

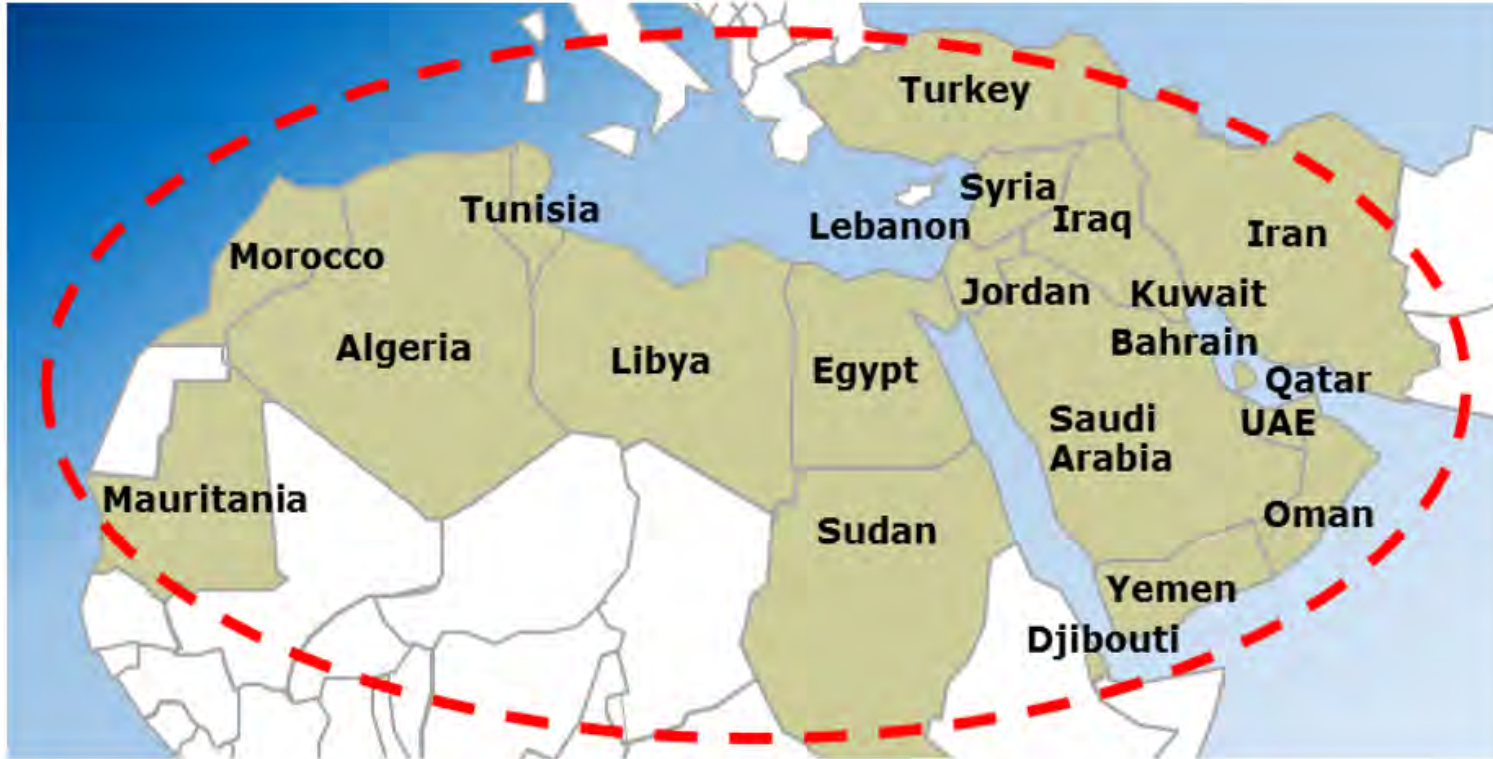
MENA MARKET - 2020/2021

Sept 2020



Regional Overview

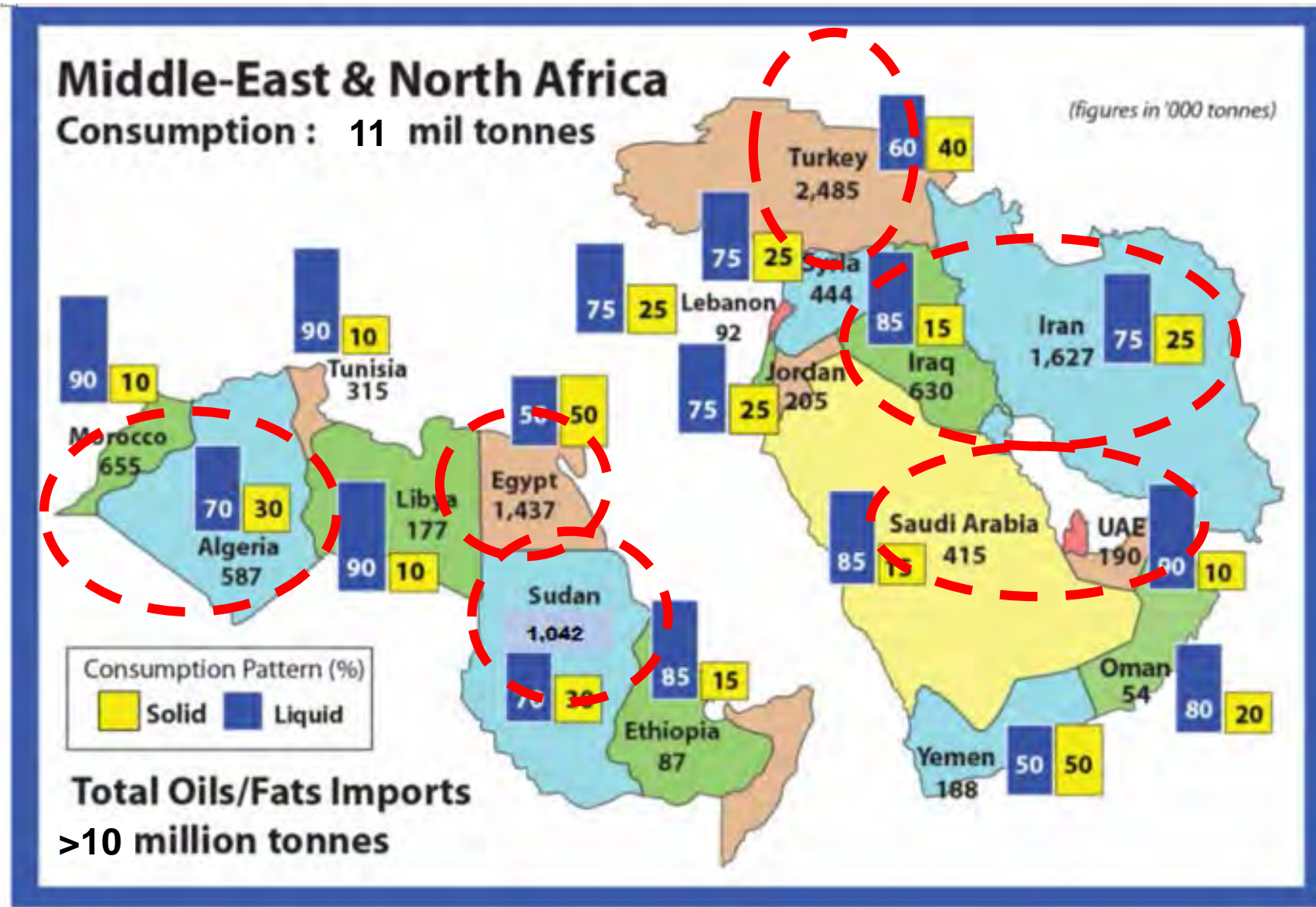
List of Middle East and North Africa ("MENA") countries



- 1) Algeria
- 2) Bahrain
- 3) Djibouti
- 4) Egypt
- 5) Iran
- 6) Iraq
- 7) Jordan
- 8) Kuwait
- 9) Lebanon
- 10) Libya
- 11) Mauritania
- 12) Morocco
- 13) Oman
- 14) Qatar
- 15) KSA
- 16) Somalia
- 17) Sudan
- 18) Syria
- 19) Tunisia
- 20) Turkey
- 21) UAE
- 22) Yemen

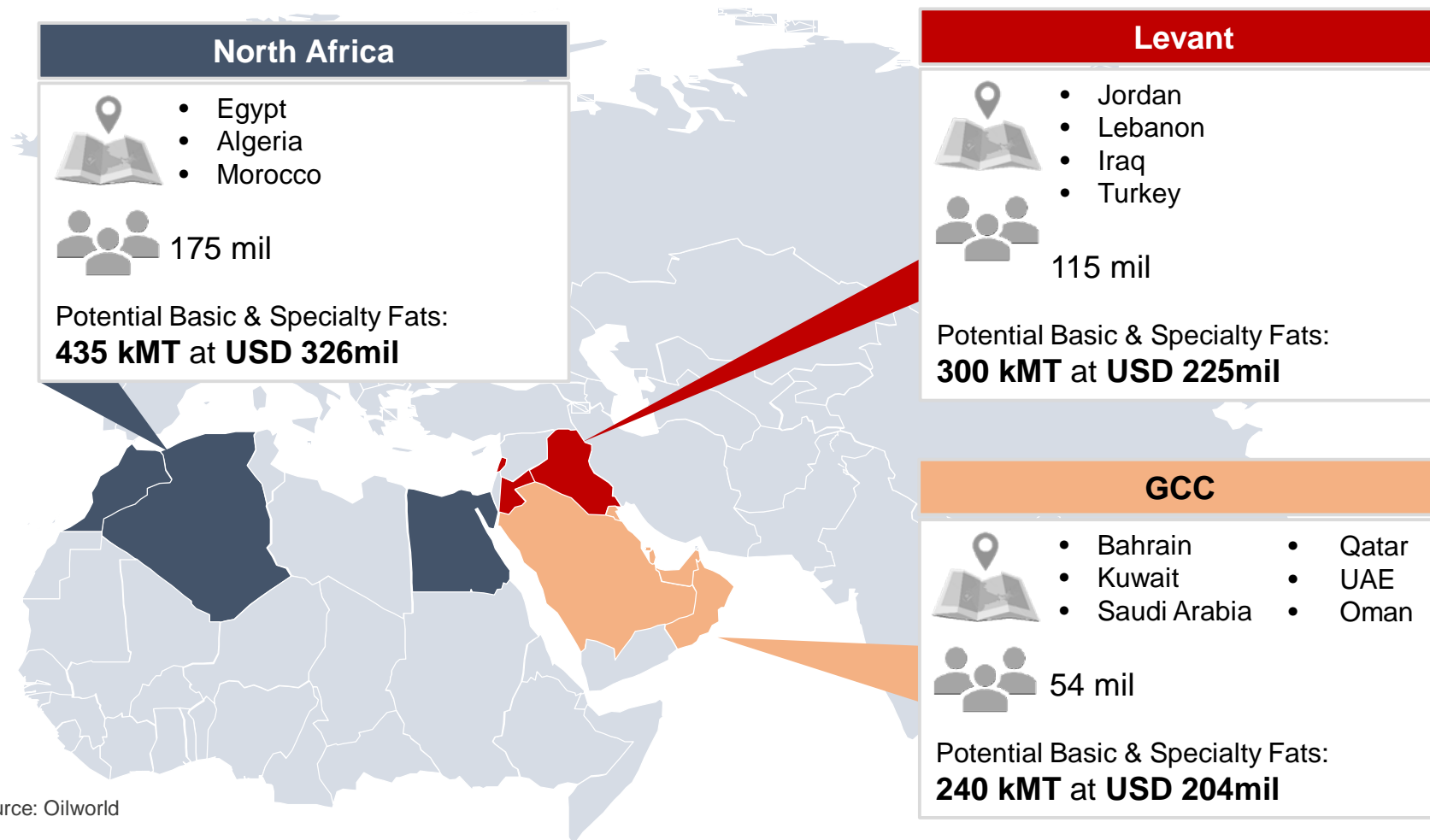
Population of about 700mil which is about 8% of world population and about 11 mil vegetable oil consumption or 5.5% of world wide consumption of Edible oils and one of the fastest growing region in the world.

MENA Vegetable Oil Consumption (Solid/Liquid)



Market Potential - Middle East & North Africa

344mil pop addressable market with potential of about 1 mil MT of basic & specialty fats worth close to US\$0.75bn



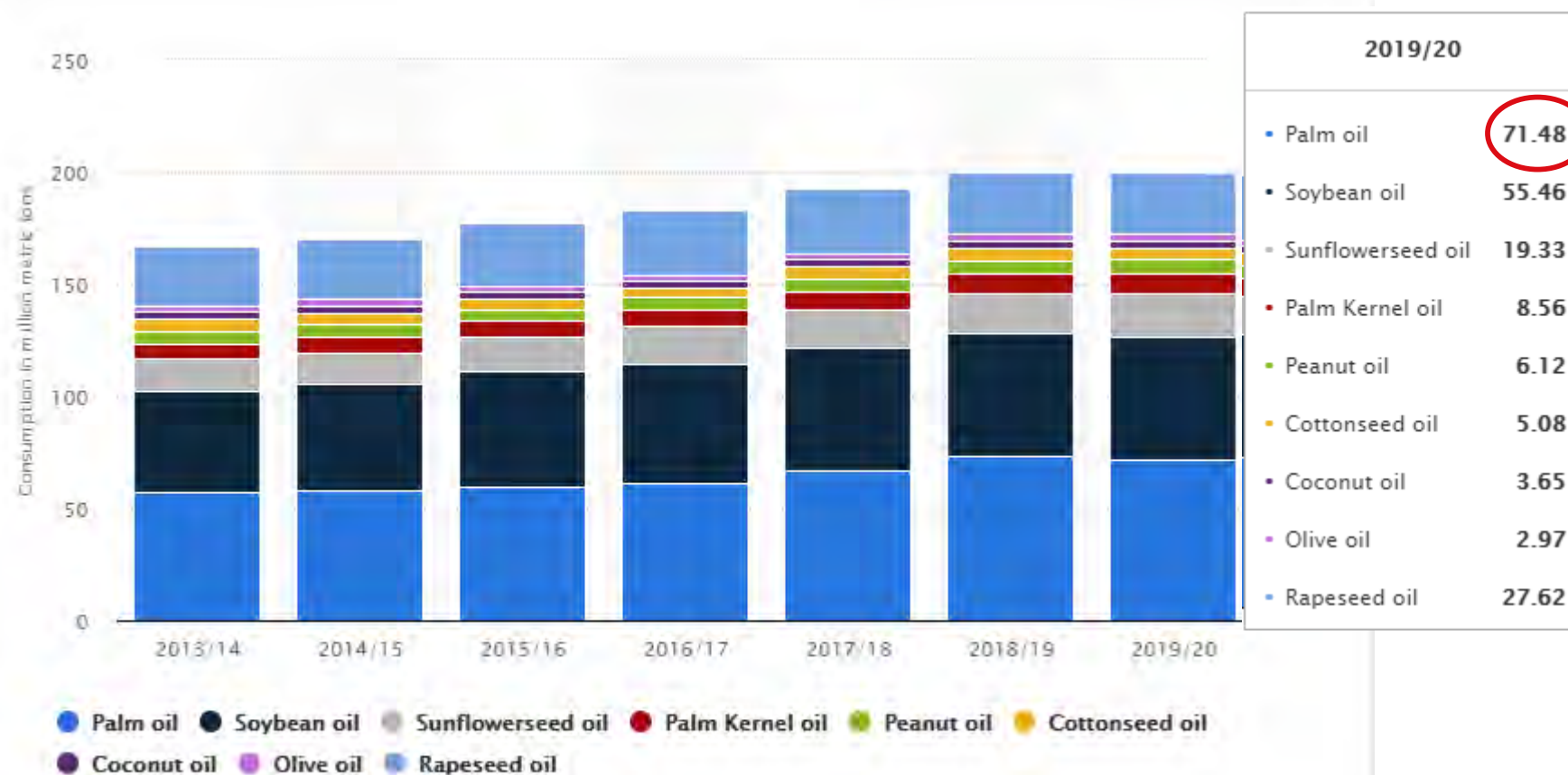
Source: Oilworld

Growth of Specialty Oils & Fats 2017 - 2025 MENA Region

Middle East & Africa Specialty Fats Market (2017-2025)



Consumption of vegetable oils worldwide from 2013/14 to 2019/2020, by oil type (in million metric tons)

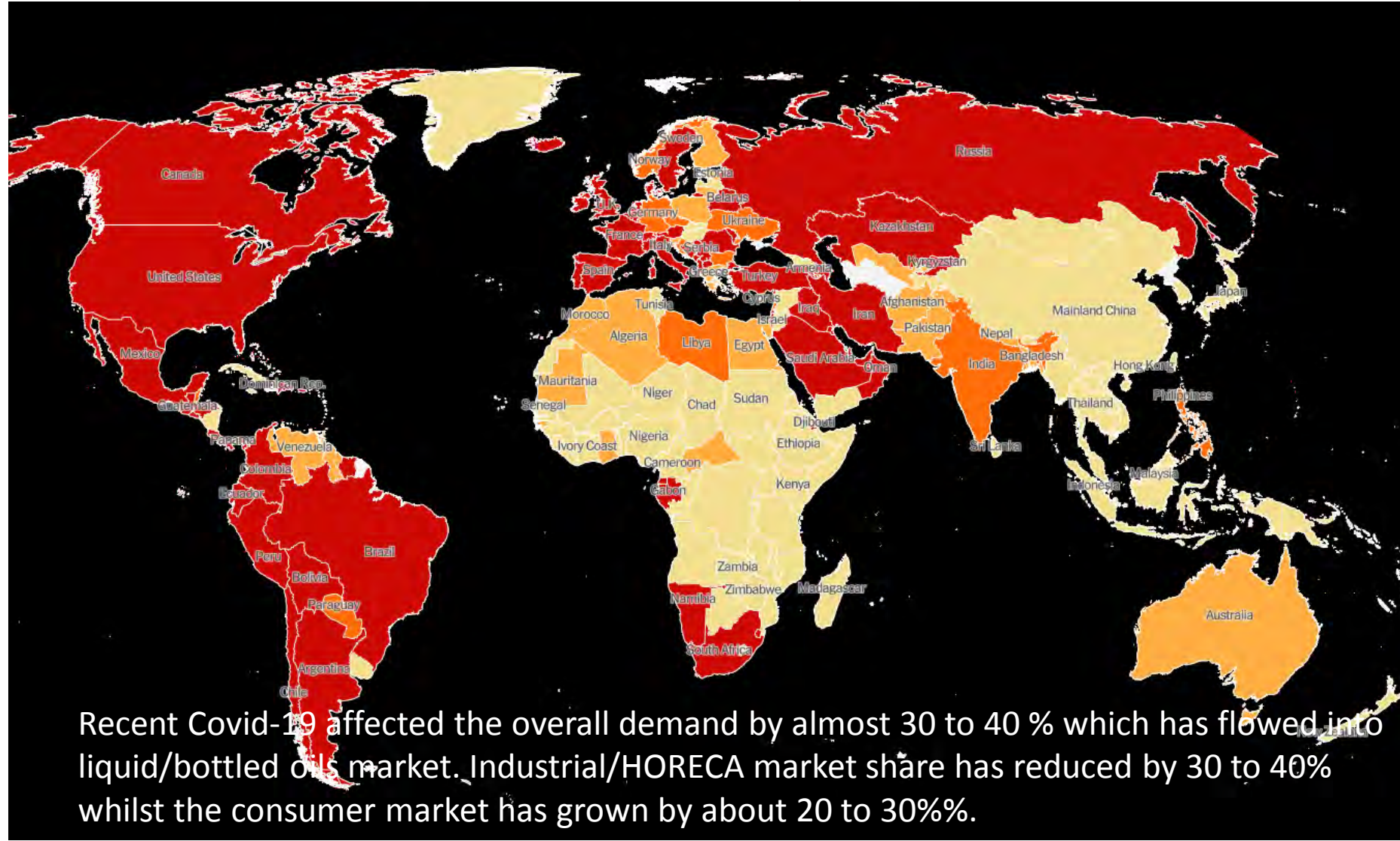


What Happened During COVID 19

- Testing for Covid 19 started to increase per capita in all countries. Confirmed cases rose dramatically. People started dying from the virus.
- Shut down of all public places (airports, hotels, conferences, restaurants, airlines, malls ...etc)
- Borders were closed to prevent cross country contamination. International travel was banned except for repatriation & medical emergency flights.
- Social distancing became the buzz word and wearing mask was debated exhaustively.
- Many countries saw high unemployment rates rising due to business closing down from lack of cash flow.
- Disposal income was reduced by almost 30% due to unemployment and the ban on mobility. Those who still have a job started to work from home.



Covid 19 Impact percapita population: 30 mil Confirmed cases; 1 mil deaths

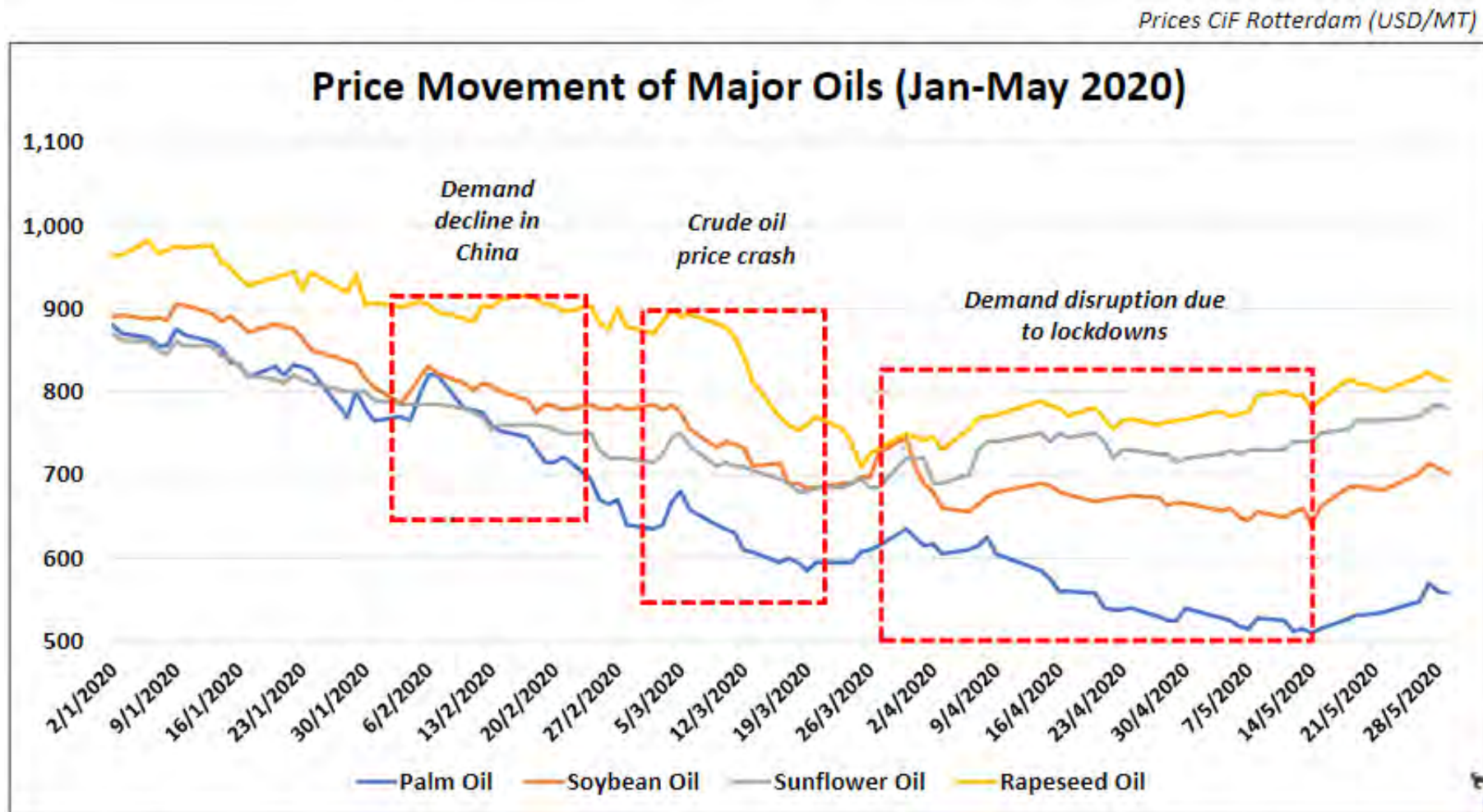


Impact on MENA Region

- So far no defaults of contracts are seen
- Customers have deferred their deliveries by 2 to 4 months.
- Edible Oil consumption has relatively remained stable as it is projected that the slack in demand in the 2nd qtr of the year will be picked up in the 3rd & 4th qtr of the year 2020.
- As palm oil is cheaper \$/mt than most other veg oils, there will be an uptake of more volumes in the coming months as disposal income reduces with unemployment rates increasing in 2020
- Specialty fats and oils will reduce slightly in their volumes for year 2020.
- Market will shift between B2B(Industrial/HORECA) to B2C (End Consumer) as was seen during March to Jun, 2020 for about 12 months.
- Market will shift back when the pandemic is over when an effective vaccine or a curable medical regime is in place. The earliest available vaccine is 12 months away.



Palm oil is the Cheapest Edible Oil



Source: Oil World

Key Markets In MENA Region Estimates in 2020 (MT)

No	Countries	Malaysia	Indonesia	Other Veg Oil	Total Veg Oil
1	Turkey	894,465	983,912	1,502,701	3,381,078
2	Saudi Arabia	479,767	527,744	806,009	1,813,520
3	Iran	342,069	376,276	574,676	1,293,022
4	Egypt	205,896	226,485	345,905	778,286
5	Djibouti	179,076	196,983	300,847	676,906
6	Somalia	169,484	186,432	284,732	640,648
7	Yemen	139,434	153,377	234,249	527,060
8	Oman	122,819	135,101	206,337	464,257
9	UAE	107,958	118,754	181,370	408,083
10	Iraq	53,843	59,227	90,456	203,526

Source: Oil World & Estimate Projections



Short to Medium-Term Strategy

- No Credit Terms Offered. All will be COD or Advance 20% with 80% upon documents paid before shipping.
- Long credit terms only with global key accounts eg Unilever, Nestle, MARS...etc
- Stock holding will be reduced hence shorter supply time will need to be developed.
- Better inventory management of customers and suppliers to reduce carrying high inventory stocks. Suppliers will be asked to help manage weekly stocks delivery to the customer's outlets.
- Companies with local assets will be preferred as their supply chain will be weekly as opposed to monthly.
- High margin products will be few and far as customers and consumers change their purchasing habits to less expensive but similar products.
- Online food purchases will gain popularity and end consumers will now go bargain hunting on line for chocolates, ice creams, cakes, biscuits...etc to be delivered directly to their homes.
- Any investments will need a faster turn around time. No more 5 to 10 year pay back periods. Now if payback is not within 2 years , investment plans will be scrapped.

Long Term Strategy



THANK
YOU



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