



UNITED ARAB EMIRATES
MINISTRY OF INDUSTRY
& ADVANCED TECHNOLOGY

Industrial Investment Opportunities



Food ingredients and concentrates



Food ingredients and concentrates



Product description

- The food ingredients and concentrates market includes products that are utilized to improve the taste, texture and appearance of other foods
- Food ingredients include groups such as:
 - Powder mixes (vitamins and minerals, protein and amino acids etc.)
 - Specialty starch and texturants
 - Sweeteners
 - Flavors
 - Acidulants
 - Preservatives
 - Emulsifiers

Main applications

- Beverage industry
- Confectionary industry
- Dairy product industry
- Bakery industry



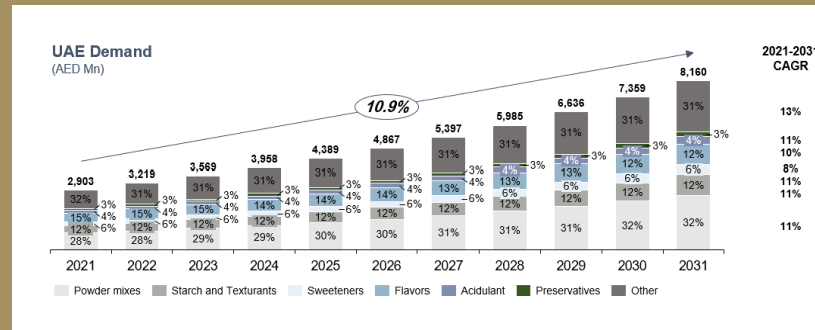
Food ingredients and concentrates

includes products such as sweeteners, emulsifiers, texturants, colorants, flavors and powder mixes that improve the taste, texture and appearance of other food products

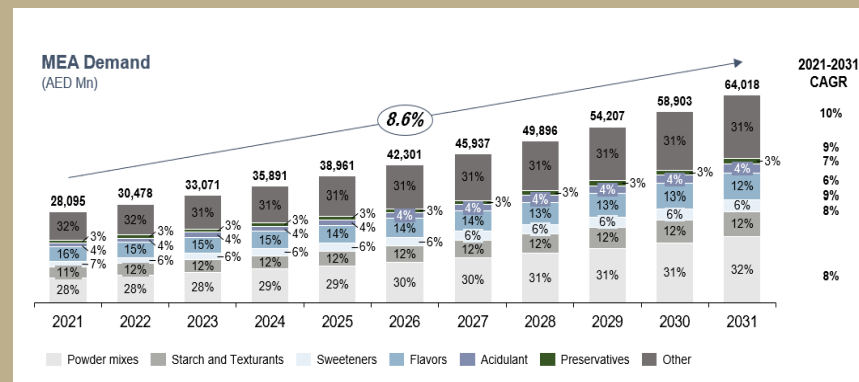
Investment Case

- Set up medium-sized facilities¹ focused on manufacturing of powder mixes with production inputs mainly sourced from global sources with a laboratory on-site to provide raw material and formulation testing capabilities, respectively
- Investment Size: AED 25 – 30 Mn
- Plant Capacity: 2,500 – 3,000 tons/year
- Expected IRR: 14%
- Expected NPV (10 Yrs) : AED 45Mn
- Payback Period: 11 Yrs

The UAE demand for food ingredients and concentrates is expected to grow at 10.9% p.a.



The MEA demand for food ingredients and concentrates is expected to grow at 8.6% p.a.



Key market trends

- The powder mixes segment includes products such as minerals, vitamins and proteins which offer nutritional benefits to consumers
- The powder mixes segment will experience strong growth driven by increasing consumer preference for products that provide health and nutritional benefits
- Sweeteners market growth is driven by increasing consumer health problems related to sugar consumption
- The growth in the flavor segment is driven by consumer preferences for clean-label products which has fostered the use of natural specialty flavors

Food ingredients and concentrates chain

Inbound supply

Manufacturing

Services

Production

Primary processing

Research and product development

Manufacturing

Distribution



- Farming of natural ingredients such as from plants, meat products, dairy and seafood to extract key commodities used for powder mix production such as magnesium, calcium, and limestone.

- Some capabilities exist concentrated around date, citrus, mango and tomato farming



- Processing of plant-based input to extract concentrates of juices, vitamins and minerals, proteins, flavors, etc. by processing of commodities into active ingredients for food ingredient formulation

- Little capabilities exist in this value chain stage
- Dominated by western manufacturers.



- Raw materials undergo R&D to ensure products are developed to client specifications

- There are several labs in the UAE that provide food product lab testing



- Natural production inputs are mixed to the formulation specifications of the customer with end-product vitamin, protein, minerals powder mix, sweeteners, texturants, etc.

- A few players are present in food ingredients and concentrates manufacturing



- Distribution of final processed ingredients and concentrates to food manufacturing industry as food ingredient for beverage and dairy manufacture.

- High capabilities exist to distribute products to final food processors,
- Multiple global distributors exist in the UAE

High localization in UAE

Limited localization in UAE

Focus of manufacturing plant to set up

Food ingredients and concentrates



Value proposition

- Natural and exotic fruit available in countries neighboring to UAE and those with FTA with the UAE
- Strategic location that can act as a dispatch hub for MENA
- UAE ranked 16th globally in Ease of Doing Business (WB)
- UAE ranked #10 globally for world class infrastructure in (LPI)
- High quality of life attractive for skilled talent
- 100% foreign business ownership and low VAT (5%)
- Competitive costs of licensing costs and work visas (under process)
- Strong logistics infrastructure - UAE has busiest ports in MENA region strategically located and enable seamless flow of trade across a region of more than 3.5bn.



Enablers

- Up to 80% project financing by Emirates Development Bank
- 2-year grace periods and low interest-rate loans for CAPEX, working capital, and supply chain financing
- Export credit and insurance via Etihad Credit Insurance and AD Exports
- Access to Free Trade Agreements with high-growth markets such as GCC, Arab countries, Egypt, India, Jordan, Israel, Indonesia, and others
- Customs exemptions for raw materials
- **53%** of UAE's exports are to countries with no import duties (GCC countries and other GAFTA countries with FTAs)