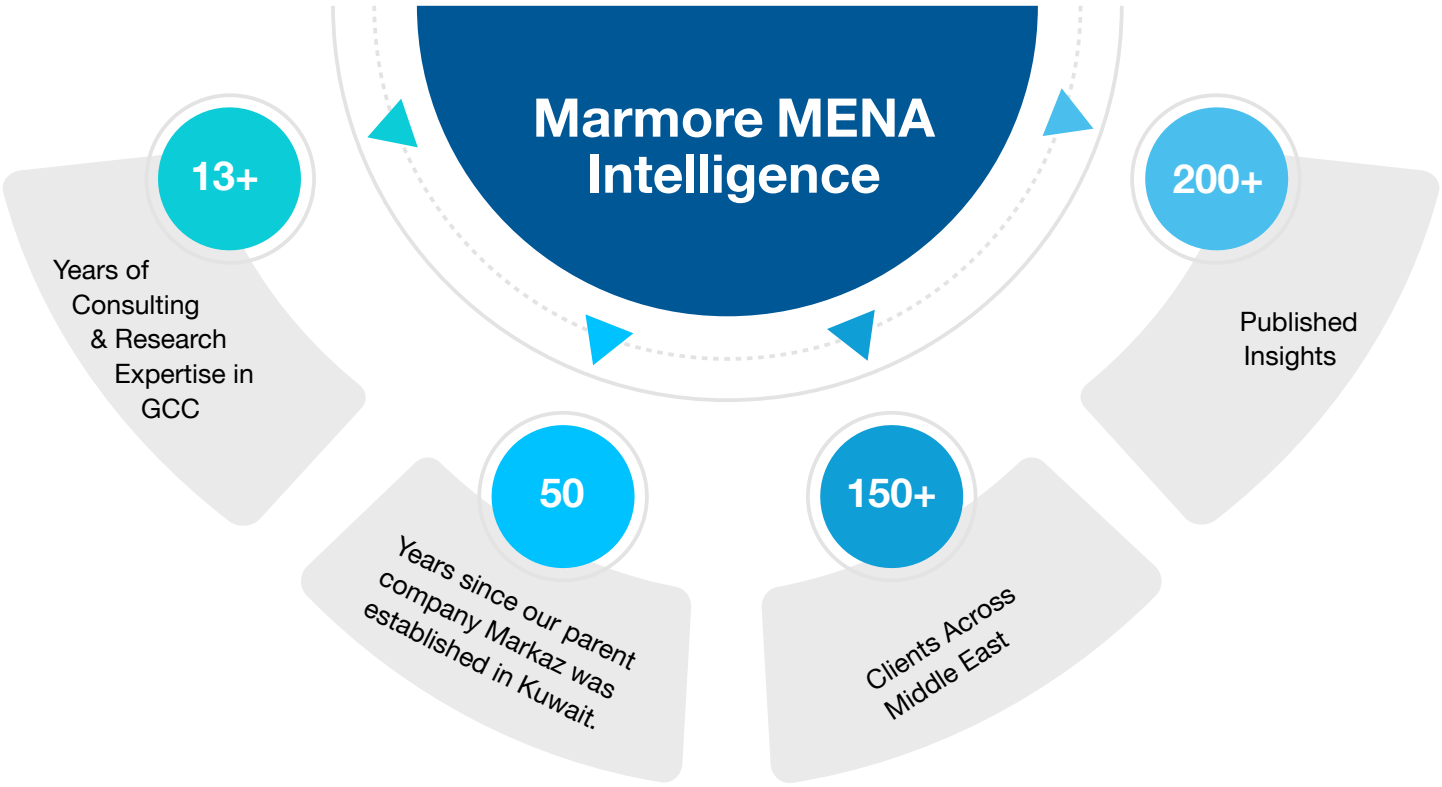
Wafrah for Industry and Development Company SJSC	Saudi Arabia	276.6	43.1	5.6	13%
Saudi Fisheries Company SJSC	Saudi Arabia	246.2	14.0	-15.5	-
Nofoth Food Products Co	Saudi Arabia	256.0	82.2	11.4	14%
Emirates Refreshments PSC	United Arab Emirates	225.6	14.9	-0.4	-
Jazan Energy and Development Company SJSC	Saudi Arabia	197.6	22.5	0.4	2%
Tabuk Agricultural Development Co SJSC	Saudi Arabia	180.9	28.1	21.6	77%
Oman Flour Mills Company SAOG	Oman	186.1	325.9	7.7	2%
Ash-Sharqiyah Development Company SJSC	Saudi Arabia	166.5	0.0	0.0	-
Oman Refreshment Company SAOG	Oman	157.8	229.8	10.1	4%
Al Gassim Investment Holding Company SJSC	Saudi Arabia	135.0	2.8	-1.8	-
ASaffa Foods SAOG	Oman	126.9	160.8	9.9	6%
Horizon Foods Co SCJSC	Saudi Arabia	106.2	14.7	2.5	17%
Widam Food Company QPSC	Qatar	142.2	145.1	-9.2	-
Hily Holding PJSC	United Arab Emirates	87.2	19.2	1.7	9%
United Foods Co PSC	United Arab Emirates	92.2	153.9	8.3	5%

Livestock Transport & Trading Company KPSC	Kuwait	82.7	150.4	0.4	0%
Unikai Foods PJSC	United Arab Emirates	68.7	96.0	5.5	6%
Salalah Mills Company SAOG	Oman	62.7	173.9	-0.6	-
Trafco Group BSC	Bahrain	58.9	122.4	6.8	6%
Fesh Fash Snack Food Production Co	Saudi Arabia	45.9	9.1	0.7	7%
Abdulaziz & Mansour Ibrahim Albabtin Co PJSC	Saudi Arabia	38.9	38.5	1.6	4%
Ras Al Khaimah Poultry and Feeding Co	United Arab Emirates	41.4	-	4.6	-
Food Gate Trading Company CJSC	Saudi Arabia	31.4	15.8	2.2	14%
Al-Jouf Mineral Water Bottling Co SCJSC	Saudi Arabia	28.5	20.5	1.1	5%
Arabian Food & Dairy Factories Company	Saudi Arabia	29.7	16.6	1.6	10%
Gulf Mushroom Products SAOG Co	Oman	26.4	27.5	4.0	14%
Palms Agro Production Co KSCP	Kuwait	29.6	14.0	0.7	5%
Oman Fisheries Company SAOG	Oman	23.2	23.1	-8.7	-
Bahrain Flour Mills Co BSC	Bahrain	22.4	20.4	6.6	33%
Delmon Poultry Co BSC	Bahrain	16.1	50.7	1.1	2%

Dhofar Beverage SAOG Co	Oman	10.8	12.2	-0.1	-
National Biscuit Industries Ltd SAOG	Oman	11.0	35.3	2.9	8%
Sweets of Oman SAOG	Oman	10.0	6.0	-6.4	-
Omani Euro Food Industries SAOG	Oman	5.2	4.7	-	-
Dhofar Poultry Co SAOG	Oman	3.6	23.3	-5.3	-
National Mineral Water Company SAOG	Oman	3.2	15.6	-0.7	-

Source: Company Reports

ABOUT MARMORE



Key Contacts



M R RAGHU
CEO, Marmore MENA Intelligence
rmandagolathur@e-marmore.com



KARTHIK RAMESH
Director
kramesh@e-marmore.com



SANKARA NARAYANAN
Assistant Vice President - Consulting & Advisory Services
snarayanan@e-marmore.com

Our Areas of Expertise

Our Business Operates in Two Key Verticals

Consulting

- Strategic/Competitors Intelligence
- Market Entry Strategies
- Business Plan
- Fintech Adoption/Integration
- Digital Banking Intelligence
- Robo-Advisory Solutions
- Company Valuation

Research Services

- Macro Economic Research
- Industry Research
- Capital Market Research
- Equity Research (Buy-side/ Sell-Side)
- Thematic Reports
- White Papers

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