BMI
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Egypt

Food & Drink Report

Includes 5-year forecasts to 2028

Contents

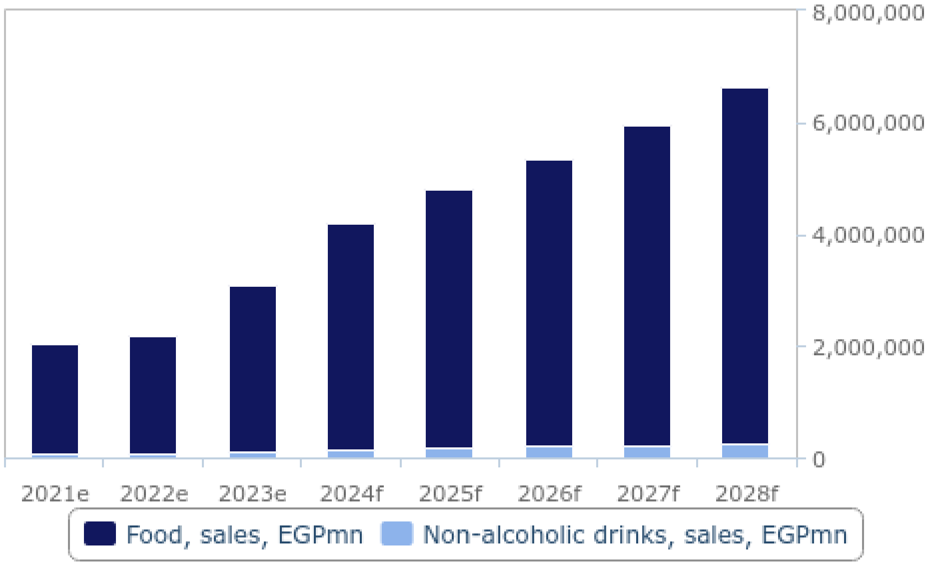
Key View

Please Note: *BMI is enhancing its risk analysis with a new scoring system following its acquisition of GeoQuant, a market-leading provider of political risk data. From March 27 2024, risk scores are inverted: zero now represents the lowest risk and 100 represents the highest risk. This allows for clearer, industry-standard assessments. For further details, please refer to our updated methodology document.*

Key View: *We expect Egypt's food and drink spending to increase over 2024, as consumers continue to prioritise essentials. While we expect food and drink spending to continue to increase over 2024, it will primarily be driven by the market's high inflation. As a result, we expect spending to be primarily allocated to essential food and drink categories, with consumers trading down price points. Over our forecast period to 2028, we expect food and drink spending to continue to increase as inflationary pressures ease. Food and drink spending over our forecast period will be bolstered by favourable demographics, increasing urbanisation, rising incomes and tourism sector growth.*

Food And Drink Spending To Increase Over The Medium Term

Egypt - Food & Non-Alcoholic Drinks Spending (2021-2028)



e/f = BMI estimate/forecast. Source: National statistics, BMI

Latest Updates And Industry Developments

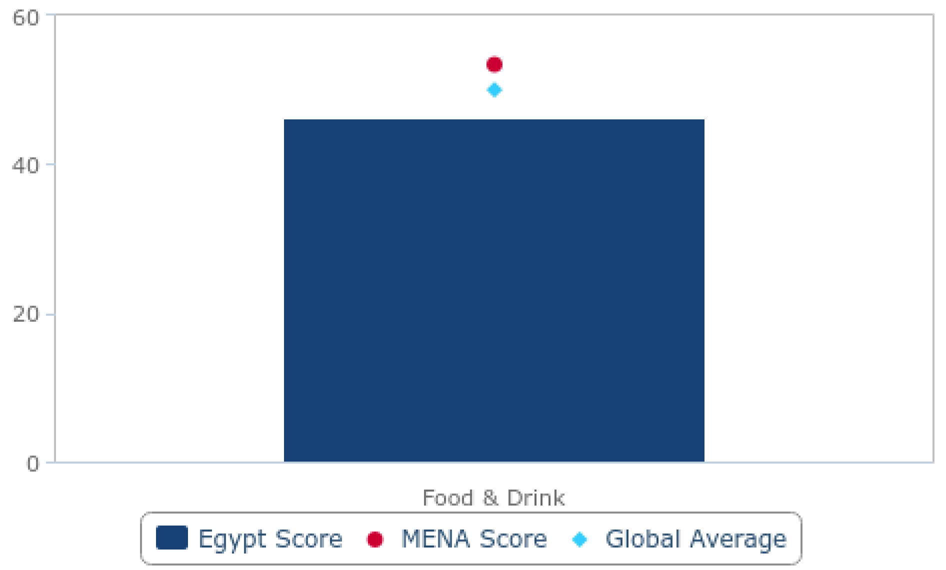
- Our 2024 forecast for Egypt's food spending is growth of 35.0% y-o-y to EGP4.0trn (USD89.5bn). This is an increase from the EGP3.0trn (USD97.4bn) seen in 2023. Food spending growth will primarily be driven by the country's high inflation.
- Within the food spending category, meat and poultry spending will be a growth outperformer, with spending growth of 65.8% y-o-y in 2024. This will be followed by fish and fish products and other food products, with spending growth of 37.3% y-o-y and 35.8% y-o-y respectively.
- With many food products, such as cereals, meat and poultry, imported into Egypt, consumers will have to trade down price points where government subsidies are not available. The prices of food staples such as wheat and cooking oil have increased in recent months, which is negatively impacting the purchasing power of the market's households. In February 2024 (latest available data), food inflation grew by 50.9% y-o-y.

- We expect food spending to continue to increase over the remainder of our medium term forecast period to 2028, growing by an annual average of 16.8% y-o-y to reach EGP6.4trn (USD125.4bn) by 2028.
- In 2024, Egypt's alcoholic drinks spending will grow by 31.5% y-o-y in 2024 to EGP103.2bn (USD2.3bn), up from EGP78.5bn (USD2.6bn) in 2023. This is an acceleration from the 28.5% y-o-y seen in 2023.
- Alcoholic drinks consumption will increase over 2024, growing by 5.5% y-o-y to 153.4mn litres, up from 145.4mn litres in 2023.
- Egypt's alcohol consumption in per capita terms will remain low by both regional and global standards, standing at 2.5 litres in 2024 and rising to 2.9 litres by 2028. The alcoholic drinks market is heavily orientated towards the leisure hospitality and international tourism sector, as domestic demand remains low due to cultural barriers.
- Non-alcoholic drinks spending growth in Egypt is 35.6% y-o-y, in line with the 2023 growth rate. Non-alcoholic drinks spending will amount to EGP154.5mn (USD3.4bn) in 2024, up from EGP114.0bn (USD3.7bn) in 2023.
- Over the medium term (2024-2028), we expect non-alcoholic drinks spending to expand at a rate of 17.0% y-o-y to EGP246.3bn (USD4.8bn) by 2028.

Risk/Rewards Index Summary

Attractiveness Impacted By Risks

Egypt - Food & Drinks RRI (Q324)



Note: Scores out of 100; lower score = more attractive market. Source: BMI Food & Drink Risk/Reward Index

Risk/Reward Index Summary

Food & Non-Alcoholic Drinks (46.2/100): Egypt scores 46.2 out of 100 for our Food & Non-Alcoholic Drinks RRI in 2024. The market's food and drink sector is attractive due to its large population and a key consumer focus on essentials. As a result, the market outperforms the region, which has an RRI score of 53.4 out of 100, and the global average of 50.0 out of 100. However, there are risks stemming from high inflation that is being exacerbated by a depreciating currency. This will increase inflation, particularly for imported food and drink products. The elevated geopolitical tensions amid the Israel-Gaza war is resulting in higher security risks. As a result, Egypt has a food and drink risks score of 61.4 out of 100, which is higher than the regional average of 54.3 out of 100. This reflects a higher risk environment. Overall, Egypt ranks first out of the five markets in the North Africa region, fourth out of 14 markets in the Middle East and North Africa (MENA) and 45th out of 106 markets globally.

Egypt - Food & Drinks Risk/Reward Index

	Food & Drink		
	Rewards	Risks	RRI Score
Egypt Score	39.6	61.4	46.2
North Africa Score	55.0	67.5	58.7
North Africa Position (Out Of 5)	1	2	1
MENA Score	53.0	54.3	53.4
MENA Position (Out Of 14)	3	8	4
Global Average	50.0	50.0	50.0
Global Ranking	27	69	45

Note: Scores out of 100; lower score = more attractive market (there are 106 markets for the Food & Non-Alcoholic Drinks segment and 94 markets for the Alcoholic Drinks segment). Source: BMI Food & Drink Risk/Reward Index

Global Risks To Outlook

The broader economic challenges confronting households and consumers continue to flow from the re-opening of economies following the Covid-19 pandemic. Inflationary pressures are being driven by both demand-pull and cost-push factors. In an effort to curtail inflation, central banks have implemented policy rate increases at some of the most rapid paces in history. This has diminished the value of debt accrued during the historically low interest rate period over 2015-2019. While household wealth has reached historic highs, supported by robust equity market performance and higher house prices, some property markets are now showing signs of weakening. Company forward-looking outlooks are also increasingly negative. Should this trend intensify, a significant decline in consumer wealth could lead to a rapid reduction in consumption.

Along with quantitative easing, financial institutions are dealing with liquidity challenges and severe interest rate risks. Elevated geopolitical and economic uncertainties will be a primary concern for consumers in 2024, with the potential to rapidly influence the sector – either directly, by undermining purchasing power, or indirectly, through lower consumer confidence. The economic trajectory of numerous markets in the post-Covid recovery phase underscores the risk of rising unemployment and its consequent impact on our short-term consumer outlook. The following graphic highlights the key risks to our consumer outlook for 2024.

Households Still Face Several Global Risks

Global Risks To Outlook

Source: BMI

Inflation Outlook

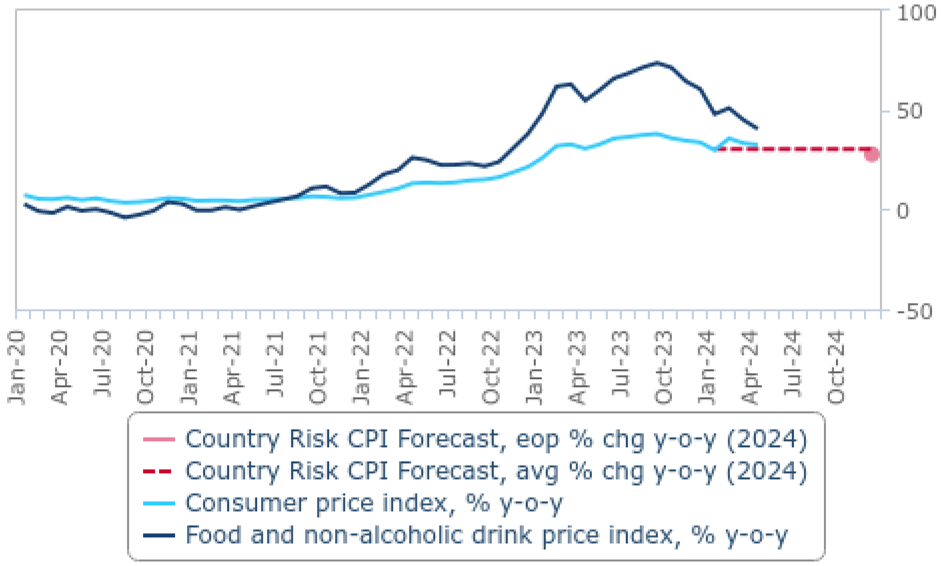
Inflationary pressures will slowly ease over 2024, as central banks raise rates in order to moderate higher prices. However, inflation remains high, especially for food items. These higher prices are eroding nominal wage gains, weighing down household purchasing power and shifting consumer spending away from discretionary spending. In many markets, a combination of higher wage inflation, localised supply chain constraints and bottlenecks, as well as continued mismatches in demand and supply are all adding upward pressure on prices. The global pricing of geopolitical events and flashpoints will further weigh on prices beyond the short term.

In Egypt, consumer price inflation has remained sticky over 2023 and most of 2024 to date, only gradually ticking downwards due to sharp downward movements in food prices. In April 2024 (latest available data), inflation was recorded at 32.5% y-o-y, easing from 33.3% y-o-y in March 2024. In January 2024 (latest available data), food inflation grew by 71.3% y-o-y, up from 23.9% y-o-y in October 2022. Our Country Risk team forecasts Egypt's consumer price inflation average over the year to fall from 33.9% in 2023 to 30.3% in 2024. Despite this decrease, the drop will almost entirely be driven by favourable base effects. Inflationary pressures will remain strong due to increases in administered prices designed to reduce the subsidy bill, particularly fuel and, most importantly, a weaker exchange rate. While this is a decline on the 2023 figure, it is still higher than the 13.9% y-o-y in 2022. This elevated inflation is a key risk to outlook for consumers over 2024. Inflation will not only directly reduce purchasing power but will erode nominal savings held in local currency.

A key risk to inflation for Egypt over 2024 will be imported inflation, as the currency depreciates. The Egyptian pound is expected to depreciate to EGP45.0/US dollar in 2024, weakening from the EGP30.7/US dollar rate in 2023. This will allow Egypt to meet a key IMF requirement, which could aid the market in unlocking additional funding. A depreciating currency can result in imported inflation for markets that are substantial importers. This will weigh on the purchasing power of consumers in Egypt.

Elevated Inflation Weighing On Consumer Purchasing Power

Egypt - Consumer Price Inflation, % y-o-y (2020-2024)



Source: National sources, BMI

SWOT

Food & Drink SWOT

Strengths	Weaknesses
• Egypt is becoming increasingly urbanised, supporting the rise of modern retail formats. • With a population of more than 100mn, Egypt has one of the largest consumer bases in the region, with long-term growth potential for food and drink companies. • Egypt's organised food retail industry is expanding rapidly and has the potential to be one of the region's largest by value. • Close links with Saudi Arabia and the UAE has resulted in the expansion of regional brands.	• The regional economic, social, trade and security outlook has deteriorated considerably since October 2023. • The majority of Egyptian households, especially in rural areas, are low-income consumers, with an average disposable income of less than USD10,000 annually. • A price-sensitive consumer base is exacerbated by wide income inequalities. There are low levels of per capita food consumption on an absolute basis. • Religious practices limit alcoholic drink spending. The sector is also particularly prone to tax increases. • The tariff on most processed food products ranges from 20%-30%, in addition to a 14.0% sales tax. • Little opportunity exists at the top end of income distribution, with the number of households having disposable incomes of more than USD10,000 currently only accounting for 6.1% of all households.
Opportunities	**Threats**
• Local brands are benefitting from the current boycott of Western brands such as McDonald's, Starbucks and Domino's Pizza. • The retail property market is set to grow strongly, with supermarkets, hypermarkets, department and speciality stores and modern shopping malls transforming the retail formats available for domestic and international retailers. • Sustained economic and political stability should attract greater levels of investment in Egypt's food and drink industry. • Foreign companies looking to enter the market are likely to enjoy more success if they partner with regional players. • A large population with low incomes offers opportunities in the fast-moving consumer goods and mass retail space.	• Additional shocks to regional trade and logistics cannot be ruled out, especially as Iran-backed groups allegedly target civilian and military facilities in the region, including Red Sea shipping. • Consumer spending in Egypt is forecast to drop significantly in 2024, as rising inflation and higher borrowing costs erode wages and investment income, and discourage credit demand - all of which will weigh on private consumption. • With many food products such as cereals, meat and poultry imported into Egypt, consumers will have to trade down price points where government subsidies are not available. • US and European brands, including McDonald's, Starbucks and Domino's Pizza, are facing boycotts across the Middle East, including Egypt, amid the ongoing conflict in Gaza. • An unfavourable regulatory environment is a significant deterrent to investment. • Any reforms to the food subsidy programme threaten social stability, as many households rely on it. • Competition is growing in the mass grocery retail sector, led by major Middle Eastern players MAF Retail (which holds franchise rights to Carrefour in the region) and Spinneys.

Industry Forecast

Food

Key View: *We expect food spending to increase over 2024, albeit at a slower rate than in 2023. The growth in food spending over 2024 will be primarily driven by the market's high inflation. As a result, we expect food spending to be focused on essentials such as staples in the bread, rice and cereals category; vegetables; and meat. This will be due to households facing disposable income pressures. Food spending will increase over the remainder of our medium-term forecast period to 2028, as inflationary pressures begin to ease.*

Latest Updates

- Our 2024 forecast for Egypt's food spending is growth of 35.0% y-o-y to EGP4.0trn (USD89.5bn). This is an increase from the EGP3.0trn (USD97.4bn) seen in 2023. Food spending growth will primarily be driven by the country's high inflation.
- Within the food spending category, meat and poultry spending will be a growth outperformer, with spending growth of 65.8% y-o-y in 2024. This will be followed by fish and fish products and other food products, with spending growth of 37.3% y-o-y and 35.8% y-o-y respectively.
- With many food products, such as cereals, meat and poultry, imported into Egypt, consumers will have to trade down price points where government subsidies are not available. The prices of food staples such as wheat and cooking oil have increased in recent months, which is negatively impacting the purchasing power of the market's households. In February 2024 (latest available data), food inflation grew by 50.9% y-o-y.
- We expect food spending to continue to increase over the remainder of our medium term forecast period to 2028, growing by an annual average of 16.8% y-o-y to reach EGP6.4trn (USD125.4bn) by 2028.

Structural Trends

Food Spending Outlook For 2024

Our 2024 forecast for Egypt's food spending is growth of 35.0% y-o-y to EGP4.0trn (USD89.5bn). This is an increase from EGP3.0trn (USD97.4bn) in 2023. The food spending growth in 2024 is a deceleration from the 40.1% y-o-y spending growth seen in 2023, as inflation begins to ease. However, much of the growth in Egypt's food spending over 2024 will still be driven by the market's high inflation.

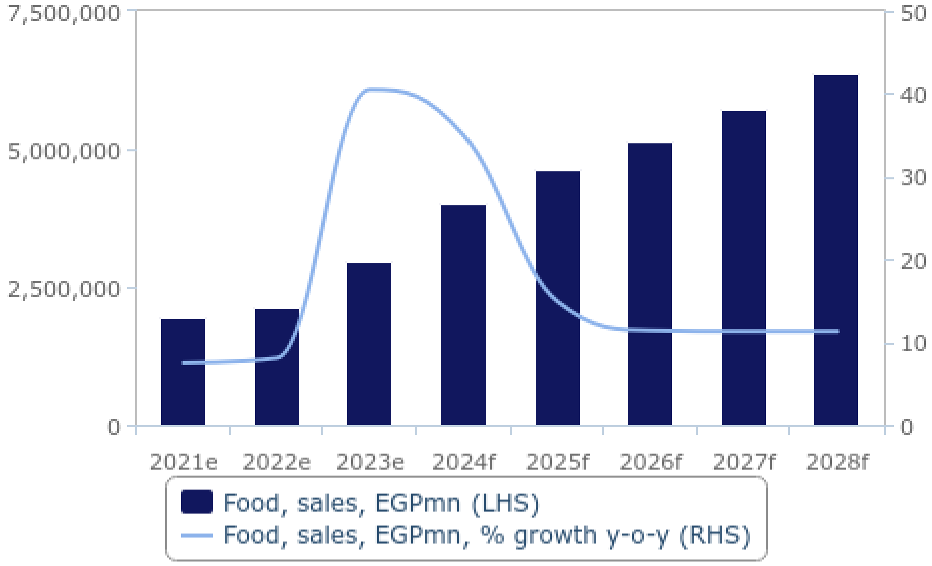
In Egypt, a subsidised flatbread loaf sells for USD0.01, allocating five loaves a day to people who are under the subsidy programme. It is estimated that around 70mn people in the country benefit from this programme. Egypt is heavily dependent on wheat imports, with Ukraine and Russia as its biggest suppliers.

With many food products such as cereals, meat and poultry imported into Egypt, consumers will have to trade down price points where government subsidies are not available. The prices of food staples such as wheat and cooking oil have increased in recent months, which is negatively impacting the purchasing power of Egyptian households. In April 2024 (latest available data) food inflation increased by 40.5% y-o-y, easing from 45.0% in March 2024.

During 2024, the outperforming food segment is expected to be meat and poultry, showing growth of 65.8% y-o-y. Pasta products will underperform, showing growth of 12.2% y-o-y. Meat and protein prices in Egypt have increased substantially over the last 12 months. Much of this growth is due to elevated inflation. Consumers will look to trade down on premium meat and seafood, opting for simpler food items such as vegetables, lentils and pasta instead.

Inflation Will Weigh On Food Spending Growth In 2024

Egypt - Food Spending & Growth (2021-2028)



e/f = BMI estimate/forecast. Source: National statistics, BMI

Medium-Term Trends

Egypt's economy is import-dependent. This reliance is particularly strong with food imports like cereals, meat and poultry. As the Egyptian pound continues to weaken in the short term, we expect an increase in the proportion of household spending on the food and drinks category. While the government offers subsidies to low-income families for flat bread, there is not an equivalent subsidy for meat and poultry.

Over the medium term to 2028, we forecast food spending to rise by an average 16.8% to reach EGP6.4trn (USD125.4bn) by 2028. This is up from EGP4.0trn (USD89.5bn) in 2024. Household spending will be focused on meeting essentials over this period, with particularly strong growth in staples such as bread, rice and cereals.

Egypt has a large and rapidly growing consumer base, with the largest population size across the Middle East and North Africa region, forecast at over 113mn in 2024. Food expenditure will be fuelled by continued economic growth, coupled with favourable demographics and the rapid expansion of the mass grocery retail sector.

Food and drink companies are currently presented with an opportunity to enter Egypt or to strengthen their existing presence in the country, in order to take advantage of the strong long-term growth prospects. Following years of high inflation, relative economic stability is a positive signal to domestic and foreign food investors. Reflecting the improvements in the economy, foreign investors have shown growing interest in mergers and acquisitions. We have already seen an uptick in investment over recent years, with food and drink majors such as Kellogg's, Cargill, Pepsi, Coca-Cola and Kraft Heinz announcing ambitious investment plans.

Food Sales (Egypt 2021-2028)

Indicator	2021e	2022e	2023e	2024f	2025f	2026f	2027f	2028f
Food, sales, EGPmn	1,962,175.5	2,121,980.5	2,982,345.3	4,025,377.8	4,625,973.1	5,151,902.5	5,735,853.6	6,386,171.6
Food, sales, EGPmn, % growth y-o-y	7.5	8.1	40.5	35.0	14.9	11.4	11.3	11.3
Bread, rice and cereals, sales, EGPmn	280,792.7	295,558.4	380,186.2	471,839.0	519,797.1	559,072.0	601,703.1	647,615.5
Bread, rice and cereals, sales, EGPmn, % growth y-o-y	4.9	5.3	28.6	24.1	10.2	7.6	7.6	7.6
Pasta products, sales, EGPmn	15,562.3	15,959.6	18,724.7	21,002.6	21,812.0	22,293.3	22,739.8	23,131.1
Pasta products, sales, EGPmn, % growth y-o-y	3.4	2.6	17.3	12.2	3.9	2.2	2.0	1.7
Meat and Poultry, sales, EGPmn	359,201.2	420,938.3	791,926.6	1,313,077.4	1,622,623.9	1,901,378.7	2,214,048.6	2,570,442.9
Meat and Poultry, sales, EGPmn, % growth y-o-y	16.6	17.2	88.1	65.8	23.6	17.2	16.4	16.1
Fish and fish products, sales, EGPmn	178,970.8	193,963.0	284,458.4	390,654.0	454,313.8	508,387.6	569,754.9	637,268.6
Fish and fish products, sales, EGPmn, % growth y-o-y	7.7	8.4	46.7	37.3	16.3	11.9	12.1	11.8
Dairy, sales, EGPmn	373,176.0	395,031.6	477,862.9	553,834.7	597,803.4	637,504.5	680,837.4	727,848.3
Dairy, sales, EGPmn, % growth y-o-y	5.7	5.9	21.0	15.9	7.9	6.6	6.8	6.9
Oils and Fats, sales, EGPmn	203,202.5	215,760.2	289,271.9	373,853.3	420,041.5	458,830.0	501,559.2	548,310.2
Oils and Fats, sales, EGPmn, % growth y-o-y	5.7	6.2	34.1	29.2	12.4	9.2	9.3	9.3
Fresh and preserved fruit, sales, EGPmn	112,461.9	117,997.1	149,996.6	183,896.0	201,323.9	215,412.3	230,665.3	246,967.7
Fresh and preserved fruit, sales, EGPmn, % growth y-o-y	4.6	4.9	27.1	22.6	9.5	7.0	7.1	7.1
Fresh vegetables, sales, EGPmn	290,547.1	307,534.5	382,638.4	457,407.9	497,420.8	530,611.7	565,655.8	602,219.8
Fresh vegetables, sales, EGPmn, % growth y-o-y	5.6	5.8	24.4	19.5	8.7	6.7	6.6	6.5
Sugar and sugar products, sales, EGPmn	96,912.6	104,037.6	129,043.0	153,565.3	168,744.0	182,751.0	198,113.5	214,861.7
Sugar and sugar products, sales, EGPmn, % growth y-o-y	5.2	7.4	24.0	19.0	9.9	8.3	8.4	8.5
Other food products,	51,348.3	55,200.1	78,236.6	106,247.7	122,092.7	135,661.6	150,776.1	167,506.0

Indicator	2021e	2022e	2023e	2024f	2025f	2026f	2027f	2028f
sales, EGPmn								
Other food products, sales, EGPmn, % growth y-o-y	6.9	7.5	41.7	35.8	14.9	11.1	11.1	11.1

e/f = BMI estimate/forecast. Source: National statistics, BMI

Drink

Key View: *We expect spending in Egypt's drinks sector to increase over 2024, with both alcoholic drinks and non-alcoholic drinks spending growing over the year. While we expect an increase in Egypt food spending over 2024, much of the growth in spending will be driven by the market's high inflation. Our medium-term outlook for Egypt's drinks spending is more positive, as we project and increase over 2024-2028, supported by favourable demographics and easing inflationary pressures.*

Latest Updates

- In 2024, Egypt's alcoholic drinks spending will grow by 31.5% y-o-y in 2024 to EGP103.2bn (USD2.3bn), up from EGP78.5bn (USD2.6bn) in 2023. This is an acceleration from the 28.5% y-o-y seen in 2023.
- Alcoholic drinks consumption will increase over 2024, growing by 5.5% y-o-y to 153.4mn litres, up from 145.4mn litres in 2023.
- Egypt's alcohol consumption in per capita terms will remain low by both regional and global standards, standing at 2.5 litres in 2024 and rising to 2.9 litres by 2028. The alcoholic drinks market is heavily orientated towards the leisure hospitality and international tourism sector, as domestic demand remains low due to cultural barriers.
- Non-alcoholic drinks spending growth in Egypt is 35.6% y-o-y, in line with the 2023 growth rate. Non-alcoholic drinks spending will amount to EGP154.5mn (USD3.4bn) in 2024, up from EGP114.0bn (USD3.7bn) in 2023.
- Over the medium term (2024-2028), we expect non-alcoholic drinks spending to expand at a rate of 17.0% y-o-y to EGP246.3bn (USD4.8bn) by 2028.

Structural Trends

Alcoholic Drinks

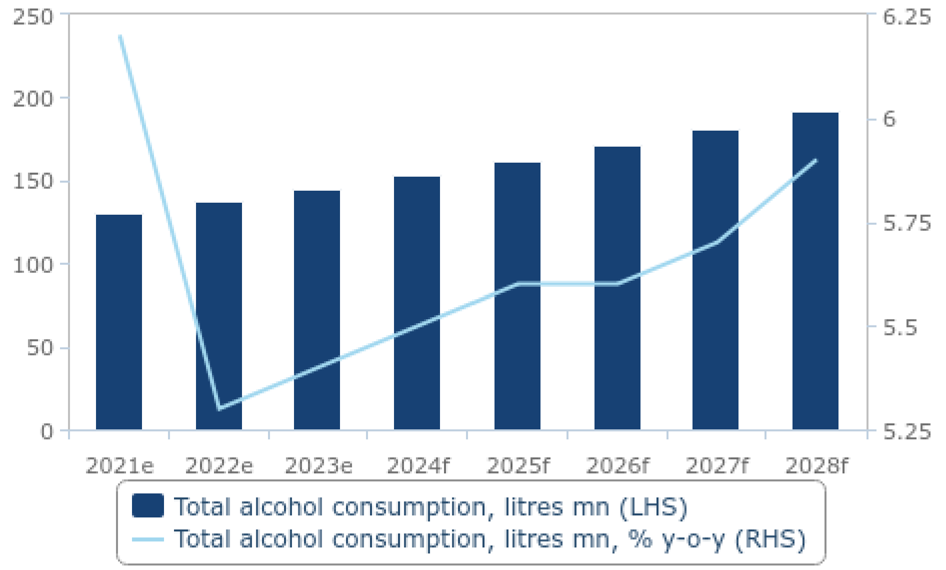
Alcoholic Drinks Outlook For 2024

Egypt's alcoholic drinks spending will grow by an expected 31.5% y-o-y in 2024 to EGP103.2bn (USD2.3bn). This is up from EGP78.5bn (USD2.6bn) in 2023 and an acceleration from the 28.5% y-o-y seen in 2023. Alcoholic drinks consumption will increase over 2024, growing by 5.5% y-o-y to 152.4mn litres, up from 145.4mn litres in 2023. While the domestic economic outlook remains somewhat muted, the tourism and hospitality sector that caters to a foreign market should provide some much needed tailwinds. However, risks are skewed to the downside, as the economic climate could deteriorate further while tourism could face shocks linked to the Israel-Hamas conflict that is destabilising the wider Middle East and North Africa regional geopolitical and security climate.

Over the course of 2024, the outperforming alcoholic drinks segment is expected to be wine, showing a 12.1% y-o-y increase in spending. Spirits will underperform the industry average, growing by 3.7% y-o-y.

Consumption Growth Projected Over The Medium Term

Egypt - Total Alcohol Consumption, litres mn (2021-2028)



e/f = BMI estimate/forecast. Source: National sources, Trade Map, BMI

Medium-Term Trends

Egypt's alcohol consumption in per capita terms will remain low by regional and global standards, standing at 2.5 litres in 2024 and rising to 2.9 litres by 2028. About 90% of Egypt's population is Muslim and, therefore, do not consume alcohol. As a result, the majority of alcohol consumption comes from immigrants and tourists, as well as the Christian population.

Egypt's total population is expected to reach around 113mn in 2024. More than 40% of this population is above the legal drinking age of 21 years. Despite the country's predominantly Muslim population, Egypt's non-Muslim population still make up a sizeable consumer base for alcoholic drink producers, given the total size of the population. This, coupled with a recovery in the tourism sector, will support alcoholic drinks consumption growth over the medium term.

We forecast alcoholic drinks consumption to grow by an annual average of around 5.7% through to 2028, reaching 191.5mn litres in 2028. By 2028, spending on alcoholic drinks is expected to reach EGP159.4bn (USD3.1bn). This represents an average annual growth rate of about 16% due to inflation. The faster rise in value sales than in volume sales reflects that consumers will be trading up price points, seeking out higher quality and premium products rather than consuming greater volumes. This is likely to be driven by the immigrant population. Drinks producers playing into the premiumisation trend are likely to benefit.

We expect the wine category to witness the fastest growth in consumption over the forecast period, expanding by an annual average of around 13%. However, this growth comes from a low base. Beer accounts for the vast majority of alcohol consumed in Egypt. We forecast beer consumption growth to average around 5% annually over the medium term. Growth in the segment will be driven by the already existing popularity of beer, favourable weather conditions and more Westernised consumption habits among younger segments of the Egyptian population.

Total Alcoholic Drinks Spending And Consumption (Egypt 2021-2028)

Indicator	2021e	2022e	2023e	2024f	2025f	2026f	2027f	2028f
Alcoholic drinks spending, EGPbn	48.45	61.06	78.48	103.20	117.49	130.03	143.93	159.40
Alcoholic drinks spending, EGP % y-o-y	32.64	26.03	28.52	31.49	13.85	10.67	10.69	10.75
Alcoholic drinks spending, EGP per household	1,724.98	2,131.89	2,687.56	3,465.90	3,870.08	4,201.77	4,563.95	4,961.00
Alcoholic drinks spending, EGP per capita	443.44	550.17	696.26	901.41	1,010.46	1,101.38	1,201.04	1,310.70
Total alcohol consumption, litres mn	131.0	138.0	145.4	153.4	161.9	171.1	180.9	191.5
Total alcohol consumption, litres mn, % y-o-y	6.2	5.3	5.4	5.5	5.6	5.6	5.7	5.9
Total alcohol consumption, litres per capita	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9
Beer, litres mn	114.2	120.2	126.5	132.9	139.6	146.4	153.5	160.7
Beer, litres mn, % y-o-y	5.4	5.3	5.2	5.1	5.0	4.9	4.8	4.7
Beer, litres per capita	2.0	2.0	2.1	2.2	2.2	2.3	2.4	2.4
Wine, litres mn	7.9	8.8	9.8	11.0	12.3	13.9	15.8	17.9
Wine, litres mn, % y-o-y	10.9	11.3	11.7	12.1	12.5	12.9	13.3	13.7
Wine, litres per capita	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3
Spirits, litres mn	9.0	9.0	9.2	9.5	10.0	10.7	11.7	12.9
Spirits, litres mn, % y-o-y	13.5	0.3	2.0	3.7	5.4	7.1	8.8	10.5
Spirits, litres per capita	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2

e/f = BMI estimate/forecast. Source: National sources, BMI

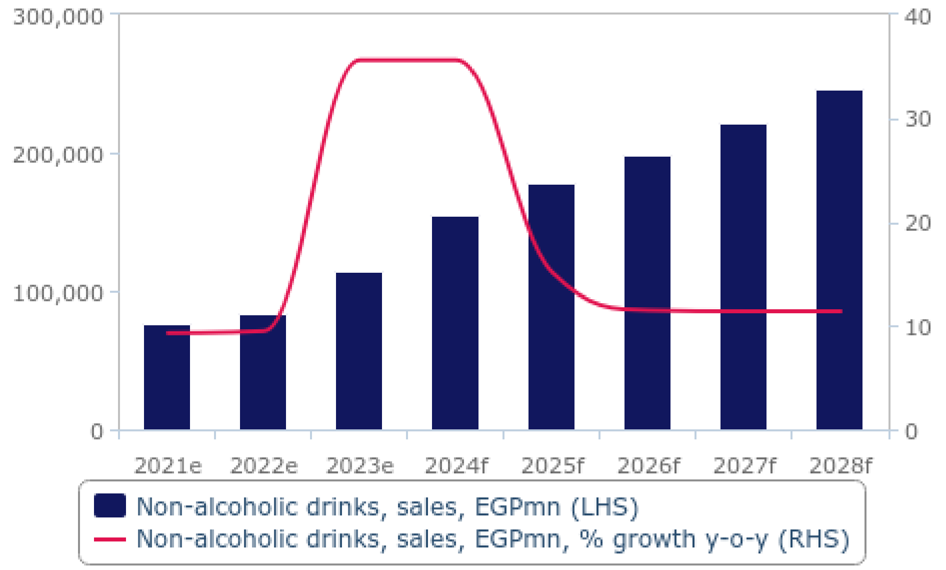
Non-Alcoholic Drinks

Non-Alcoholic Drinks Outlook For 2024

Our 2024 forecast for non-alcoholic drinks spending growth in Egypt is 35.6% y-o-y, in line with the 2023 growth rate. As with food spending, much of the growth in non-alcoholic drinks spending will be driven by high inflationary pressures. Non-alcoholic drinks spending will amount to EGP154.5mn (USD3.4bn) in 2024, up from EGP114.0bn (USD3.7bn) in 2023. In 2024, spending on hot drinks will grow by a projected 38.2% y-o-y to EGP97.4bn, while soft drinks spending will grow by 31.3% y-o-y to EGP57.1bn.

Increase In Non-Alcoholic Drinks Spending Over 2024 Driven By Inflation

Egypt - Non-Alcoholic Drinks Sales (2021-2028)



e/f = BMI estimate/forecast. Source: National sources, BMI

Medium-Term Trends

With the country's significant Islamic majority, non-alcoholic drinks benefit from the limited alcoholic drinks industry, along with the warm climate. Over the medium term, we expect non-alcoholic drinks spending to expand at a rate of 17.0% y-o-y (2024-2028) to EGP246.3bn by 2028.

We project the mineral and spring waters segment will outperform other categories through to 2028, with average annual growth forecast at 21.0%. The bottled water industry is well placed to grow, as incomes rise and demand for drinking water increases; thereby driving up productive capacity and competition within the sector. Greater investment interest from Gulf-based producers over the next few years is likely to increase segmentation within the already fragmented potable water industry.

Coffee, tea and other hot drinks account for the majority of spending on non-alcoholic drinks in Egypt. This segment is expected to witness the second-fastest growth in spending over the medium term to 2028, averaging 19.1%. Hot drinks are widely consumed in Egypt. Most consumption happens off-trade (eg, from grocery outlets) despite on-trade tea and coffee drinking being part of the traditional culture. Some market segments, such as black tea, are considerably more mature than others (ie, green tea), which will impact their growth trajectory to 2028. Novel products associated with health benefits are expected to perform well over our forecast period. An important factor that is sustaining and driving the growth of coffee and tea sales in the Middle East is the traditional role that these drinks play in family and social occasions, which are of importance in the social structure of the Middle East. Given the integral role that tea plays in social traditions, it will continue to be an important part of everyday life, sustaining high levels of consumption.

The fruit and vegetable juices category is the second largest non-alcoholic drinks spending segment in Egypt. Juice is widely available in the country, with its popularity driven by most consumers avoiding alcohol for religious reasons. As a result, juice (either fresh or packaged) is often consumed with meals or consumed as a treat. Because these products are typically more expensive than mainstream carbonates and bottled water, we expect that medium-term spending growth will be much slower than the other categories, as consumers remain price sensitive. Volume and, especially, value growth over the long term will be fuelled by disposable income growth, which will be necessary to make higher-priced drinks more widely consumed.

Our outlook for carbonated drinks spending is robust in Egypt given its popularity among consumers. Egyptian consumer spending on carbonated drinks is relatively small compared with other drinks such as fruit and vegetable juices. This positive outlook will be driven by Egypt's young population and elevated inflation that is driving the high growth rates, as well as a shift in aspirational spending on small ticket items as disposable incomes are forecast to remain under pressure over the next 10-12 months.

Non-Alcoholic Drinks Sales (Egypt 2021-2028)

Indicator	2021e	2022e	2023e	2024f	2025f	2026f	2027f	2028f
Non-alcoholic drinks, sales, EGPmn	76,732.5	84,048.9	113,979.0	154,531.7	177,882.5	198,330.4	221,034.2	246,318.3
Non-alcoholic drinks, sales, EGPmn, % growth y-o-y	9.3	9.5	35.6	35.6	15.1	11.5	11.4	11.4
Coffee, teas and other hot drinks, sales, EGPmn	45,623.4	50,970.2	70,497.5	97,442.6	114,227.4	129,598.2	146,880.3	166,357.8
Coffee, teas and other hot drinks, sales, EGPmn, % growth y-o-y	9.9	11.7	38.3	38.2	17.2	13.5	13.3	13.3
Soft drinks, sales, EGPmn	31,109.1	33,078.7	43,481.5	57,089.1	63,655.2	68,732.2	74,153.9	79,960.5
Soft drinks, sales, EGPmn, % growth y-o-y	8.4	6.3	31.4	31.3	11.5	8.0	7.9	7.8
Fruit and vegetable juices, sales, EGPmn	29,134.8	30,859.9	40,399.0	52,811.7	58,615.1	62,981.5	67,598.4	72,492.5
Fruit and vegetable juices, sales, EGPmn, % growth y-o-y	8.5	5.9	30.9	30.7	11.0	7.4	7.3	7.2
Mineral or spring waters, sales, EGPmn	1,222.8	1,389.6	1,951.8	2,737.6	3,259.9	3,758.2	4,327.8	4,979.6
Mineral or spring waters, sales, EGPmn, % growth y-o-y	9.5	13.6	40.5	40.3	19.1	15.3	15.2	15.1
Carbonated drinks, sales, EGPmn	751.5	829.2	1,130.7	1,539.8	1,780.2	1,992.5	2,227.6	2,488.5
Carbonated drinks, sales, EGPmn, % growth y-o-y	5.0	10.3	36.4	36.2	15.6	11.9	11.8	11.7

e/f = BMI estimate/forecast. Source: National sources, BMI

Industry Trends And Developments

Key View

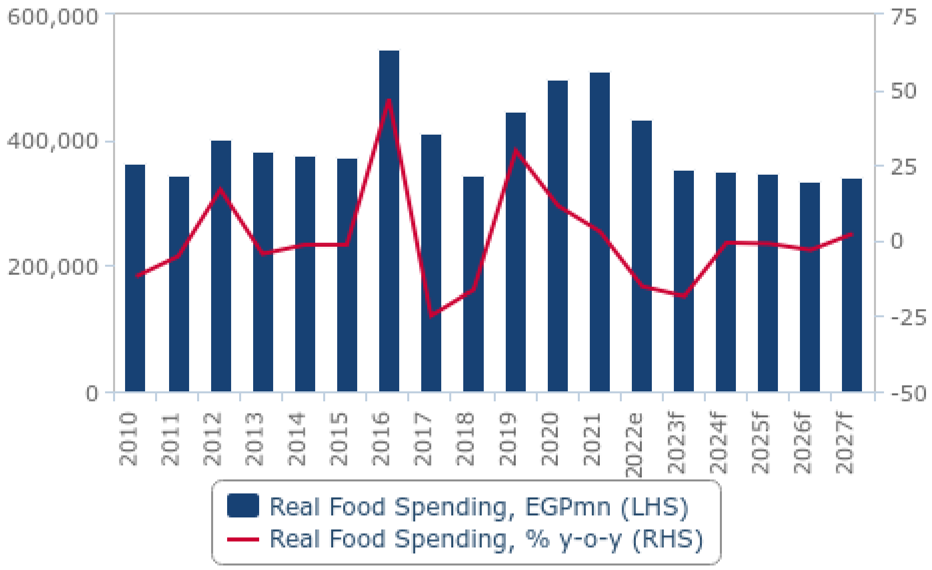
- As a proportion of total household budgets, the average Egyptian household is forecast to spend 35.4% on food by 2027, declining from 44.1% in 2007.
- In real terms, we forecast food spending growth to average 0.3% y-o-y between 2011 and 2027. This will see total real food spending rising from EGP343.4bn in 2011, to EGP342.9bn in 2027. Between 2023-2027, real food spending growth will average -4.3% annually.
- Breaking down total food spending, the average Egyptian household will spend roughly two thirds (64.1%) of its food budget on four key categories in 2027. These categories are meat and poultry (26.9% of total food spending), dairy (14.5%), bread, rice and cereals (12.1%) and fresh vegetables (11.1%).
- As incomes in Egypt continue to progress, Egyptian households will scale up their consumption and spending on meat and poultry over our forecast period. Meat spending is projected to rise from 24.2% of total food budgets in 2007 to 26.9% in 2027.
- The rapid proliferation of mass grocery retailer (MGR) players in Egypt, is reducing the prices of basic food staples, such as bread, rice and cereals; and fresh fruit and vegetables. As a proportion of total food spending, the three staple categories (bread, rice and cereals; fresh vegetables; and fresh and preserved fruits) will see their share decline from 35.7% in 2007, to 28.7% in 2027.
- Rising levels of fish production, in particular a rapidly expanding aquaculture sector, has resulted in fish and fish products posting the fastest annual average growth across all food segments between 2007 and 2027.

Dietary Spending Shift Overview

As a proportion of total household budgets, the average Egyptian household is forecast to spend 35.4% on food by 2027, declining from 44.1% in 2007. While the share of food in household budgets remains relatively high by international standards, the proportional decrease in food spending over the 20-year period will be driven by increasing levels of disposable income and improving levels of food formalisation, which is making food products more readily available and affordable. We forecast disposable income per household to rise from EGP27,300 (USD3,974) in 2013 to EGP191,900 (USD5,056). As a proportion of total households, we will see a decline in the low-income households (disposable incomes between USD1,000-5,000) from 76.7% in 2013 to 55.8% by 2027. Similarly, the middle-income group (USD5,000-10,000) will increase from 19.1% of households in 2013, to 37.4% in 2027, or 11.8mn households. In real terms, we forecast food spending growth to average 0.3% y-o-y between 2011 and 2027. This will see total real food spending rising from EGP343.4bn in 2011, to EGP342.9bn in 2027. Between 2023-2027, real food spending growth will average -4.3% annually. A weakening of the Egyptian pound, high levels of general and food inflation and a reduction in subsidies will weigh on real food spending levels over this period.

High Inflation Eroding Real Food Spending Growth

Egypt - Food Spending, Real (2010-2027)

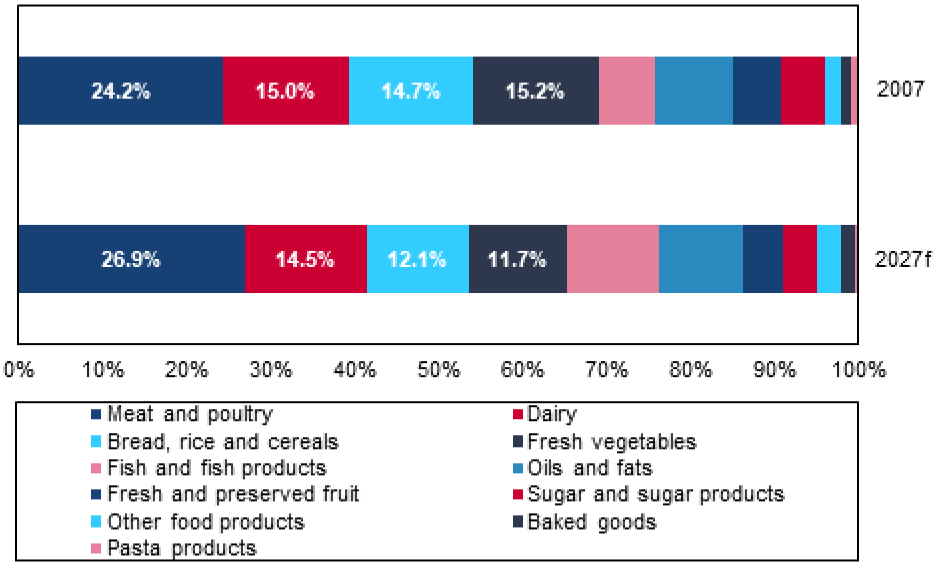


e/f = BMI estimate/forecast. Source: National statistics, BMI

Breaking down total food spending, the average Egyptian household will spend roughly two thirds (64.1%) of its food budget on four key categories in 2027. These categories are meat and poultry (26.9% of total food spending), dairy (14.5%), bread, rice and cereals (12.1%) and fresh vegetables (11.1%), with these products forming the most important staples in the Egyptian cuisine. The remaining seven categories are projected to account for 34.7% of total spending. This suggests that food spending patterns are relatively uniform by global standards, which can be attributed to the average Egyptian consumer receiving limited exposure to international cuisines. This is driven by Egypt having a small migrant population (only 0.5% of the Egyptian population were migrants in 2019) and low incomes, which prevent the majority of consumers from going to international restaurants and travelling internationally. The main source of protein in Egypt remains meat and poultry, with its share in food budgets rising over the 2007-2027 period. Consumer spending on meat and poultry is forecast to grow at 18.5% CAGR, outpacing headline food spending growth of 17.6% CAGR. Fish and fish products spending will also see its share within food budgets increase healthily, going from 6.5% in 2007 to 11.1% in 2027.

Egyptians Have Diverse Food Spending Patterns

Egypt - Food Spending Breakdown, % of total (2007 & 2027f)



f = BMI forecast. Source: National statistics, BMI

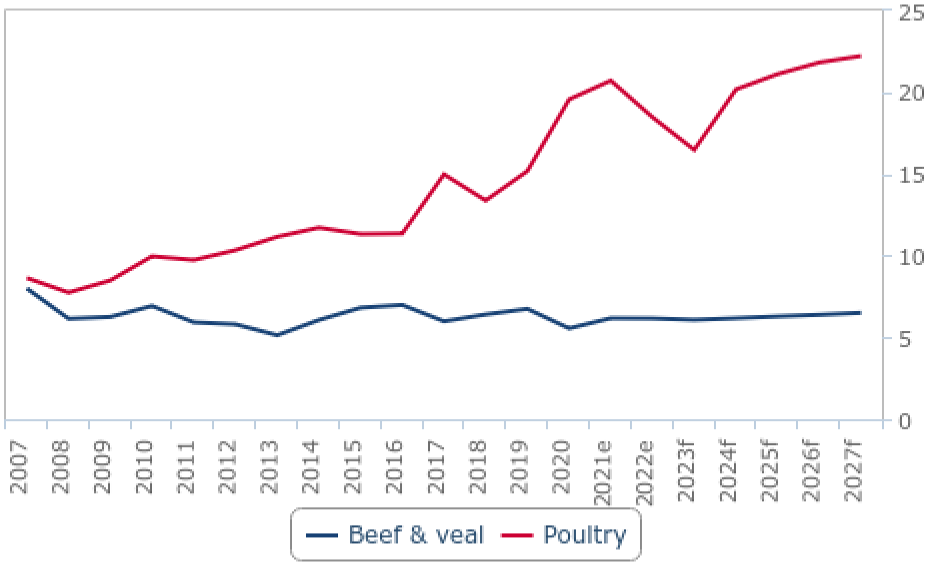
Meat And Poultry To Benefit From Rising Incomes

As incomes in Egypt continue to progress, Egyptian households will scale up their consumption and spending on meat and poultry over our forecast period. As such, meat spending is projected to rise from 24.2% of total food budgets in 2007 to 26.9% in 2027. We forecast total spending on meat and poultry to rise from EGP44.6bn (USD7.8bn) in 2006, to EGP1.4trn (USD36.0bn) in 2027, translating into an annual average growth rate of 18.5%.

Poultry will remain the most popular animal-based protein of choice in Egypt, mostly driven by its popularity amongst low- and mid-income households as it retails for lower unit prices compared to other popular meat products, such as beef and lamb. As such, the share of chicken spending will remain relatively stable over the 2012-2027 period, accounting for roughly 55% of total meat and poultry spending. Poultry spending will therefore rise from EGP23.1bn (USD4.0bn) in 2006, to EGP665.0bn (USD17.9bn) in 2027. Lamb will be the second most popular meat category in spending terms, accounting for approximately 22% of total meat and poultry spending. Popular meat dishes in Egypt include *fattet farakh* (chicken *fattah*), *shawarma* (mostly from lamb or chicken) and *hamam mahshi* (stuffed pigeon).

Consumer Demand For Poultry Has Risen Amid High Inflation

Egypt - Meat & Poultry Consumption, kg per capita (2007-2027)



e/f = BMI estimate/forecast. Source: National sources, BMI

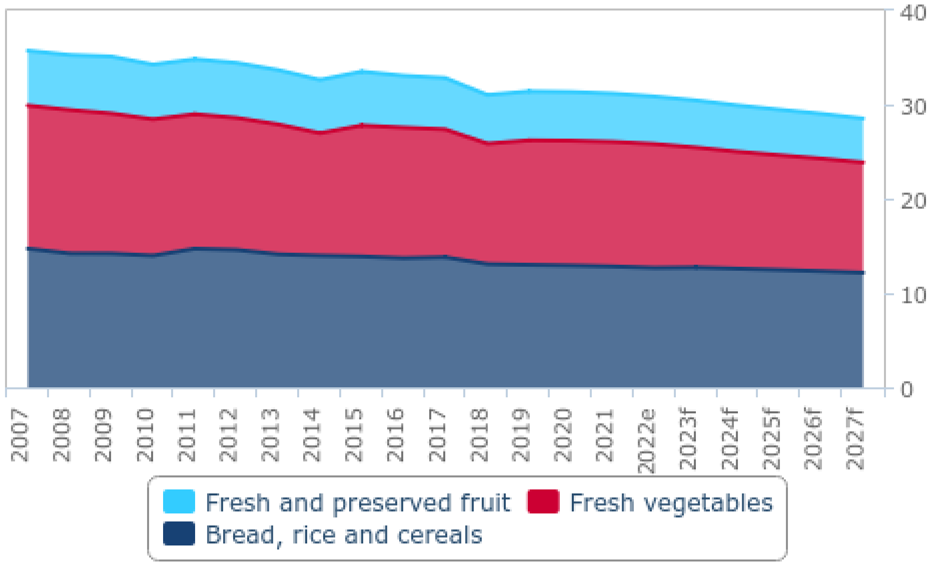
During periods of high inflation and fluctuating economic growth, Egyptian consumers will readily switch towards the most affordable protein source. Beef and veal consumption will decline from 9.4kg per capita in 2006, to 6.5kg per capita by 2027. Contrarily, poultry consumption will increase to 22.2kg per capita in 2027, from 8.3kg per capita in 2006.

Bread, Rice And Cereals Remain Important Staples, MGR Helping Affordability

The rapid proliferation of mass grocery retailer (MGR) players in Egypt, is reducing the prices of basic food staples, such as bread, rice and cereals, and fresh fruit and vegetables. Players such as Carrefour, Metro, Panda Retail, BIM and Kazyon are providing substantial competition and making goods more readily available. As a proportion of total food spending, the three staple categories (bread, rice and cereals, fresh vegetables and fresh and preserved fruits) will see their share decline from 35.7% in 2007, to 28.7% in 2027.

MGR Making Food Products More Affordable And Available

Egypt - Staple Food Spending, % of total (2007-2027)



e/f = BMI estimate/forecast. Source: National sources, BMI

Bread, rice and cereals are widely popular among Egyptian consumers, and are traditionally eaten with every meal. Egyptians are some of the highest per capita consumers of wheat in the world, driven by the government subsidising the popular *baladi* flatbread in order to make bread accessible to even the poorest in society on a daily basis. As a result, despite bread being widely consumed in Egypt, it only accounts for around 24% of the overall bread, rice and cereals category, as subsidies keep retail prices artificially low. By 2027, rice will account for 45.1% of spending in the category, with spending growing from EGP11.8bn (USD2.1bn) in 2007, to EGP277.3bn (USD7.3bn) by 2027. Other staple grains in Egypt include millet and barley.

In terms of fresh produce, leaf and stem vegetables account for over 50% of spending on vegetables, while citrus fruits dominate fruit spending. *Balah*, or dates, also form a crucial role in Egyptian diets. During the month of Ramadan, dates are often eaten when breaking fast. Spending on fruits and vegetables has historically been done at large open-air markets; however, consumers are now actively buying their entire grocery basket at mass grocery retailers, with convenience and sanitation being key factors.

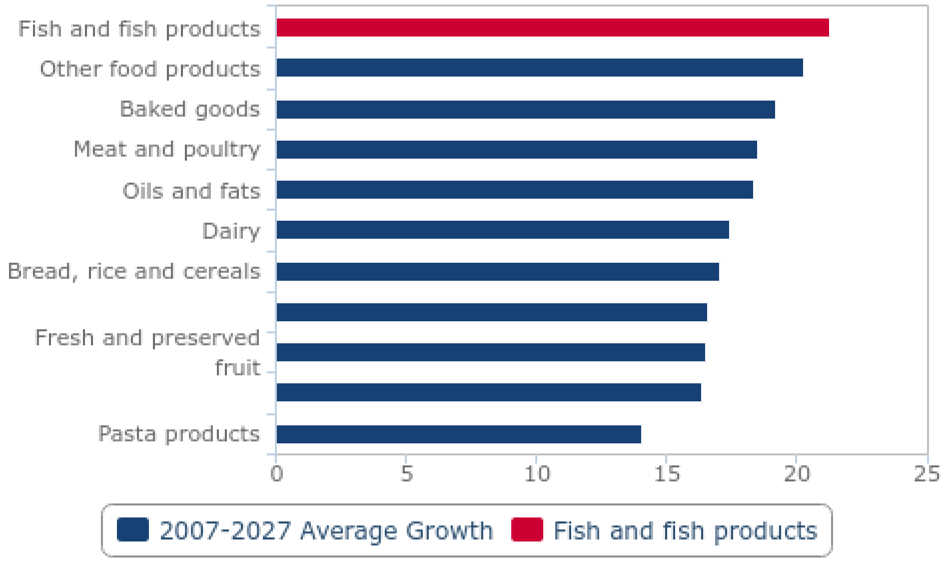
Fish Spending To Grow Quickest

Over the 2007 to 2027 period, we forecast the fish and fish products segment to post the highest average annual growth rate, at 21.3% y-o-y. When considering food price inflation will average 16.7% over the same period, spending on fish will experience strong real growth. We forecast total spending on the segment to increase from EGP11.6bn (USD2.0bn) in 2006, to EGP561.3bn (USD14.8bn) by 2027.

Egyptian aquaculture has witnessed rapid development since 2013, and is now the leading aquacultural production hub in Africa. Egypt's total fish production has increased from 1.7mn tonnes in 2016 to 2.0mn tonnes in 2020, according to the USDA. Aquaculture accounted for 81.0% of total fish production in 2020, rising from 61.8% in 2016. Furthermore, the Egyptian government has plans to increase total fish production to 3.0mn tonnes by 2025, which will continue to fuel growth in spending by consumers.

Fish To Be The Fastest Growing Food Category

Egypt - Food Spending Growth, avg % y-o-y (2007-2027)



Source: National sources, BMI

Industry Risk/Reward Index

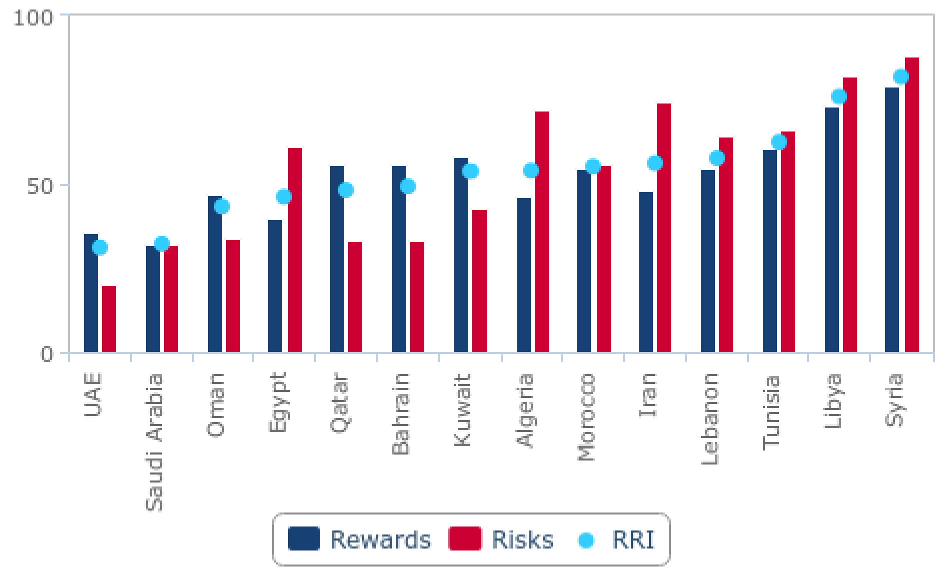
MENA Food & Non-Alcoholic Drinks Risk/Reward Index

Please Note: *BMI is enhancing its risk analysis with a new scoring system following its acquisition of GeoQuant, a market-leading provider of political risk data. From March 27 2024, risk scores are inverted: zero now represents the lowest risk and 100 represents the highest risk. This allows for clearer, industry-standard assessments. For further details, please refer to our updated methodology document.*

Key View: *The Middle East and North Africa region ranks fourth out of the six regions that we cover, with an average Risk/Rewards Index score of 53.4 out of 100. The region offers good Industry Risk scores, with a regional average of 48.6 out of 100. This is marginally above the global average of 50.0, due to growing Food & Drink Formalisation. The UAE retains its lead in the region, offering a low Industry Risk score, while Saudi Arabia's robust Industry Rewards score secures its second-place ranking in the region. The region's score is weighed down by elevated Country Risks related to ongoing socio-economic and political tensions, especially in Lebanon, Iran, Syria and Libya, as well as sticky inflation across the markets outside the Gulf Cooperation Council sub-region.*

MENA Offers A Number Of Attractive Markets

MENA - Food & Non-Alcoholic Drinks RRI (Q324)



Note: Scores out of 100; lower score = more attractive market. Source: BMI Food & Drink Risk/Reward Index

Note: *Our entire Food & Drink (F&D) Risk/Reward Index (RRI) includes two F&D RRIs: our Food & Non-Alcoholic Drinks RRI and our Alcoholic Drinks RRI. The first quantifies the risks and rewards associated with food and non-alcoholic drink sales in each market, while the second quantifies the risks and rewards associated with the alcoholic drinks sector.*

Main Regional Features And Latest Updates

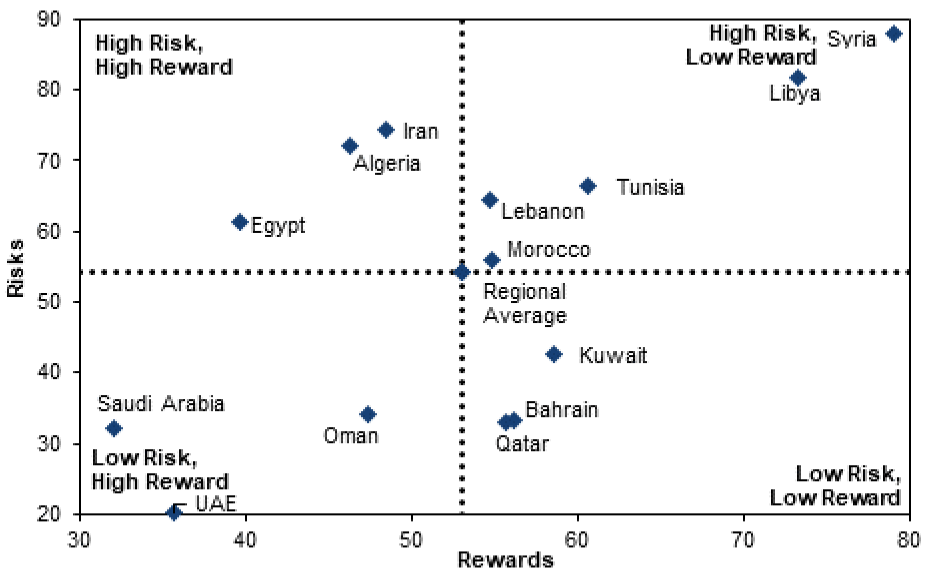
- In our Q324 update to the Food & Non-Alcoholic Drinks RRI, the Middle East and North Africa (MENA) region is ranked fourth out of six regions, with a score of 53.4 out of 100. This places the region above Latin America (with an RRI score of 55.9 out of 100), but below Central and Eastern Europe (50.9 out of 100).
- At 48.6 out of 100 in Q324, MENA's Industry Risk pillar scores the lowest, reaching a third regional rank. While investors still need

to navigate structural risks in many markets, this points to bright spots in the region. The MENA region can be broken down into the Middle East, with an average overall RRI score of 48.3 out of 100, and North Africa, with a score of 58.7 out of 100. This disparity is driven by riskier operating environments in North Africa when compared to other Middle East markets.

- Incorporating our new GeoQuant Political Risk Index, the MENA scores 58.4 out of 100, which is below the global average 50.0 out of 100. Compared with other regions, the political environment across MENA is mixed, with established institutions and legal frameworks in the Gulf Cooperation Council (GCC) region but instability in Levant region. In particular, the Israel-Hamas conflict and wider Red Sea crisis has weighted the score upwards.
- In our Q324 update, the UAE is the most attractive market in the region for food and non-alcoholic drinks investors, with an overall score of 31.1 out of 100, ranking 12th out of 106 markets globally. The country's favourable RRI score is underpinned by a large affluent class, a solid regulatory environment, and minimal political and macroeconomic risks.
- Following closely behind the UAE is Saudi Arabia, with an overall score of 32.2 out of 100, ranking 15th globally. Saudi Arabia is one of the few markets in the region that offers a good balance of both Rewards (32.1 out of 100) and Risks (32.3 out of 100). We expect the positive outlook in non-oil activity, through Vision 2030, and anticipated interest rate cuts in H224 to support the wider economic recovery and consumer spending in 2024.
- In North Africa, Egypt is the standout market, with an RRI score at 46.2 out of 100. Bright spots in the Country Rewards pillars, such as Population (12.4 out of 100) and Urban Population (16.2 out of 100), put it firmly ahead of other North African markets. However, sticky inflation, particularly with food prices amid supply chain disruptions and currency turmoil, will remain a short-term risk to our outlook for food spending in Egypt.

Mixed Risk/Reward Scores In MENA

MENA - Food & Non-Alcoholic Drinks RRI (Q324)



Note: Scores out of 100; lower score = more attractive market. Source: BMI Food & Drink Risk/Reward Index

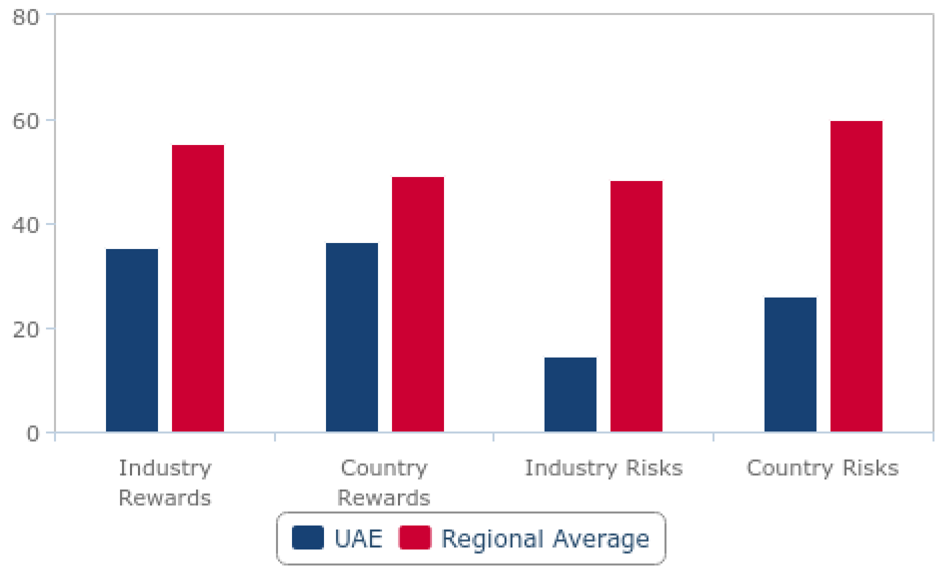
United Arab Emirates Offers Strong Rewards And Even Better Risks

In our Q324 update, The UAE ranks as the most attractive F&D market in the MENA region. The market has an overall score of 31.1 out of 100, ranking first out of the 14 countries in the MENA region and 12th out of 106 markets globally. The UAE is the only market in the region that scores below 15 out of 100 for any of its categories. In our Industry Risks pillar, the UAE scores 14.6 out of 100, while the market's top-performing pillar is its Spending Population, scoring 0.0 out of 100, the best score globally. In 2024, 46.7% of the population, or 4.5mn people, will be between the age of 20 and 39 years old,. This demographic is a key consumer spending group. A very strong Industry Risk outlook (14.6 out of 100) will support a high level of demand for innovative and premium food and non-alcoholic drink products. F&D majors have also benefitted from the stability of this pillar, alongside its Strong Operation Risk pillar, scoring 7.6 out of 100.

In the MENA region, the UAE is notable for its favourable Industry Risk profile. Within the Industry Rewards category, the UAE achieves a score of 17.1 out of 100 in F&D Formalisation (compared with the regional average of 33.8 out of 100), 13.3 out of 100 in Regulatory Environment (compared with the regional average of 57.8 out of 100), and 13.3 out of 100 in Logistics Risks (compared with the regional average of 54.3 out of 100). In terms of Country Risk, the UAE receives 35.2 out of 100 for Short-Term Economic Risk and 27.1 out of 100 for Long-Term Economic Risk.

The UAE Hold Attractive Scores Across The Board

UAE - RRI (Q324)



Note: Scores out of 100; lower score = more attractive market. Source: BMI Food & Drink Risk/Reward Index

Within the Rewards pillar, we highlight weakness in the Population and Urban Population indicators, scoring just 63.8 out of 100 and 56.2 out of 100 respectively, compared with the regional average of 56.7 out of 100 and 53.3 out of 100 respectively. At 9.6mn in 2024, the country has the eleventh-largest population in MENA, behind Jordan (at 11.4mn in 2024) but ahead of Libya (at 7.0mn in 2024). With a large portion of the total population being in the key spending population age group (ie, those between the ages of 20 and 39 years old), at 47.9% of the population in 2023, and with 79.7% of households having a disposable income of more than USD25,000 in 2023, the Emirati consumer market is an attractive target market for both food and drinks retailers.

Saudi Arabia Offers A Good Balance Of Both Rewards And Risks

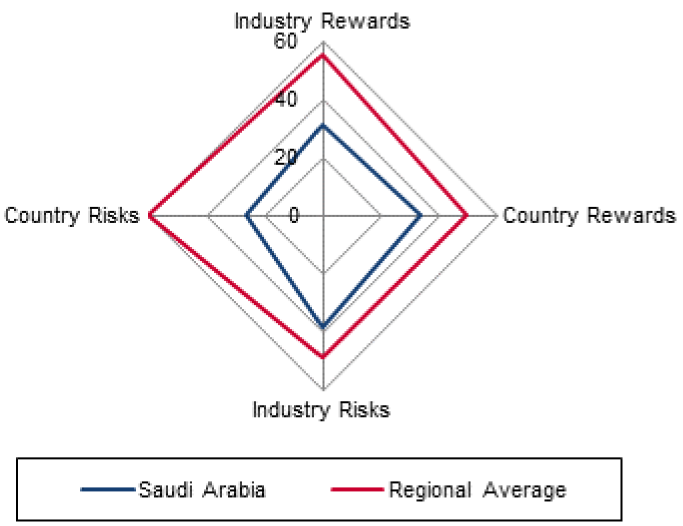
In our Q324 update, Saudi Arabia remains an attractive F&D market in the MENA region. The market has an overall score of 32.2 out of 100, ranking second out of the 14 countries in the MENA region and 15th out of 106 markets globally. Saudi Arabia is one of the few markets in the region that offers a good balance of both Rewards (32.1 out of 100) and Risks (32.3 out of 100). The country's top-performing rewards pillar is its Short-Term Economic Risk Index, scoring 1.9 out of 100, which is the best in the region. Over 2024, we forecast real household spending in Saudi Arabia to normalise, as spending returns to a more steady growth trajectory. We expect the positive outlook in non-oil activity, through Vision 2030, and anticipated interest rate cuts in H224 to support the wider economic recovery and consumer spending in 2024.

The country's large population gives a score of 36.2 out of 100 for its Population pillar, which is well below the regional average of 56.7 out of 100. At 37.5mn in 2024, the country has the sixth-largest population in MENA, behind Morocco (at 38.2mn in 2024). A significant portion of this is urban, at 85.0% of the population, or 32.4mn people. With a large section of the total population falling into the key spending population age group (ie, those between the ages of 20 and 39 years old), at 29.2% of the population in 2024, and with 51.1% of households having a disposable income of more than USD25,000 in 2023, the Saudi Arabia consumer market is a very attractive target market for both food and drinks retailers.

Saudi Arabia also stands out in the MENA region with respect to its attractive Risk profile, scoring 38.1 out of 100 for our Industry Risk pillar (the fifth highest in the region) and 26.5 out of 100 for our Country Risk pillar (the second highest in the region). Within the Industry Rewards pillar, Saudi Arabia scores particularly well in F&D Formalisation (22.9 out of 100) and Logistics Risks (25.7 out of 100). In the Country Risk pillar, the country does well in both its Short- and Long-Term Economic Risk scores, at 1.9 and 20.0 out of 100 respectively. Combined with the 28.6 out of 100 in our Operational Risk score, F&D retailers operate in one of the more stable and low risk markets in the region. As with the UAE and other GCC peers, elevated oil prices are translating into higher consumer propensity to spend. The shift from the pandemic will further support the normalisation of economic activity. This will benefit spending, especially in service sectors such as restaurant and hospitality.

Saudi Arabia Offers A Good Mix Across Risks And Rewards

Saudi Arabia - RRI (Q324)



Note: Scores out of 100; lower score = more attractive market. Source: BMI Food & Drink Risk/Reward Index

Within the Rewards pillar, we highlight weakness in Saudi Arabia's Spending Population indicator, with a score of just 43.8 out of 100, compared with the regional average of 34.8 out of 100. The spending population of Saudi Arabia does not score as low as other regional markets, in part due to its young demographic beginning to decline. The rapidly growing segment of the population reaching pensionable age, albeit from a small base, is also likely to negatively influence the spending population score.

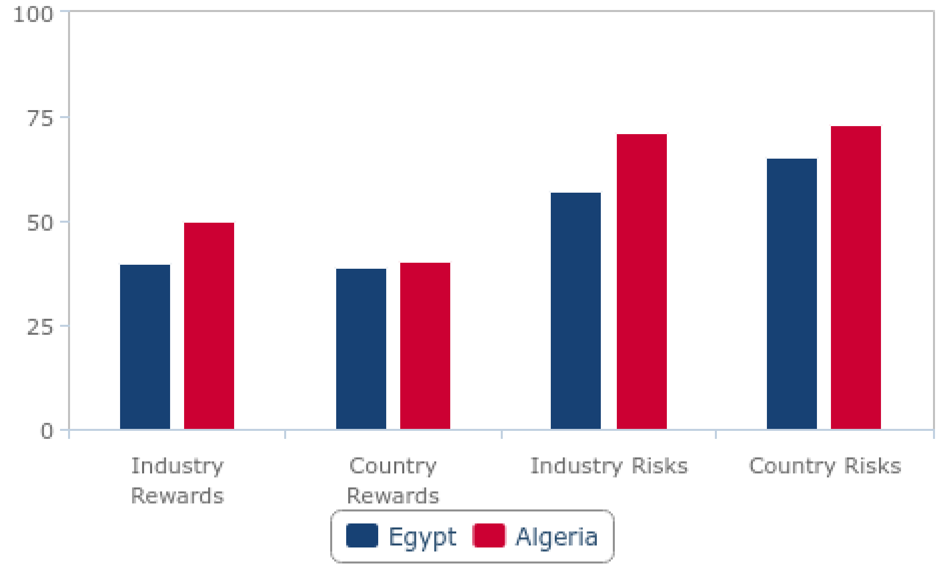
Egypt Remains The Most Attractive Market In North Africa

In our Q324 update, Egypt remains the most attractive market for food and non-alcoholic drink investors in North Africa, followed by Algeria and Morocco. Egypt's RRI score is 46.2 out of 100, above the MENA average of 53.4, while Algeria's score stands at 54.0 out of 100. Morocco follows closely behind, at 55.2 out of 100. However, sticky inflation, particularly with food prices amid supply chain disruptions and currency turmoil, will remain a short-term risk to our outlook for food spending in Egypt. This has left it with a high scoring Short Term Economic Risk Index of 77.6 out of 100. Bright spots in the Country Rewards pillars, such as Population (12.4 out of 100) and Urban Population (16.2 out of 100), put it firmly ahead of other North African markets.

Algeria is the second most attractive market in North Africa in our food and non-alcoholic drinks RRI, with a score of 54.0 out of 100 this quarter. Our outlook for household spending in Algeria is positive. While we expect it to grow by an annual average of 11.3% y-o-y over 2024-2028, we see weakness in its regulatory environment due to lack of formalisation. It therefore scores 94.3 out of 100.

North Africa In Comparison

Egypt & Algeria - RRI (Q324)



Note: Scores out of 100; lower score = more attractive market. Source: BMI Food & Drink Risk/Reward Index

MENA - Food & Non-Alcoholic Drinks Risk/Reward Index

	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks	RRI	Regional Rank	Global Rank
UAE	35.2	36.4	35.7	14.6	26.0	20.3	31.1	1	12
Saudi Arabia	31.1	33.6	32.1	38.1	26.5	32.3	32.2	2	15
Oman	45.1	50.7	47.3	30.5	37.6	34.0	43.3	3	39
Egypt	40.0	39.0	39.6	57.1	65.6	61.4	46.2	4	45
Qatar	61.0	47.9	55.7	31.4	34.7	33.1	48.2	5	51
Bahrain	58.1	53.3	56.2	18.4	48.3	33.3	49.3	6	54
Kuwait	47.3	75.5	58.6	44.8	40.5	42.6	53.8	7	64
Algeria	50.2	40.5	46.3	71.1	72.9	72.0	54.0	8	65
Morocco	62.5	43.3	54.9	53.0	58.9	56.0	55.2	9	68
Iran	57.1	35.5	48.5	67.9	80.7	74.3	56.2	10	70
Lebanon	44.3	70.5	54.8	41.3	87.6	64.4	57.7	11	72
Tunisia	64.4	55.0	60.7	60.6	72.1	66.3	62.4	12	82
Libya	80.6	62.4	73.3	72.1	91.7	81.9	75.9	13	101
Syria	99.7	48.1	79.0	79.7	96.5	88.1	81.8	14	104
Global Average	50.2	50.0	50.1	50.0	50.0	50.0	50.1	na	na
Regional Average	55.5	49.4	53.0	48.6	60.0	54.3	53.4	na	na

Note: Scores out of 100; lower score = more attractive market. na = not available/applicable. Source: BMI Food & Drink Risk/Reward Index

MENA - Food & Non-Alcoholic Drinks Industry Rewards Index

	F&D Spending Per Capita	Real HH Spend Five-Year CAGR	Total F&D Expenditure	Industry Rewards	Rewards
UAE	29.5	29.5	46.7	35.2	35.7
Saudi Arabia	37.1	35.2	21.0	31.1	32.1
Oman	36.2	28.6	70.5	45.1	47.3
Egypt	71.4	30.5	18.1	40.0	39.6
Qatar	44.8	57.1	81.0	61.0	55.7
Bahrain	41.9	45.7	86.7	58.1	56.2
Kuwait	24.8	49.5	67.6	47.3	58.6
Algeria	65.7	51.4	33.3	50.2	46.3
Morocco	87.6	36.2	63.8	62.5	54.9
Iran	74.3	73.3	23.8	57.1	48.5
Lebanon	18.1	54.8	60.0	44.3	54.8
Tunisia	59.0	69.5	64.8	64.4	60.7
Libya	98.1	48.6	95.2	80.6	73.3
Syria	100.0	99.0	100.0	99.7	79.0
Global Average	50.0	50.0	50.0	50.2	50.1
Regional Average	56.3	50.6	59.5	55.5	53.0

Note: Scores out of 100; lower score = more attractive market. Source: BMI Food & Drink Risk/Reward Index

MENA - Food & Non-Alcoholic Drinks Country Reward Index

	Population	Mass Affluent Class	Urban Population	Spending Population	Country Rewards	Rewards
UAE	63.8	25.7	56.2	0.0	36.4	35.7
Saudi Arabia	36.2	27.6	26.7	43.8	33.6	32.1
Oman	82.9	38.1	80.0	1.9	50.7	47.3
Egypt	12.4	96.2	16.2	31.4	39.0	39.6
Qatar	90.5	14.3	85.7	1.0	47.9	55.7
Bahrain	97.1	21.0	92.4	2.9	53.3	56.2
Kuwait	83.8	40.0	78.1	100.0	75.5	58.6
Algeria	28.6	56.2	24.8	52.4	40.5	46.3
Morocco	34.3	64.8	33.3	41.0	43.3	54.9
Iran	14.3	75.2	10.5	41.9	35.5	48.5
Lebanon	81.9	41.0	76.2	82.9	70.5	54.8
Tunisia	54.3	61.0	54.3	50.5	55.0	60.7
Libya	70.5	78.1	67.6	33.3	62.4	73.3
Syria	43.8	100.0	44.8	3.8	48.1	79.0
Global Average	50.0	50.0	50.0	50.0	50.0	50.1
Regional Average	56.7	52.8	53.3	34.8	49.4	53.0

Note: Scores out of 100; lower score = more attractive market. Source: BMI Food & Drink Risk/Reward Index

MENA - Food & Non-Alcoholic Drinks Industry Risk Index

	Regulatory Environment	F&D Formlisation	Logistics Risk	Industry Risks	Risks
UAE	13.3	17.1	13.3	14.6	20.3
Saudi Arabia	65.7	22.9	25.7	38.1	32.3
Oman	46.7	13.3	31.4	30.5	34.0
Egypt	42.9	84.8	43.8	57.1	61.4
Qatar	72.4	2.9	19.0	31.4	33.1
Bahrain	21.9	11.4	21.9	18.4	33.3
Kuwait	77.1	1.0	56.2	44.8	42.6
Algeria	94.3	46.7	72.4	71.1	72.0
Morocco	36.2	62.9	60.0	53.0	56.0
Iran	92.4	41.9	69.5	67.9	74.3
Lebanon	40.0	12.4	71.4	41.3	64.4
Tunisia	49.5	53.3	79.0	60.6	66.3
Libya	85.7	31.4	99.0	72.1	81.9
Syria	70.5	71.4	97.1	79.7	88.1
Global Average	50.0	50.0	50.0	50.0	50.0
Regional Average	57.8	33.8	54.3	48.6	54.3

Note: Scores out of 100; lower score = more attractive market. Source: BMI Food & Drink Risk/Reward Index

MENA - Food And Non-Alcoholic Drinks Country Risk Index

	Long Term Economic Risk	Short Term Economic Risk	Political Risk	Operational Risk	Country Risks	Risks
UAE	35.2	37.1	34.3	7.6	26.0	20.3
Saudi Arabia	20.0	1.9	40.0	28.6	26.5	32.3
Oman	54.3	36.2	35.2	32.4	37.6	34.0
Egypt	62.9	77.6	59.0	67.6	65.6	61.4
Qatar	48.6	54.8	27.6	24.8	34.7	33.1
Bahrain	65.7	75.2	48.6	25.7	48.3	33.3
Kuwait	46.7	26.7	39.0	45.7	40.5	42.6
Algeria	74.3	62.4	68.6	81.9	72.9	72.0
Morocco	70.5	69.5	54.3	52.4	58.9	56.0
Iran	81.9	72.9	84.8	80.0	80.7	74.3
Lebanon	96.2	98.1	89.5	76.2	87.6	64.4
Tunisia	92.4	96.2	47.6	74.3	72.1	66.3
Libya	91.4	77.6	93.3	97.1	91.7	81.9
Syria	99.0	99.0	96.2	94.3	96.5	88.1
Global Average	50.0	50.0	50.0	50.0	50.0	50.0
Regional Average	67.1	63.2	58.4	56.3	60.0	54.3

Note: Scores out of 100; lower score = more attractive market. Source: BMI Food & Drink Risk/Reward Index

Market Overview

Food

With an attractive demographics profile, combined with an improving economic environment, Egypt will increasingly bring in more foreign investment, especially in the food delivery and fast-food segments. Both local and international majors, such as Nestlé and Kraft Heinz, are investing in expanding their production capacity in the country, with Egypt seen as a key hub for regional exports across the Middle East and Africa.

Recent Developments

- In February 2024. Egypt saw inflation rise to 35.7%, up from 29.8%, due to significant increases in food and beverage prices. This came ahead of further expected rises following the currency's devaluation. Food price inflation in February 2024 was much higher, at 50.9%. which suggests that consumers continue to face pricing pressures. The elevated inflation, which is expected to average over 39.9% in 2024 by our Country Risk team, will place extra pressure on households, especially those that are income-sensitive. Consumers will trade down on price points and opt for cheaper carbohydrates and proteins at the expense of costlier premium meats.
- In Q1 2024, Cairo 3A, an Egyptian subsidiary of a Kuwaiti firm, which specialises in agricultural and animal production, announced plans for expansion and investment in 2024. It aims to enter new Asia-Pacific markets and record USD140.0mn in exports. The firm intends to invest USD8.0mn over 2024 into enhancing its product portfolio and operational capacity, including setting up a new fruit juice concentrates factory and investing in land reclamation and poultry processing projects. The company also plans to invest EGP20.00mn over the next 12 months in setting up poultry fattening facilities in Egypt. In February 2024, Cairo 3A inaugurated a new EGP600.0mn poultry processing facility in 10th of Ramadan City, which can process just under 10,000 tonnes of protein annually.
- In Q4 2023, the Egyptian government outlined plans to reduce prices for staple foods by collaborating with 15 major private sector players and exempting them from customs and duties burdens for an initial six-month period. Fava beans, lentils, chicken, rice, sugar and eggs are among the main categories that will benefit from the measures.
- In November 2023, Juhayna Food Industries announced a price reduction for its dairy products, in line with the prime minister's decision to launch a price reduction initiative.
- In November 2023, Japan-based conglomerate Mitsui announced the acquisition of an undisclosed stake in Egypt-based Wadi Poultry.
- In November 2023, US and European brands, including McDonald's, Starbucks and Domino's Pizza started facing boycotts across the Middle East, including Egypt, amid the ongoing conflict in Gaza. This has led to a rise in popularity of local brands.
- In October 2023, McDonald's Egypt partnered with automated home delivery solution provider Roboost to fully automate its delivery operations. The AI powered solution will automate the food service chain's last mile delivery cycle and optimise operations before delivery starts.
- In September 2023, Egypt-based City Farm announced that it is targeting sales of USD50.0mn in the US market, a 43.0% growth from 2022. City Farm specialises in exporting frozen vegetables to the US.
- In September 2023, New Sina for Food Investment and Beverage announced that it plans to invest EGP1.0bn in the Egyptian food and drinks market over the first quarter of 2024. The investment will be used to develop new production lines as well as new food and drink products (including dairy) that meet the needs of the Egyptian consumer.
- In September 2023, Edita Food Industries secured two medium-term loans worth EGP390.0mn to finance its acquisition of Fancy Foods, a frozen food producer. This forms part of Edita's expansion strategy into the high growth potential frozen food market in Egypt.

Market Drivers And Trends

We expect Egypt's food market to continue growing over our forecast period, as the successful implementation of reforms draws foreign investment; thereby boosting economic growth and job creation. Egypt introduced sweeping economic reforms at the end of 2016 as part of a three-year USD12.0bn IMF loan programme, floating its currency and cutting subsidies to attract foreign investment again after the 2011 uprising. While this led to high consumer price inflation, as the currency devaluation/foreign currency shortage impaired businesses' ability to import and so raised the prices of imported foodstuffs, we believe that these price increases have now filtered through.

In a bid to keep food prices low, the Egyptian government has mandated the state grain buyer, the General Authority for Supply Commodities (GASC), to import essential food items and distribute these items to the public and private sectors. The GASC is working with Egypt's central bank to ensure that it has the required amount of foreign currency to fulfil this mandate. It continues to accept tenders for the import of meat, soybean and corn as part of this mandate. As recently as February 2021, the GASC still taps the market for wheat tenders, with 60,000 tonnes of France-origin wheat offered at USD293.75/tonne. In March 2021, it offered USD14/tonne for 360,000mn tonnes of Romania-origin wheat.

Food Processing

Egypt's processed food industry continues to develop steadily, attracting investment from a number of multinationals such as Nestlé and Kraft Heinz, which are predominantly attracted by the size of the Egyptian market. In 2020, Kraft Heinz announced it would inject nearly USD58.0mn (EGP920.0mn) worth of investments in Egypt through to 2024, underscoring the commitment of international food processing companies to the Egyptian market. In December 2021, Nestlé Egypt announced plans to invest EGP700.0mn in new production lines, at its 6th of October factory, between 2021 and 2025. In August 2023, Nestlé announced the addition of four production line to their Egypt factories by the end of 2023. One of the production lines will be for dairy products, while the final three lines will be for food products. This development is a strategy to localise the sourcing of raw material to reduce imports.

A number of domestic and regional companies, such as the UAE-based Agthia Group (formerly the Emirates Foodstuff and Mineral Water Company) and Saudi Arabia-based Halwani Brothers and Almarai, are also present and aiming to capitalise on the growing demand for processed and packaged food products.

Unlike in most markets in the Middle East (particularly the Gulf Cooperation Council block), the majority of Egypt's population falls in the lower-income bracket and consumes a higher proportion of traditional food products purchased from independent grocery outlets. These products are cheaper and perceived to be healthier than packaged alternatives, which reinforces consumer scepticism regarding the merits of processed and packaged foods. As a result, such products are mainly consumed by middle- and higher-income consumers, who appreciate shopping in large and modern mass grocery retail outlets.

Although a number of major gains have been made by the food production industry, key challenges remain. Sector-wide certification for exports must be established, and small producers have a hard time keeping up with international standards, especially those of the EU, which are particularly stringent. The Egyptian Parliament set up the new National Food Safety Authority in January 2017. The authority is an independent organisation under the office of the Egyptian prime minister. Its goal is to protect consumer health by ensuring that food products consumed, distributed, marketed or produced in Egypt meet the standards of food safety and hygiene. The agency is responsible for food safety regulation for domestic production, import and export through undertaking inspection, licensing and certification.

Trade

Egypt imports a significant amount of food and drink products, reaching USD11.0bn in 2020. Its most important trade partners are Russia, Brazil, Ukraine, Indonesia and Argentina, while the US and EU are also salient source markets. Egypt is especially dependent on imports of cereals, including wheat and maize; and meat. These two categories account for 50%-60% of total food and drink-related imports. Higher-income consumers drive much of the demand for imported products, while low- and middle-income consumers substitute imports with domestic alternatives.

The trade balance for food and drink in Egypt in 2022 (latest available data) reached negative USD7.9bn. While this is a decline on the negative USD6.3bn in 2021, there is an overall increase in the trade balance figure. In 2011, the trade balance for food and drink was at -USD8.3bn. While the weakening of the Egyptian pound will have contributed the improvement of the food and drink trade balance, we expect that there will be further improvements, as companies like Nestlé add production lines to new or existing factories.

Egypt has ambitious plans to modernise its food processing sector, with the ultimate aim of increasing its exports across the Middle East and Africa in particular. Free trade agreements with neighbouring Middle Eastern markets are leading to an increase in export demand for Egyptian processed foods, such as frozen vegetables, dairy products, juice, herbs, spices and confectionery.

Many multinational companies have highlighted Egypt as a key hub for regional exports. Its geographic position between the Middle East and North Africa, as well as its regionally advanced transport infrastructure, makes it a natural choice if political stability prevails. For example, the Coca-Cola Company has highlighted Egypt in this regard.

Confectionery

The Egyptian confectionery market is dominated by chocolate sales. The market is supplied by a mix of local producers and importers. Multinational Cadbury (now part of Mondelēz International) is one of the leading players, partly on account of its heritage as a UK-based company. Its estimated value share of the chocolate segment is in the region of 50.0%.

One of the more prominent local players is Edita Food Industries, which offers baked snacks including cakes, wafers and biscuits under brands such as Molto, Bake Rolz and Todo. It also has the local rights to produce Hostess Brands's HoHos product. More than 90% of its revenue is generated in Egypt, and in 2020, more than 42% of its revenue came from packaged cakes. Over 2021, Edita was in talks to acquire its rival Egyptian Belgian Company for Industrial Investments, the owner of cake, doughnut and croissant brand Ole. In November, the two companies signed a non-binding letter of intent over a possible deal. However, the parties failed to reach a deal and, in January 2022, talks were suspended.

In May 2023, Edita Food Industries announced the acquisition of Fancy Foods, specialising in the production of frozen bakery products. The move will allow the company to diversify its business into the frozen foods segment and consolidate its presence in the local food industry. In August 2023, the International Finance Corporation announced that it is considering a loan of up to USD30mn to Edita Food Industries to fund new capital expenditure and potential expansion in Africa and the Middle East.

El Rashidy El Mizan is one of the key players in the sugar confectionery segment. Its portfolio contains a popular halva product.

We highlight that in recent years, chocolate from Italy and confectionery from Turkiye have become popular in Egypt, with brands such as Nutella and Ulker widely available in the urban areas of the country.

Dairy

Egypt's dairy industry, which has received considerable attention over the past few years, is relatively well developed. However, it is fragmented and shared among about 300 companies. One of the key players is Juhayna Food Industries, which is also a leading juice manufacturer. The conglomerate operates seven factories in Egypt. In April 2023, Qatar-based company Baladna raised its stake in Juhayna to 15.03% from 12.6% previously. According to a statement from Baladna, 'Our investment decisions are based on a careful analysis of the market that we seek to enter, and the Egyptian market, with a population of more than 100 million people, is a large and promising market for the food and beverage sector. Juhayna being a leading company in the market, it is expected to achieve greater returns in light of the expected market growth and the availability of a strong distribution network.'

Egypt's largest dairy producer is Dina Farms, a subsidiary of agriculture and consumer goods conglomerate Gozour, which is owned by Citadel Capital. After a sizeable expansion in May 2013 at a cost of USD12.9mn, Dina Farms announced in August 2019 an EGP400.0mn (USD24.4mn) investment in its dairy farm and associated segments until 2022, to expand its production capacity, as part of the company's new phase of aggressive growth and restructuring. In June 2020, Dina Farms announced that it had doubled its yoghurt production capacity with an additional production line that can produce 10,000 cups of yoghurt per hour.

Saudi Arabia-based Almarai is also a leading dairy player in Egypt. Egypt is one of the company's core markets, after Saudi Arabia and the UAE. Almarai has production plants in Egypt and has indicated that it will continue to invest in the country over the coming years. In February 2023, Almarai purchased the remaining 48.0% stake in International Dairy and Juice from PepsiCo for SAR2550.mn. IDJ manufactures and distributes food and drinks in Egypt and Jordan.

Another leading local dairy producer is Beyti Food Industries, which was acquired by IDJ, a joint venture (JV) between Almarai and PepsiCo. Beyti is estimated to hold a 20.0% market share in milk production and a slightly lower share in yoghurt production. In February 2022, Beyti confirmed that it had invested EGP204.0mn in the Egyptian market during 2021, primarily to establish new production and packaging lines. The company aims to invest a further EGP250.0mn in the country over 2022 to create additional production lines to join its current line-up of 24 lines for the production of juice, milk and yoghurt.

Western companies are increasingly prominent in Egypt's dairy sector. In 2015, Denmark-based Arla Foods entered into a JV with Juhayna to establish ARJU. Juhayna owns a 51.0% stake in ARJU, while Arla holds the remaining 49.0% and is in charge of its daily management.

In January 2019, France-based Lactalis acquired 100% of Greenland Group in its aim to be a major producer of dairy products. Greenland has eight factories in Egypt producing cheese, ghee, milk, juices and other fresh dairy products. Greenland also owns and operates the only whey production facility in the Middle East region and exports its products to around 50 countries globally.

Halal Food

Egypt is the fourth largest halal food market globally, behind Indonesia, Turkiye and Pakistan. The importance of the halal food industry is continuing to grow in the Middle East and other Muslim-majority populations, driven by rising disposable incomes and consumption levels. Increasing health consciousness and interest in ethical consumption are also key drivers. Egypt is comfortably the largest market for halal foods in the North Africa region.

Income growth has benefitted the industry immensely, as meat consumption has increased, which has led to considerable product innovation. While consumers are traditionally partial to fresh meat, the demand for packaged and processed meat has picked up across the region. Health and hygiene scares have been a major driver in changing consumer habits and have ultimately benefitted the packaged-meat industry. Meat and halal products are now being imported from many markets, including Australia, New Zealand, Ireland, Brazil, Canada and the US. Most distributors of halal products are not from majority-Muslim countries; many international producers recognised the potential of the market and invested accordingly.

In January 2020, the government of Egypt issued a Prime Ministerial Decree establishing a new state entity in the form of a joint-stock company integrated by the Ministries of Islamic Affairs, Agriculture and Land Reclamation, and the General Organisation for Export and Import Control. This joint-stock company, IS EG HALAL, is now the only official Egyptian entity responsible for issuing halal label certification for foreign products being imported into the country.

Food Services

Egypt's food services sector is relatively well developed; however, the sector remains highly fragmented, with independent local providers accounting for more than 80% of total sales. The arrival of large shopping complexes, such as the Mall of Egypt, is providing a boost to the food services sector.

Fast-food and full-service restaurants are the most popular formats, while the presence of self-serving cafeterias is limited, mostly due to the availability of cheap labour. Egypt has many major international food services brands, such as KFC, Krispy Kreme and Pizza Hut - all of which are managed by local franchisee Egyptian Co for International Touristic Projects, a subsidiary of Kuwait-based Americana Group. Krispy Kreme teamed up with its franchise partner Americana Group to open the doughnut chain's first location in Egypt in 2021. The new restaurant opened in Cairo in August, making Egypt the 31st market that Krispy Kreme operates in. McDonald's, which has more than 100 outlets, is operated by Manfoods (Mansour Group). The most prominent domestic fast-food networks include Cook Door, Mo'men, Smiley's Grill, Gad and El-Shabrawy.

In February 2023, US-based doughnut chain Duck Donuts opened its first store in Egypt in the Cairo Festival City Mall in conjunction with franchise partner Integrated Food Services. A second store will open in Cairo in the second half of the year.

In November 2023, US and European brands, including McDonald's, Starbucks, and Domino's Pizza, began facing boycotts across the Middle East, including Egypt, amid the ongoing conflict in Gaza. This has led to a rise in popularity of local brands.

In October 2023, McDonald's Egypt partnered with automated home delivery solution provider Roboost to fully automate its delivery operations. The AI powered solution will automate the food service chain's last mile delivery cycle and optimise operations before delivery starts.

Talabat (formerly known as Otlob) is the market leader in the food ordering service segment in Egypt. The company was founded in 1999 and now offers more than 1,000 restaurant options across more than 25 cities in Egypt.

Egypt-based food service platform Ordera enables users to order food from restaurants and cafés from its app and to collect their orders without waiting in line. The company has more than 150 food and drink partners on its platform (including Burger King, Ted's and Caribous) and charges these partners a commission for every successful order placed.

There have been numerous companies exiting the food delivery sector, including Glovo and Carriage. The most recent company to exit waws UberEats. While the company added Cairo to its operations in January 2019, following launches in the UAE (where the food delivery app has more than 1,000 regular users) in June 2020, it announced plans to exit the Egyptian market and did so in February 2021. UberEats transferred its business to its subsidiary Careem NOW.

In February 2022, Careem announced that it was investing an undisclosed sum in elmenus, a leading Egyptian food delivery app. The partnership will help connect Careem with more than 12,000 eateries in five Egyptian cities and their customers. Careem stated that the investment is a crucial step in launching its Super App across the region. The food delivery service of elmenus is also offered in Saudi Arabia, Jordan, Qatar and Pakistan. In the UAE, elmenus offers 11 services, including ride-hailing, food and grocery delivery and payments.

Drink

Similar to most soft drinks industries in emerging markets, Egypt's carbonates category is dominated by The Coca-Cola Company and PepsiCo, both of which run extensive marketing campaigns. However, Gulf-based companies are increasingly active in Egypt. In some cases, such as the joint venture between Almarai and PepsiCo, Gulf and Western companies are combining forces to make headway in the Middle East and North Africa (MENA) region, with Egypt as the standout market. Most notable among the domestic companies represented in the soft drinks industry are Faragalla and Juhayna Food Industries.

Recent Developments

- In November 2023, US soft drinks brands, Coca-Cola and PepsiCo, reported that they are facing boycotts across the Middle East amid the ongoing conflict in Gaza. This has led to a rise in popularity of local brands. For instance, Egyptian soda-maker Spiro Spathis has reportedly seen a 300.0% increase in sales. This will lead to increased market shares for Egyptian beverage manufacturers, which will foster growth and encourage new entrants into the market.
- In September 2023, New Sina for Food Investment and Beverage announced that it plans to invest EGP1.0bn in the Egyptian food and drinks market in the first quarter of 2024. The investment will be used to develop new production lines and develop new food and drink products (including soft drinks and juices) that meet the needs of the Egyptian consumer.
- In June 2023, the Egyptian government introduced a new 10.0% luxury tax on goods such as alcoholic drinks and roasted coffee. The move is part of a wider effort by the dollar-strapped government to address fiscal concerns and raise revenues.

Market Drivers And Trends

Alcoholic Drinks

Al Ahram Beverages Company (owned by Heineken) continues to dominate the sector. Heineken became the leading company in Egypt's alcoholic drinks sector in 2003, following its purchase of a 97.8% stake in Al Ahram, which had a monopoly over alcoholic beverages in the country at that time.

Since Al Ahram was privatised in 1997, the sector has undergone strong growth and is still considered to have great potential for expansion. Due to the country's predominantly Muslim population, beer sales rely on tourist consumption. While tourism continues to recover following the peak of the Arab Spring in 2011, numbers have still not returned to pre-crisis highs. The alcoholic drinks industry continues to grow despite lower tourist numbers - albeit from a very low base.

As a result of such dynamics, Al Ahram is focusing on its non-alcoholic beer offering. The company plans to use Heineken's worldwide distribution network to penetrate other Islamic markets, such as Indonesia, Morocco and Lebanon. The Fairouz brand is certified as halal by Al-Azhar University, Sunni Islam's most prestigious religious body. Certification gives the brand an enormous advantage in Islamic markets where practising Muslims do not consume alcoholic beverages. In June 2021, Pepsi Cola Egypt and Al Ahram announced a sale and resale agreement, aiming at scaling up the sales of non-alcoholic malt beverages in the Egyptian market. This agreement will increase the accessibility of the products and enable more consumers to purchase Al Ahram's non-alcoholic beverages, as it will leverage Pepsi Cola Egypt’s distribution channels and capabilities across Egypt.

After a lengthy period of dominance, Al Ahram has recently been challenged by Egyptian International Beverage Company (EIBCO), which has set itself ambitious market-share targets and has initiated a process of rapid product development in an attempt to unseat Al Ahram. The reintroduction of competition in the sector, after years of Al Ahram's pre-eminence, is likely to benefit the industry considerably, providing a renewed growth spurt. EIBCO is therefore fuelling greater competition in the alcoholic drinks sector, boosting value and volume sales.

Soft Drinks

Similar to most soft drinks industries in emerging markets, Egypt's carbonates category is dominated by The Coca-Cola Company and PepsiCo, both of which run extensive marketing campaigns. However, Gulf-based companies are increasingly active in Egypt. In some cases, such as the joint venture between Almarai and PepsiCo, Gulf and Western companies are combining forces to make headway in the MENA region, with Egypt as the standout market. Both Coca-Cola and PepsiCo continue to invest heavily in Egypt. In February 2021, PepsiCo Egypt confirmed that it had added six new production lines and upgraded some existing ones over 2020, boosting output capacity by 10%-15%. The company planned to invest another USD100.0mn in the country over 2021 in order to add additional production lines, including a drinking water line with a capacity of 1,500 bottle packs and the opening of a new production facility. The investment formed part of the company's commitment to invest a total of USD515.0mn in the Egyptian market between 2018 and 2021.

In June 2020, Coca-Cola announced investments worth EGP5.0bn in Egypt through to 2024. In August 2021, Coca-Cola HBC announced that it was purchasing a majority stake in Coca-Cola Bottling Company of Egypt for USD427.0mn. A unit of HBC stated that it will buy about 98% of the Egyptian company from its major shareholders, including affiliates of The Coca-Cola Company and MAC Beverages. On November 24, Coca-Cola HBC stated that it would invest USD1.0bn in the Egyptian market over the next five years.

In February 2022, Egypt-based dairy and fruit juice producer Beyti confirmed that it had invested EGP204.0mn in the Egyptian market during 2021, primarily to establish new production and packaging lines. The company aims to invest a further EGP250.0mn in the country over 2022 to create additional production lines to join its current 24 lines for the production of juice, milk and yoghurt. In June 2023, Beyti signed a cooperation agreement with pop superstar Mahmoud El Esseily with the latter releasing a new song aimed at reaching a wider audience and promoting Beyti's juice offering to a larger customer base.

Sales of carbonates are high in the country, particularly among younger consumers. Consumers are increasingly brand-conscious and are responding positively to new product launches targeting rising health-consciousness trends. Mecca Cola was previously a notable beneficiary of the boycott of US products, managing to significantly boost its market share as a result of its pledge to donate a percentage of profits to Palestinian and Egyptian causes. Most prominent among domestic companies represented in the soft drinks industry are Faragalla and Juhayna Food Industries.

In November 2023, US soft drinks brands, Coca-Cola, and PepsiCo, reported that they are facing boycotts across the Middle East amid the ongoing conflict in Gaza. This has led to a rise in popularity of local brands. For instance, Egyptian soda-maker Spiro Spathis has reportedly seen a 300.0% increase in sales. This will lead to increased market shares for Egyptian beverage manufacturers, fostering growth and encouraging new entrants into the market. This will also stimulate innovation and competition within the local industry as companies aim to meet increased demand and consumer expectations.

Domestic carbonated beverage companies will need to invest in marketing to maintain the newfound consumer interest and further establish their brands. As market competition intensifies, these companies will look to innovate, developing new flavours and healthier options to cater to a wider range of consumers. Companies might consider expanding their reach beyond Egypt, capitalising on the preferences for domestic and regional soft drink beverage brands in other Middle Eastern countries to increase exports. However, these trends may be subject to change, depending on the longevity of the boycott and how the geopolitical situation unfolds.

In April 2023, Qatar-based company Baladna raised its stake in Juhayna to 15.03% from 12.6% previously. According to a statement from Baladna, 'Our investment decisions are based on a careful analysis of the market that we seek to enter, and the Egyptian market, with a population of more than 100 million people, is a large and promising market for the food and beverage sector.'

Unlike the carbonates sub-sector, the bottled water industry has a sizeable domestic presence. The Mansour Group-owned Hayat and Sadat-owned Aqua Siwa brands are among the most widely consumed products. In terms of multinational presence, Coca-

Cola's Dasani and Nestlé's Pure Life are among the most popular brands. Pure Life was launched in Egypt in 2002 and now has a reported market share of around 15%, emerging as a challenger to major brands such as Evian and Volvic. While most brands are first developed in the West, then exported to emerging markets, Nestlé has been taking the opposite approach with Pure Life, launching it first in developing markets. The product is able to compete with local brands as it is affordable and benefits from the Nestlé brand name.

The fruit juice segment is more of a long-term opportunity for investors, given the low purchasing power of most of the population. However, given its higher-value profile, fruit juice will benefit from Egypt's economic development and will grow from a currently low base. The category will remain underdeveloped in comparison with Middle Eastern markets for a number of years to come.

Hot Drinks

Traditional loose tea accounts for the vast majority of tea sales in Egypt. However, tea bags are growing in popularity as they are considered a higher-quality, premium product, due to their greater convenience and better quality. Black tea is the traditional tea of choice in the region and continues to dominate the market. However, in recent years, other varieties such as green, fruit and herbal teas have also started to grow in popularity.

The leader in the tea segment is the domestic Badawy & Sons Company. Led by its Al Arosa brand, which accounts for more than half of the total market by value, the firm's product range appeals to the majority of Egypt's population.

In June 2020, the commercial and distribution arm of Juhayna, Tiba for Trade and Distribution, signed a partnership contract with AMS Baeshen to distribute Rabea Tea in the Egyptian market.

Egypt's fast-growing hot drinks industry has attracted investment from multinational giant Nestlé, which in early 2018 announced plans to acquire domestic instant coffee company Caravan Marketing. In January 2019, Nestlé inaugurated a new coffee factory in Egypt for its Bonjorno brand, following an investment of EGP250.0mn (USD14.0mn).

A sizeable youth population has been the key driver behind the rapid increase in the consumption of chocolate-based hot drinks, which are popular in on- and off-trade channels. Such flavoured powdered drinks are available both in the winter (hot) and summer (chilled), which has contributed to their popularity.

In June 2023, the Egyptian government introduced a new 10.0% luxury tax on goods such as alcoholic drinks and roasted coffee. According to officials at the Federation of Chambers of Commerce, the new tax will affect roasted coffee imported from abroad. Coffee beans are generally imported raw, and the roasting is performed domestically. Thus, the tax is likely to only affect varieties used in espresso machines and similar, as opposed to the Turkish coffee that most people drink.

Mass Grocery Retail

The Egyptian mass grocery retail (MGR) sector is developing steadily as consumers trade up to formal grocery retailing, especially in major cities such as Cairo and Alexandria. Despite good progress, the market remains fragmented and continues to be dominated by small, family-run, independent stores in highly populated urban areas. We highlight e-grocery as an area that will record strong growth over the coming years, fuelled by solid internet access in urban areas and improving final-mile logistics.

Recent Developments

- Egyptian discount grocery retailer Kazyon has over 600 retail outlets in 18 governates and is expected to remain on an aggressive growth path over 2024-2025. The company recently acquired USD165.0mn in equity funding to fuel its expansionary goals, as inflation drives an uptick in discount groceries.
- In October 2023, Carrefour Majid Al Futtaim (MAF) revealed plans to invest EGP4.6bn in its retail business in Egypt. The investment will focus on growing the Carrefour network to reach 140 stores across 25 cities in Egypt by 2025 and expanding Supeco's footprint to 144 stores by 2030. A new branch of Carrefour will be inaugurated in the New Administrative Capital in February 2024.
- In October 2023, Spinneys opened its 25th store in Egypt in Obour City. According to Spinneys CEO Mohanad Adly, the retailer plans to open seven more stores in the country before the end of June 2024, to a total investment of EGP320.0mn.
- LuLu Group International is investing EGP8.0bn in Egypt between 2021 and 2024 to open 11 hypermarkets, four minimarkets and a distribution centre. It opened its first hypermarket in Cairo, making it the 119th hypermarket in the capital city.

Major Players

Carrefour MAF is the market leader in the hypermarket category. Originally a joint venture between Carrefour and MAF, the business is now 100% owned by MAF, following a deal in 2013. MAF is the Middle East's sole franchisee of the Carrefour fascia. It is currently engaging in strong expansion plans in the Middle East, although it has particularly targeted Egypt. In October 2023 MAF revealed plans to invest EGP4.6bn in its retail business in Egypt. The investment will focus on growing the Carrefour network to reach 140 stores across 25 cities in Egypt by 2025 and expanding Supeco's footprint to 144 stores by 2030.

Dubai-based Spinneys, which first opened in Egypt in 2007, has expanded rapidly in recent years, more than quadrupling the size of its store network since 2015. The grocery retailer now has around 20 outlets in Egypt, including hypermarkets and supermarkets, after opening two new stores over 2021 and another in February 2022. In July 2019, Spinneys was acquired by South Africa-based Investec Asset Management (now Ninety One) for an undisclosed sum. In August 2022, Spinneys Egypt announced a partnership with Talabat, which allows consumers to order online from 14 of the retailer's stores and goods to be delivered to customers in Sheikh Zayed, 6th of October, Al Haram, New Cairo, Maadi, Mokattam, Nasr City, Sherouk City and Alexandria. In October 2023, Spinneys opened its 25th store in Egypt in Obour City. According to Spinneys CEO Mohanad Adly, the retailer plans to open seven more stores in the country before the end of June 2024, to a total investment of EGP320.0mn.

Mansour Group-owned Metro (not to be confused with the Germany-based Metro Group, which ceased operations in Egypt) is a large domestic retailer in Egypt. The supermarket has stores in Cairo, Alexandria, Giza, Mansoura and Iasmailia. Most of its outlets are open 24 hours a day in order to meet the growing demand for convenience. Metro's strategy has also been to diversify its store formats. Carrefour MAF sought a takeover of Metro in Egypt in 2013, but the deal fell through. Metro has 48 outlets in its network of stores across the country. In March 2023, grocery delivery app RabbitMart announced a strategic partnership with Metro. The deal will see the two companies serve over 2mn customers across Greater Cairo and beyond. RabbitMart will also offer a large selection of the Fresh Food Market's premium range and Metro's products through its mobile app.

Saudi Arabia-based Panda Retail entered the Egyptian market in 2015, focusing on the cities of Cairo, Alexandria, Mansoura and Assiut. Panda opened its first hypermarket in Upper Egypt in Q4 2017 and plans to open a further 15 branches in the region.

LuLu Group International is becoming an increasingly important player on the Egyptian MGR market. While LuLu is one of the most important grocery retail chains in the countries of the Gulf Cooperation Council (together with Carrefour), it currently only operates three stores in Egypt. However, the Abu Dhabi Developmental Holding Company entered into a non-binding agreement with LuLu to facilitate investment and support LuLu's expansion in Egypt of up to USD1bn. In February 2021, LuLu Group opened its third hypermarket in Egypt, in New Cairo. The retailer simultaneously announced that it would open a further 11 hypermarkets, four minimarkets and a distribution centre in Egypt through to 2024. to a total investment of EGP8.0bn.

We are seeing the aggressive expansion of discount stores, as the middle class increasingly seeks lower prices. Kazyon (450-plus stores) and Turkiye-based BIM (320-plus stores) are the most successful hard discounters in Egypt, opening small supermarket outlets that are conveniently located in urban neighbourhoods. Both retailers are planning on further expansion. In November 2014, Turkish supermarket retailer BIM entered the Egyptian market, opening its first 46 outlets in the country. Kazyon also entered the Egyptian market in 2014 and is one of the fastest-growing retailers in Egypt. The retailer has plans to grow its network to more than 1,000 stores over 2024, to double its warehouse capacity and to serve all regions of Egypt via its own fleet of vans and trucks. In April 2023, Kazyon announced a USD165.0mn equity investment from DPI. The retailer is now the country's largest discounter, with over 600 stores and the new investment positions the business for future growth as it looks to accelerate its expansion plan across Africa.

Market Drivers And Trends

Egypt's MGR sector is set for robust growth over our forecast period, on the back of growing investment, rising incomes and a favourable demographic profile (ie, a large young adult population). Investment activity continues to improve, which is enabling consumers to trade up to formal grocery retailing, especially in major cities such as Cairo and Alexandria.

Despite good progress in recent years, the market remains fragmented and continues to be dominated by small, family-run, independent stores in highly populated urban areas. These informal grocers and traditional wet markets make up an estimated 70% of total grocery spending. The market share of such outlets has declined in recent years, as the sector has begun to develop steadily. While the estimated 65,000 family-run shops and traditional markets still account for the majority of food sales in the country, this figure is declining - a trend that can be attributed to the increasing presence of foreign retailers. Regional MGR operators are showing greater interest in Egypt, and as store openings increase across the country, formal food retail's share of total food and drink sales will grow.

Sales via supermarkets and hypermarkets remain relatively small as a total proportion of grocery sales, hindered by the fact that the majority of Egyptians do not have transport to travel to the out-of-town malls that usually house these modern outlets. However, the hypermarket model is gradually emerging in Egypt and will continue to grow over our forecast period, due to the value-added services offered. Poor infrastructure makes journey times slow, which means that shoppers often only want to make one journey for groceries, and large formats fulfil this purpose. The rising number of discount stores appeal to the large number of low-income consumers in Egypt. However, small, independent stores will retain significant market influence for the time being, since they cater for higher- and lower-income consumers.

Egypt's large and youthful population will yield considerable demographic dividends for players in the organised retail sector over the medium term. With a population of more than 100mn, of which roughly 58% are younger than 30, retailers stand to benefit from a large and diverse consumer market. An expanding young adult population (20-39 years) will drive sales in the formal food retailing sector as this cohort tends to embrace modern consumption patterns and is willing to make higher-value purchases. We forecast the young adult population to make up around 30% of the total population over our five-year forecast period.

Rising incomes will support food and non-alcoholic drink sales in the organised retail sector. We expect private labels and affordable mass market offerings to perform well as the majority of Egyptian households fall into low-income brackets. While consumer purchasing power came under pressure in 2017 due to elevated inflation following sharp currency devaluation, we forecast a strong recovery in household incomes over our medium term. As a result, quality and shifting preferences towards branded packaged goods will increasingly determine purchasing decisions, thus driving demand for formalisation even beyond our five-year outlook.

An area of significant growth over the forecast period will be grocery delivery, fuelled by rising incomes, the country's young population, solid internet access in urban areas and improving final-mile logistics. Cairo is home to many e-grocery start-ups that we expect to expand significantly in response to growing demand. Two of the most prominent e-grocery start-ups from Egypt are Appetito and GoodsMart. In July 2021, Cairo-based grocery delivery platform GoodsMart raised USD3.6mn in funds in a round led by Sawari Ventures.

Competitive Landscape

Key Players In Egypt's Food Sector

Company	Ownership	Market Of Origin	Sub-Sector
AJWA Food Industries	Ajwa Group For Food Industries Holding	Saudi Arabia, Egypt	Food - edible oils, frozen fruit and vegetables, baked goods
Arab Dairy	Aspire Capital	Egypt	Food - dairy
Cadbury (BimBim)	Mondelēz International	Egypt	Food - confectionery
Cairo Poultry Company (Kuwait Food Company) (Americana)	Kuwait Food Company (al-Americana) KSCP	Egypt (Kuwait)	Food - meat processing
Coca-Cola Bottling Company of Egypt	Coca-Cola HBC AG	US	Food - snacks Beverages - soft
Faragalla Group	na	Egypt	Food - meat, and fruit and vegetable processing Beverages - soft and hot
Hana Foods	Hana Foods Kk	Egypt	Food - pasta
International Company for Agro-Industrial Projects (International Dairy and Juice)	Almarai - Joint Stock Company	Egypt	Food - dairy
Ismailia Misr Poultry	Ismailia Misr Poultry Co SAE	Egypt	Food - meat processing
Juhayna Food Industries	Juhayna Food Industries SAE	Egypt	Food and beverages - dairy and fruit juice
Kraft Foods Egypt	Mondelēz International	US	Food - convenience, cereals and dairy Beverages - hot and soft
Mars Egypt	Mars, Incorporated	US	Food - confectionery
Nestlé Egypt	Nestlé SA	Switzerland	Food - confectionery Beverages - hot and soft
Sima Group	na	Egypt	Food - confectionery

na = not applicable. Source: Company reports, trade press, BMI

Key Players In Egypt's Drink Sector

Company	Ownership	Market Of Origin	Sub-Sector
Al Ahram Beverages Company (Heineken)	Heineken International	Egypt	Beverages - alcoholic and soft
Coca-Cola Bottling Company of Egypt	Coca-Cola HBC AG	US	Beverages - soft
			Food - snacks
Egypt Bottling Company (Pepsi)	PepsiCo	US	Beverages - soft
Faragalla Group	na	Egypt	Beverages - soft and hot
			Food - meat, and fruit and vegetable processing
Juhayna Food Industries	Juhayna Food Industries	Egypt	Beverages - fruit juice
			Food - dairy
Kraft Foods Egypt	Mondelēz International	US	Beverages - hot and soft
			Food - convenience, cereals and dairy
Nestlé Egypt	Nestlé SA	Switzerland	Beverages - hot and soft
			Food - confectionery

na = not applicable. Source: Company reports, trade press, BMI

Key Players In Egypt's Mass Grocery Retail Sector

Company	Market Of Origin	Fascia	Format
BIM	Turkiye	BIM	Supermarket/discount store
Metro (Mansour Group)	Egypt	Metro/Kheir Zaman	Supermarket/discount store
Carrefour MAF*	France/UAE	Carrefour	Hypermarket
		Carrefour Market	Supermarket
Ragab Sons	Egypt	Ragab Sons	Supermarket
Spinneys Group	Lebanon	Spinneys	Hypermarket
Awlad Ragab	Egypt	Awlad Ragab	Discount store
El Mahrid (joint venture)	Egypt	El Mahrid	Discount store
Fathalla Gomla	Egypt	Fathalla	Supermarket, wholesaler
Zahran	Egypt	Zahran	Supermarket
Abu Zekri	Egypt	Abu Zekri	Discount store
El Hawary	Egypt	El Hawary	Supermarket
Oscar	Egypt	Oscar	Supermarket
Metro	Germany	Makro	Cash-and-carry

**Carrefour's stake in the joint venture was sold to its partner MAF in mid-2013. Source: Company reports, trade press, BMI*

Company Profile

Al Ahram Beverages

Strengths	Weaknesses
• With its dominant market position, Al Ahram Beverage Company (ABC) is one of Egypt's most profitable beverage companies. According to company data, ABC holds an 11.0% share of the soft drinks market and more than an 85% share of the beer market. • The company benefits from Heineken's reputation and financial strength. • Its Stella brand is popular, accounting for more than 40% of its beer sales. • The long-term export outlook is favourable. Egypt has free trade access to the EU, the Middle East and Sub-Saharan Africa (SSA).	• ABC will have to invest heavily if its soft drinks division is to grow significantly, particularly as competition from Gulf companies intensifies. Competition is provided by the Egyptian International Beverage Company. • Alcohol consumption levels are low in Egypt, as in the majority of Muslim markets.
Opportunities	**Threats**
• A recovery in tourism levels could boost consumption opportunities. • The firm is active in the non-alcoholic beer segment, widening its target market in Egypt. • Free trade access to Common Market for Eastern and Southern Africa and preferential market access to the EU is likely to boost export sales.	• Consumer spending in Egypt is projected to drop significantly in 2024, as rising inflation and higher borrowing cost erode wages and investment income. It will also discourage credit demand, which will weigh on private consumption. • Unaddressed political and security issues have impacted the bottom line for many companies, due to disrupted trading hours and damaged shopping outlets. • The company states that 50.0% of its revenues comes from tourists, which means that ABC is heavily exposed to tourist arrivals fluctuations. • Alcoholic drinks are subject to high tax and strict regulations in Egypt.

Company Overview

ABC is owned by Netherlands-based brewing major Heineken, which acquired the firm in a deal worth USD280.0mn in 2002. The company is estimated to have at least an 85% market share of the beer sector in Egypt. It distributes 27 brands, including Guinness, Stella, Carlsberg and Heineken. It also produces a soft drink range that includes RC Cola and RC Orange, as well as ready-to-drink alcoholic beverages such as the carbonated vodka drink ID Edge.

The company has several facilities: breweries in Gouna, Badr, Sharkia and El Obour; a distillery and a winery in Gianaclis; and a malting plant focused on exports. Its United Distillery Group subsidiary is a prominent spirits producer, offering products such as ID vodka, Cubana rum and Butler's gin. The company also has alcohol-free beverages. Brands within this range include Amstel Zero, Birell and Fayrouz.

Strategy

ABC's strategic objective is to position itself as a beverage company, rather than an alcoholic beverage specialist, in spite of its affiliation with Heineken. To this end, the company intends to continue promoting its Fayrouz non-alcoholic brand and to revamp its underperforming RC Cola brand. The brewer is also likely to focus on growing export volumes to compensate for Egypt's low demand for beer. It exports to around 20 markets, mainly in SSA, the Middle East and Asia.

More than 90% of ABC's spending is done with local suppliers, in addition to an estimated annual EGP2bn spent with local partners.

Recent Developments

2023

In June, ABC announced a complete packaging redesign for its Fayrouz malt beverage brand.

2022

In March, ABC launched the Reverse Credit System that encourages plastic waste recycling.

2021

In June, Pepsi Cola Egypt and ABC confirmed their sale and resale agreement, which is aimed at scaling up the sales of non-alcoholic malt beverages in the Egyptian market. This agreement will increase the accessibility of their products and enable more consumers to purchase ABC's non-alcoholic beverages, Fayrouz, Birell and Amstel Zero, as it will leverage Pepsi Cola Egypt's distribution channels and capabilities across Egypt.

Financial Data

Financial year ending December 31

Global Revenue (Heineken)

- 2023: EUR36.4bn
- 2022: EUR28.7bn
- 2021: EUR26.5bn
- 2020: EUR19.7bn

Global Net Profit (Heineken)

- 2023: EUR2.3bn
- 2022: EUR2.6bn
- 2021: EUR3.3bn
- 2020: (EUR204.0mn)

Cairo Poultry Company

Strengths	Weaknesses
• Cairo Poultry Company (CPC) is the exclusive supplier to fast-food restaurants such as KFC, Pizza Hut, McDonald's and Burger King, as well as to a range of high-end hotels, such as Marriott. • It is one of Egypt's leading poultry companies by sales. • There is promising export exposure to the wider Middle East region. • Vertical integration allows for lower operational costs.	• Consumer purchasing power remains low. • The mass grocery retail network is underdeveloped. • CPC has had to invest considerably in recent years in a new processing plant and in a print and television media campaign in order to convince consumers that eating frozen chicken poses no health risk.
Opportunities	**Threats**
• The government lifted a 14-year ban on poultry exports from Egypt in 2020. • The demand for processed meat is expected to continue rising steadily on the back of increasing incomes and wider exposure to Western consumption habits. • Continued growth in Egypt's and the region's food services industry will increase the demand for CPC's poultry range.	• Consumer spending in Egypt is projected to drop significantly in 2024, as rising inflation and higher borrowing cost will erode wages and investment income as well as discourage credit demand, which will weigh on private consumption. • With many food products such as cereals, meat and poultry imported into Egypt, consumers will have to trade down price points where government subsidies are not available. • Many consumers remain cautious of processed meats. • Egypt's weak regulatory environment could affect the pace of expansion. • Bird flu is an ongoing threat.

Company Overview

Established in 1977, CPC is a subsidiary of Kuwait Food Company. It is an Egypt-based company that operates in the farming and food processing sectors. It is Egypt's leading poultry producer and specialises in two main areas, namely poultry operations and poultry feed. The company is listed on the Cairo stock exchange. It is involved in the production of poultry compound feed and concentrates, the production of broilers (chickens for roasting), chicken processing (including slaughtering and freezing) and other value-added processed product ranges. It currently has two large slaughtering facilities, three main feed production facilities and seven farms, hatcheries and production facilities in the country, as well as a network of 11 retail outlets. Its export markets include the UAE, Kuwait, Bahrain, Qatar, Oman and Saudi Arabia.

Strategy

The company has invested in the expansion of its production facilities. In October 2012, CPC approved the creation of a new poultry feed plant in Nubaria (northern Egypt). The investment of EGP170.0mn will reportedly lead to annual production volumes of around 650,000 tonnes.

Recent Developments

2023

In November, CPC reported nine months results showing sales of EGP8.4bn compared with EGP4.7bn in 2022.

In September, CPC reported H1 2023 results showing revenues of EGP5.5bn - a 81.0% increase.

In May, CPC reported first quarter results showing sales of EGP2.7bn compared with EGP1.4bn a year earlier.

2022

In November, CPC reported consolidated sales of EGP4.17bn for the first nine months of the year.

In August, CPC reported sales for the first six months of 2022 showing sales of EGP3.1bn compared with EGP2.4bn a year earlier. Net income stood at EGP235.8mn compared with EGP79.3mn a year earlier.

2021

In December, the company announced that its Nubaria plant had been certified with ISO 9001 and ISO 22000 - the certifications for food safety and quality of management system.

Financial Data

Fiscal year ending December 31

Total Revenue

- 2023: EGP:11.8bn
- 2022: EGP6.24bn
- 2021: EGP4.99bn
- 2020: EGP4.17bn

Net Profit

- 2023: EGP1,147.3mn
- 2022: EGP295.9mn
- 2021: EGP182.2mn
- 2020: EGP103.3mn

Coca-Cola Egypt

Strengths	Weaknesses
• Coca-Cola is one of the two leading soft drinks companies in Egypt. • Its product portfolio is strong and supported by extensive marketing campaigns. • The company has successfully targeted younger generations. • It is backed by a powerful parent company. • Soft drinks benefit from the weak alcoholic drinks sector in Egypt.	• Much of the population has low purchasing power. • Non-carbonates are disadvantaged by their relatively high prices. • The underdeveloped mass grocery retail network hinders access to novel products. • PepsiCo is still the dominant force in Egyptian soft drinks.
Opportunities	**Threats**
• There is an increased interest in healthier alternatives to sugary carbonates. • Economic development will increase consumer purchasing power. • Consumers are increasingly brand conscious. • Significant recent investment will improve production facilities for domestic consumption and exports.	• Consumer spending in Egypt is projected to drop significantly in 2024, as rising inflation and higher borrowing cost will erode wages and investment income. It will also discourage credit demand, which will weigh on private consumption. • Continued boycott of Coca-Cola products by Egyptian consumers over perceived support of Western companies for Israel in the ongoing conflict in Gaza. • PepsiCo provides strong competition and invests heavily in marketing and promotion. • Coca-Cola's name was tarnished by a court case over property ownership and expropriation. • Traditional carbonates face increasing pressure over their negative impact on health. • Political instability could continue to weaken consumer and investor sentiment.

Company Overview

Coca-Cola is one of the two key players in the Egyptian soft drinks sub-sector, alongside PepsiCo. Both have strong brands and portfolios, supported by targeted advertising campaigns. Cola-Cola has a long history of operations in Egypt, which particularly expanded in the 1950s through an increased collaboration with the local licensed bottler. In 1994, ENBC was acquired by Coca-Cola for USD142.0mn, which was subsequently renamed Coca-Cola Bottling Company of Egypt (CCBCE). In 2021, Coca-Cola HBC announced that it was purchasing a 94.7% stake in CCBCE for USD427.0mn.

Strategy

The company aims to maintain and strengthen its portfolio while cutting costs. Coca-Cola has increased its focus on healthier alternatives through the launch of products such as Coke Zero. It is also present in the mineral water industry in Egypt, which is expected to provide a longer-term boost to its revenues and brand awareness. The company is focusing on developing the energy drink category in Egypt.

Recent Developments

2024

In April, it was reported that Egypt's Al Ahly Sports Club is facing increased pressure regarding its relationship with Coca-Cola (one of its sponsors), as it is one of the Western companies accused of supporting Israel amid the Israel-Hamas conflict. Other Western companies that are facing a similar backlash and calls for boycotts include Starbucks and McDonald's.

2023

In November, Coca-Cola drinks fell out of favour with some Egyptian consumers following accusations that Western companies are supporting Israel. Since the start of the war in Gaza, local reports indicate that Egyptians are boycotting companies such as Coca-Cola and Pepsi over their perceived support for Israel.

In the second quarter of 2023, Coca-Cola developed the energy drink category in Egypt by adding the Monster brand to the portfolio.

2022

In October, Egypt's foreign ministry and Coca-Cola signed a cooperation protocol with the company to be a major sponsor of the 27th session of the UN Conference on Climate Change to be held in the country the following month. The announcement sparked a major controversy among environmental campaigners.

2021

The Egyptian Cabinet announced in a statement on November 24 that Coca-Cola HBC plans to invest USD1.0bn in the Egyptian market over through to 2026, following the acquisition of Coca-Cola Egypt earlier in 2021.

In August, Coca-Cola HBC announced that it was purchasing a majority stake in CCBCE for USD427.0mn. A unit of HBC stated that it will buy 94.7% of the Egyptian company from its major shareholders, including affiliates of The Coca-Cola Company and MAC Beverages.

Faragalla

Strengths	Weaknesses
• Faragalla is one of Egypt's largest food and beverage companies. • Its wide product portfolio covers the meat processing, dairy and fruit juice industries. • Faragalla operates its own trading and distribution arm, Egyptco. • The company's production facilities have received international certification. • It is one of the main suppliers to international restaurants in Egypt, including McDonald's. • Its export geography is wide.	• Faragalla will have to invest heavily to grow its brands as competition stiffens. • Fresh foods are traditionally considered healthier than processed foods. • Political unrest has been disturbing the growth of retail and grocery sales.
Opportunities	**Threats**
• A recovery in tourism levels could provide opportunities for growth. • Its dairy and fruit juice segments should benefit from wider industry growth. • The company has the ability to innovate. • The continued growth of the mass grocery retail industry is likely to improve Faragalla's routes to market. • Opportunities for export growth could strengthen over the coming years, with additional capacity already in place. • Financial backing from the European Bank for Reconstruction and Development will enable the company to pursue expansion plans.	• Consumer spending in Egypt is projected to drop significantly in 2024, as rising inflation and higher borrowing cost erode wages and investment income as well as discourage credit demand, which will weigh on private consumption. • With many food products such as cereals, meat and poultry imported into Egypt, consumers will have to trade down price points where government subsidies are not available. • It faces increasing competition from ambitious domestic and regional rivals intent on capitalising on the size of the Egyptian market. • Many Egyptian consumers live below the poverty line and cannot afford the company's products.

Company Overview

Faragalla is one of the leading food companies in Egypt and the Middle East. It began operations as a bakery and meat manufacturer in 1974, but has since expanded into frozen vegetables, instant meals and canned produce. Three separate food processing companies operate under the Faragalla group, encompassing 28 ISO-certified production lines. Faragalla operates 15 factories that supply more than 1,000 products and carry out exports to more than 90 markets. The company has manufacturing agreements with multinationals such as Del Monte (juice production) and France-based Danone (dairy products). It has also sought to increase and modernise its production lines over the years.

According to local sources, Faragalla is estimated to hold a 28.0% share of the country's juice and milk market, a position that it is seeking to strengthen via additional homogenised and sterilised products, in collaboration with TetraPak. Faragalla's leading juice brands include Faragello, Faragello Gold, Yahoo! and Sabaho.

Strategy

The company has sought to maintain its market position by constantly re-evaluating and updating its product range and extending its production capacity whenever suitable opportunities arise. It has differentiated itself from potential multinational market entrants by showing a high degree of sensitivity to the needs of Egypt's consumers. It rebranded its entire Faragello range while keeping the company name of Faragalla. It did so in order to appease consumers who felt uneasy about disposing of packages branded with the word 'alla'. Faragalla was among the first manufacturers to respond to consumer concerns about the nutritional content of packaged foods by emphasising the health benefits of its food on its packaging. This is likely to remain the company's best tactic, with food health and hygiene at the top of consumers' minds, due to issues such as bird flu outbreaks.

Faragalla also continues to expand outside of Egypt, with the company announcing that it would set up two production plants in Sudan in 2021.

Juhayna Food Industries

Strengths	Weaknesses
• Juhayna Food Industries is one of the leading dairy companies in Egypt and is also a major juice manufacturer. • There is steadily rising demand for dairy products. • Considerable investment in capacity expansion has been made in recent years. • The company benefits from a strong brand following.	• Consumers have low purchasing power. • The mass grocery retail network is underdeveloped. • There is strong competition from Gulf companies in the dairy and juice industries.
Opportunities	**Threats**
• The acquisition of an increased stake in Juhayna by Qatari company Baladna could provide further opportunities for growth. • Juhayna is focusing on expanding its product portfolio. • The recovery of tourism levels could boost consumption opportunities. • The demand for dairy and non-traditional soft drinks is expected to continue rising steadily on the back of rising incomes and wider exposure to Western consumption habits. • Continued growth in Egypt's, and the region's, food services industry will increase the demand for the company's dairy and juice products. • Expanding and more aspirational middle classes are providing a solid growth platform. • The joint venture with Arla Foods could strengthen the company's market position.	• Consumer spending in Egypt is projected to drop significantly in 2024, as rising inflation and higher borrowing cost will erode wages and investment income. It will also discourage credit demand, which will weigh on private consumption. • With many food products such as cereals, meat and poultry imported into Egypt, consumers will have to trade down price points where government subsidies are not available. • Egypt's weak regulatory environment could affect the pace at which the company is able to expand. • The uneasy political situation negatively impacts the company's bottom line. • Multinationals show strong interest in Egypt's food and drink sector. • Fluctuations in raw material costs could affect the company's profits.

Company Overview

Juhayna Food Industries, also a leading juice manufacturer, is a key player in Egypt's dairy industry. The conglomerate operates seven facilities in Egypt and has more than 30 distribution centres, delivering products to more than 136,000 retail outlets nationwide. It owns a dairy farm with capacity for 7,000 milking cows.

Strategy

Consumption of juice and dairy is likely to increase over the forecast period. Juhayna is strongly placed in both sectors. It has a wide and segmented product range, which will allow it to be one of the domestic companies playing a lead role in the development of the food and drink industry. Juhayna holds a particularly strong position in packaged dairy.

Recent market studies indicate that Juhayna has a level of brand awareness that is more pronounced than its leading competitors on the Egyptian market. Fears over food safety and industry modernisation have boosted the development of the packaged food sector in Egypt, which is expected to continue to grow in the coming years.

Recent Developments

2024

In Q1 2024, Juhayna leadership stated that export volumes over the first nine months of 2023 (9M23) came in at EGP931.0mn, up 188.0% y-o-y. It also recorded over 40% in total revenue growth over 9M23. At the Gulfood 2024 expo in Dubai in February 2024, External Markets Director Mohamed Hammad noted that the company has ambitious plans to expand into MENA over 2024-2025.

2023

In November, Juhayna announced a price reduction for its dairy products, in line with the prime minister's decision to launch a price reduction initiative.

In November, Juhayna reported third quarter results showing a 50.0% growth in net revenues to EGP4.5bn, driven by improved demand and price increases.

In August. Juhayna launched a fruit yoghurt range onto the Egyptian market.

In August, Juhayna reported second quarter results, with net profits rising by 25.0% to EGP216.9mn. Net sales rose by 35.0% to EGP3.73bn.

In April, Qatar-based company Baladna raised its stake in Juhayna to 15.03% from 12.6%. According to a statement from Baladna, 'Our investment decisions are based on a careful analysis of the market that we seek to enter, and the Egyptian market, with a population of more than 100 million people, is a large and promising market for the food and beverage sector. Juhayna being a leading company in the market, it is expected to achieve greater returns in light of the expected market growth and the availability of a strong distribution network.'

In April, Juhayna reported first quarter results showing a 135.0% increase in consolidated net profits, to EGP339.4mn. Net sales rose to EGP3.4bn compared with EGP2.4bn in 2022.

In April, Juhayna Food Industries reported 2022 results showing a 21.0% rise in net profits, to EGP637.9mn. Sales for the year climbed by 29.0% to EGP8.8bn.

In January, the founder and former CEO of Juhayna and his son were released from prison in Egypt after about two years in detention. The authorities had accused the pair of belonging to and financing a terrorist group. The family refuted these allegations.

2022

In December, Juhayna announced that the company's revenues had increased to EGP8.2bn in 9M22, compared with the EGP6.5bn seen over the same period in 2021.

2021

In December, Juhayna announced that it had recorded consolidated net profit of EGP490.0mn in 9M21, up by 27.7% from EGP383.6mn a year prior. The company's revenues increased to EGP6.5bn in 9M21, compared with EGP5.6bn over the same period in 2020.

In June, Bloomberg reported that Emirate state-owned ADQ was considering buying a stake in Juhayna. However, Juhayna Food Industries said that it had not received a formal offer from ADQ in this regard.

Over H1 2021, the company added plant-based milk to the more than 200 products it exports to European, Arab and African markets.

Juhayna Food Industries announced its consolidated results for 2020, reporting revenues of EGP7.6bn, with flat growth. The company said that growth in the dairy and fermented segments had been offset by declines in its juice, concentrates and agriculture segments. Juhayna's net profit amounted to EGP428.4mn, up by 30.3% y-o-y. The firm stated that during the year, it had maintained its market leadership in the milk segment and grown its market share in the plain yoghurt, juice and flavoured milk sub-segments.

Financial Data

Fiscal year ending December 31

Total Revenue

- 2023: EGP16.1bn
- 2022: EGP11.4bn
- 2021: EGP8.8bn
- 2020: EGP7.6bn

Net Profit

- 2023: EGP1,020mn
- 2022: EGP637.9mn
- 2021: EGP526.2mn
- 2020: EGP428.4mn

Majid Al Futtaim (Carrefour)

Strengths	Weaknesses
• Majid Al Futtaim (MAF) has a strong brand name in the Carrefour franchise. • It is the sole franchisee of the Carrefour brand, with a contract until 2025. • The company's operations in 17 markets across the Middle East and North Africa (MENA) mean that the company is relatively well diversified. • MAF stocks more than 500,000 products and has many in-store value-added offerings.	• Significant capital expenditure will be required in order for MAF to realise the potential of Egypt's underdeveloped mass grocery retail industry. • Recent political unrest is disturbing the development of retail. • Many customers are unable to access modern mass grocery retail outlets. • Densely populated urban areas limit hypermarket expansion in key cities.
Opportunities	**Threats**
• MAF views Egypt as a country with great potential and continues with extensive investment plans. • Carrefour is extending its portfolio in Egypt by launching Supeco and Gourmet store banners. • Retailers can partner with food delivery companies to take advantage of more consumers staying at home. • Hypermarket and supermarket sales are expected to grow dynamically over the forecast period. • MAF's renowned private label range is popular with price-conscious consumers. • Recent health and hygiene scares have led more Egyptians to convert to modern retail formats. • Significant investment in expansion could further strengthen the company's position in Egypt.	• Consumer spending in Egypt is forecast to drop significantly in 2024 as rising inflation and higher borrowing cost will erode wages and investment income. It will also discourage credit demand, which will weigh on private consumption. • Car ownership in Egypt is quite low, which means that hypermarkets remain inaccessible to many consumers. • The potential of the Egyptian mass grocery retail sector means that multinationals are likely to enter in the near future. • Although it is improving, Egypt's bureaucratic regulatory environment has the potential to slow expansion. • The expansion of the LuLu retail group in Egypt will increase competition in the mass grocery retail sector.

Company Overview

Originally conceived of as a joint venture, Carrefour's partnership with MAF was aimed at expanding its presence across the high-growth MENA region. MAF is now the sole owner of the Carrefour franchise in the Middle Eastern region, having bought the France-based company's 25.0% stake for EUR530.0mn. MAF Carrefour has grown to 300 stores across the region.

Strategy

MAF Carrefour has fundamentally altered Egypt's mass grocery retail landscape by introducing its 'one-stop shop' hypermarket model. MAF's strategy for the Middle East region has been to drive modernisation and create demand for its brand, rather than to delay market entry until modernisation occurs.

The company has tapped into a small but constantly expanding middle class, which has been enough to sustain it. As this middle class and the overall demand for Western goods has grown, Carrefour has been able to expand its store network. Carrefour's strategy is also to diversify its in-store offering; providing toy corners, games areas and a wider variety of international products in order to set itself apart from local rivals.

Carrefour's 2021 foray into scan-and-go shopping in Egypt demonstrates that the retailer is focusing on innovation, convenience and customer service in order to set itself apart.

At the end of 2022, Carrefour announced plans to invest over EGP400mn in the Egyptian market during 2023. It also aimed to almost double this amount to reach around EGP750mn through to 2025. The retailer planned to open 20 new MAF stores across the country during 2023. It was also announced that MAF Retail is looking to launch a Retail Business School during 2023 in order to better equip the country's booming retail sector. In October 2023, MAF revealed plans to invest EGP4.6bn in its retail business in Egypt. The investment will focus on growing the Carrefour network to reach 140 stores across 25 cities in Egypt by 2025 and expanding Supeco's footprint to 144 stores by 2030.

Recent Developments

2024

MAF continues to expand its startup ecosystem in Egypt as part of its Launchpad Accelerator Programme, which began in 2022. Multiple innovative brands have benefitted from MAF's growth targeted project. In March 2024, Egyptian companies SIGMA-Fit and Kiliim were announced as the latest winners.

2023

In October, MAF revealed plans to invest EGP4.6bn in its retail business in Egypt. The investment will focus on growing the Carrefour network to reach 140 stores across 25 cities in Egypt by 2025 and expanding Supeco's footprint to 144 stores by 2030. A new branch of Carrefour will be inaugurated in the New Administrative Capital in February 2024.

In July, Carrefour opened its first store in Porto Marina, the North Coast, in partnership with A Capital Group. The opening marked the companies' commitment to delivering stores and services to residents and visitors of the North Coast.

2022

In December, Carrefour announced plans to invest over EGP400mn in the Egyptian market during 2023 and to almost double this amount, to reach around EGP750mn, through to 2025. The retailer planned to open 20 new MAF stores across the country during 2023. It was also announced that MAF Retail was looking to launch a Retail Business School during 2023 in order to better equip the country's booming retail sector.

In May, Carrefour announced the opening of its first Gourmet store in Egypt at Downtown Katameya, Fifth Settlement. The store offers over 7,000 items focusing on exclusive, artisanal products, along with advanced store technologies.

In May, MAF opened the first Supeco store in Egypt. The new low-cost hybrid concept store combines a traditional supermarket and a wholesale warehouse. The aim is to expand the banner across the country.

In March, MAF announced plans to launch the Supeco banner in Egypt, with the first store set to open by the end of the year. According to Carrefour's website, Supeco is a low-cost hybrid concept, which mixes traditional supermarkets and 'cash & carry' in a warehouse environment.

2021

In March, Carrefour Egypt launched Scan&Go Mobile, a feature that allows customers to use their smartphones to scan items, check out and pay on their own, without the need to wait in a checkout queue. Using the MAF Carrefour mobile app, customers can scan the barcode of each product as they shop, before making their way to a dedicated Scan&Go checkout area, scanning their QR code and making a contactless payment via a debit or credit card. The service is now available at stores including Maadi City Center, Carrefour Cairo Festival City Mall, Madinaty and Shorouk, with plans to roll it out to more stores.

Financial Data

Fiscal year ending December 31

Total Revenue (Egypt)

- 2023: AED2.75bn
- 2022: AED3.40bn
- 2021: AED3.58bn
- 2020: AED3.23bn

Mondelēz Egypt

Strengths	Weaknesses
• Chocolate accounts for the vast majority of confectionery consumption in Egypt. Sales are forecast to record solid growth through to 2028. • Improvement of logistics and refrigeration supports stronger confectionery sales. • The company has a strong marketing network. • It boasts a wide product portfolio that includes soft drinks. • Egypt is an export hub for the company.	• Chocolate is still an unaffordable luxury for many Egyptian consumers. • Significant investment in marketing and distribution will be required to extend the firm's reach to a wider proportion of the consumer base. • A poor operational and regulatory environment hinders the company's activities.
Opportunities	**Threats**
• A recovery in tourism levels could boost chocolate consumption. • Demand for confectionery, especially chocolate, is expected to continue increasing steadily on the back of rising incomes, a young population and wider exposure to Western consumption habits. • Local consumers are very receptive to marketing and branding. • It is now part of the second largest global confectionery player, US-based Kraft.	• Consumer spending in Egypt is projected to drop significantly in 2024 as rising inflation and higher borrowing cost will erode wages and investment income as well as discourage credit demand, which will weigh on private consumption. • With many food products such as cereals, and meat and poultry imported into Egypt, consumers will have to trade down price points where government subsidies are not available. • Egypt's weak regulatory environment could affect the pace at which the company is able to expand. • Increased interest in Egypt from large Middle Eastern players will heighten competition. • Rising raw material (sugar) prices could erode profitability.

Company Overview

Mondelēz, which owns Cadbury, first entered Egypt in 1991 with the launch of three products. BimBim is the local subsidiary of the multinational parent company, which acquired the largest Egypt-based chocolate maker in 1997. At the time of the purchase, BimBim held a 26.0% share of the local confectionery market and an extensive regional reach across the Middle East and North Africa, holding 13.0% of the market by value. Mondelēz is the market leader in the Egyptian chocolate and jelly confectionery markets, with brands such as Cadbury Dairy Milk and Jelly Cola.

Mondelēz Egypt owns three plants for the production of chocolate, biscuits and chewing gum, located Ramadan City and Alexandria. The company has a number of international brands in Egypt, including Cadbury Dairy Milk, Flake, Milka, Tang, Oreo, Tuc, Trident, Clorets, Eclairs and Halls. It also has local brands such as Mandolin, Gersy, Rasco and Jelly Cola.

Strategy

In February 2022, Mondelēz International launched a new long-term growth strategy for the Asia-Pacific, Middle East and Africa (AMEA) region. The company claims that it is the leader in packaged snacks across the region, and highlights its many localised brands as growth engines. It stated that 90.0% of its AMEA revenue comes from global focus brands, such as Oreo and Cadbury Dairy Milk, as well as local brands, such as Bournvita and Kinh Do. The firm plans to accelerate revenue and market share gains in the region by:

- Increasing brand penetration and expanding its portfolio in the core snacking categories of chocolate and biscuits.
- Growing distribution and channel exposure.
- Entering white spaces and adjacencies.

Financial Results

Financial year ending December 31

AMEA Region Revenue

- 2023: USD7,075.0mn
- 2022: USD6,767.0mn
- 2021: USD6,465.0mn
- 2020: USD5,740.0mn

AMEA Region Operating Income

- 2023: USD1,113.0mn
- 2022: USD929.0mn
- 2021: USD1,054.0mn
- 2020: USD821.0mn

PepsiCo Egypt

Strengths	Weaknesses
• PepsiCo is one of Egypt's leading soft drinks companies. • It has a wide product portfolio, with carbonates as the top sellers. • The company has successfully targeted younger generations. • It is backed by a powerful parent company. • Soft drinks benefit from the weak alcoholic drinks industry in Egypt.	• Much of the population has low purchasing power. • Non-carbonates are disadvantaged by their relatively high prices. • The underdeveloped mass grocery retail network hinders access to novel products.
Opportunities	**Threats**
• A recovery in tourism levels could boost consumption opportunities. • The company is focusing on environmental credentials. • There is an increased interest in healthier alternatives to sugary carbonates. • Economic development will increase consumer purchasing power. • Targeted marketing campaigns will ensure that new PepsiCo products will place well. • The company's expansion in the promising dairy market should prove profitable.	• Consumer spending in Egypt is projected to drop significantly in 2024, as rising inflation and higher borrowing costs will erode wages and investment income as well as discourage credit demand, which will weigh on private consumption. • Continued boycott of PepsiCo products by Egyptian consumers over perceived support of Western companies for Israel in the ongoing conflict in Gaza. • Coca-Cola provides strong competition and has a much greater regional presence than in the past. • Political instability could negatively impact consumer sentiment and profitability, due to disruptions to trading and logistical operations.

Company Overview

PepsiCo has a strong reputation and presence in Egypt. It is one of the leaders in establishing global-level food safety standards. The company is associated with youth, with its partnership with Vodafone and its sponsorship of football forming part of its focused advertising to this demographic group. PepsiCo's local operations bottle Mirinda, 7Up and Mountain Dew across eight plants in the country. Distribution is undertaken through a network of 34 warehouses.

Strategy

PepsiCo is likely to continue focusing on new product development and advertising, especially to selected demographic groups. Rising health consciousness has led the company to launch a zero-calorie Pepsi Max product.

To demonstrate the importance the company attaches to Egypt, Pepsi revealed that the Asia and Middle East and North Africa (MENA) regions bring in 10.0% of global revenues, which equates to USD6.3bn. Of these regions, Egypt was cited as one of the top seven focus markets, along with India, Mainland China, Egypt, Saudi Arabia, Australia and Pakistan.

Recent Developments

2024

PepsiCo Egypt is continuing its women's empowerment programmes in Egypt through its local Egyptian charity, PepsiCo Foundation. In January 2024, the company celebrated its fourth potato harvest in Egypt's Beni Suef region, in line with its women's empowerment programme 'She Feeds the World'. This programme has been running since 2020.

2023

In November, PepsiCo Egypt drinks fell out of favour with some Egyptian consumers following accusations that Western companies are supporting Israel. Since the start of the war in Gaza, local reports indicate that Egyptians are boycotting companies such as Coca-Cola and Pepsi over their perceived support for Israel.

In February, Chipsy Food Industries, a PepsiCo Egypt subsidiary, opened its new chip making production line inside its Chipsy factory with a total investment of USD20.0mn. The new production line's annual production capacity is 25,000 tonnes.

In February, Saudi Arabia-based dairy company Almarai purchased the remaining 48.0% stake in International Dairy and Juice (IDJ) from PepsiCo for SAR255.0mn. IDJ manufactures and distributes food and drinks in Egypt and Jordan.

2022

In November, PepsiCo announced that it will be using recycled plastic bottles across Egypt, Qatar, Kuwait, Pakistan and other Africa, Middle East and South Asian markets by 2023. The company is looking to introduce locally manufactured recycled plastic bottles in the region as part of its efforts to build a circular economy by 2030.

2021

In June, Pepsi Cola Egypt and Al Ahram Beverages Company announced a sale and resale agreement for non-alcoholic malt beverages. The agreement allows Al Ahram to leverage PepsiCo's distribution channels for its non-alcoholic beverages, including Fayrouz, Birell and Amstel Zero.

In February, PepsiCo Egypt confirmed that it had added six new production lines and upgraded some existing ones over 2020, boosting output capacity by 10%-15%. The company plans to invest another USD100.0mn in the country over 2021 to add additional production lines. This includes a drinking water line with a capacity of 1,500 bottle packs, with the new production facility set to open in H1 2021.

Financial Data

Fiscal year ending December 31

Revenue (Asia, MENA)

- 2023: USD6,403mn
- 2022: USD6,438.0mn
- 2021: USD6,078.0mn
- 2020: USD4,573.0mn

Operating Profit

- 2023: USD693.8mn
- 2022: USD666.0mn
- 2021: USD858.0mn
- 2020: USD600.0mn

Spinneys Group

Strengths	Weaknesses
• Spinneys is one of the leading mass grocery retail operators in Egypt and regionally. • A wide range of products is on offer, including private-label goods. • The company is expected to remain committed to Egypt. • It has focused marketing and advertising campaigns.	• Significant capital expenditure is required for expansion. • Its premium nature may impact its growth in the medium term, as the majority of Egypt's consumers will not be able to afford purchasing from Spinneys on a frequent basis. • Many customers are unable to access modern mass grocery retail outlets.
Opportunities	**Threats**
• The retailer is committed to ongoing expansion in Egypt despite the current economic challenges with a programme of store openings planned during 2024. • Spinneys through its partnership with Talabat is offering home delivery. • Retailers such as Spinneys can partner with food delivery companies to take advantage of more consumers avoiding public places due to residual pandemic-related fears. • Hypermarket and supermarket sales are growing on the back of changing economic and demographic conditions. • Recent health and hygiene scares have led more Egypt-based businesses to convert to modern retail formats, which offer safer shopping environments.	• Consumer spending in Egypt is projected to drop significantly in 2024 as rising inflation and higher borrowing cost will erode wages and investment income, and discourage credit demand, which will weigh on private consumption. • Car ownership in Egypt is still quite low, which means that hypermarkets remain inaccessible to many consumers. • Although it is improving, Egypt's bureaucratic regulatory environment has the potential to slow expansion. • Majid Al Futtaim in particular continues to pose a major competitive threat. • The company could sell assets in certain non-core markets. • The expansion of the LuLu retail group in Egypt will increase competition in the mass grocery retail sector.

Company Overview

Spinneys is the leading premium supermarket retailer in the Middle East, having entered the Egyptian market in 2007. The business is one of the leading grocery retail players in Egypt, having expanded to a current footprint of 25 outlets. The supermarket has a wide range of own-label products, encompassing grocery (including rice and sugar) and non-grocery items. In July 2019, Spinneys was acquired by the South Africa-based Investec Asset Management. Since Investec Asset Management spun out from Investec in March 2020, it rebranded as Ninety One and is still the parent of Spinneys.

Strategy

The company's growth strategy in Egypt is focused on reaching shoppers in urban areas with new, smaller formats, such as supermarkets, while also offering innovations in its core hypermarket stores. There remains potential for new store openings, although the retailer is likely to focus on its existing stores and product ranges in the short term. The private label offering (under Spinneys and Spinneys Basic brands) is expected to be boosted by rising food prices, which may lead Spinneys to expand its already extensive range of products. Spinneys has said that it is actively seeking new development opportunities throughout the Levant and Southern Asia.

According to Spinneys CEO Mohanad Adly, the retailer plans to open seven more stores in the country before the end of June 2024, to a total investment of EGP320.0mn. Adly further indicated that Spinneys is 'committed to the Egyptian market and we are not deterred by the macroeconomic headwinds. On the contrary, we have accelerated our growth strategy and we will be opening more stores every year for the next three years. We will be expanding with both our supermarket and hypermarket formats, offering a unique and customised shopping experience for each community.'

Recent Developments

2024

In Q1 2024, the company launched its new Better Together 2030 strategy, which targets net zero emissions by 2040. This is in line with the UN Sustainable Development Goals. As part of this strategy, the company has been making a number of environmentally friendly moves, including transitioning towards recycled packaging, in various markets.

2023

In October Spinneys opened its 25th store in Egypt in Obour City. According to Spinneys CEO Mohanad Adly, the retailer plans to open seven more stores in the country before the end of June 2024, to a total investment of EGP320.0mn.

2022

In August, Spinneys Egypt announced a partnership with Talabat which would allow consumers to order online from 14 of the retailer's stores. Goods would be delivered to customers in Sheikh Zayed, 6th of October, Al Haram, New Cairo, Maadi, Mokattam, Nasr City, Sherouk City and Alexandria.

On February 28, the retailer opened its newest store in Zahraa El Maadi in Cairo, bringing its store count in the country to 18. Five more Spinneys stores were scheduled to open in Egypt before the end of the year, with the next opening in Nasr City.

2021

In December, a new Spinneys outlet opened in New Cairo.

In February, Spinneys opened its first store in the Maadi neighbourhood of Cairo. The opening marks Spinneys's 16th store opening in the Egyptian market as it continues its expansion drive across the country.

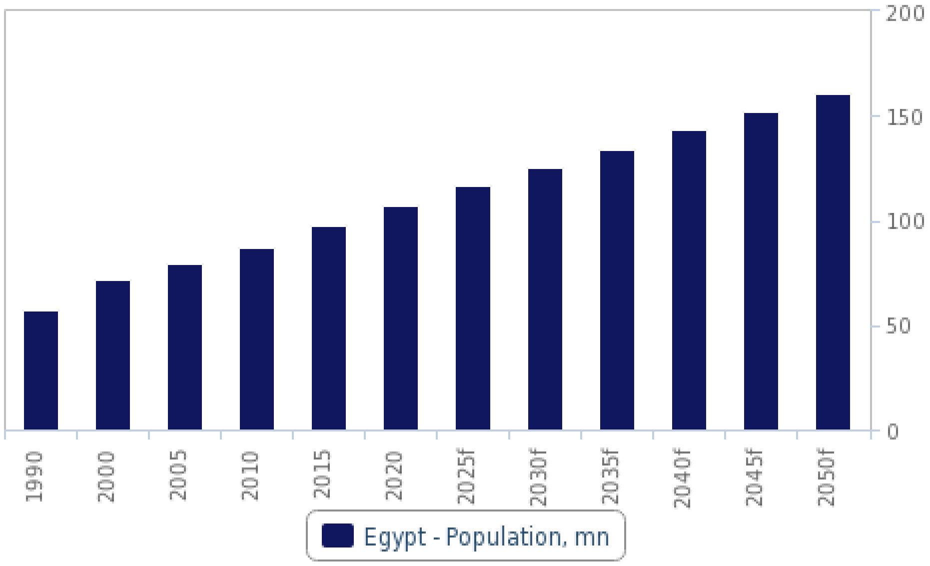
Egypt Demographic Outlook

Demographic analysis is a key pillar of our macroeconomic and industry forecasting model. The total population and demographic profile of a market are key variables in consumer demand and are essential to understanding issues ranging from future population trends to productivity growth and government spending requirements.

The accompanying charts detail the population pyramid for 2022, the change in the structure of the population between 2022 and 2045 and the total population between 1990 and 2045. The tables show indicators from all of these charts, in addition to key metrics such as population ratios, the urban/rural split and life expectancy.

Population

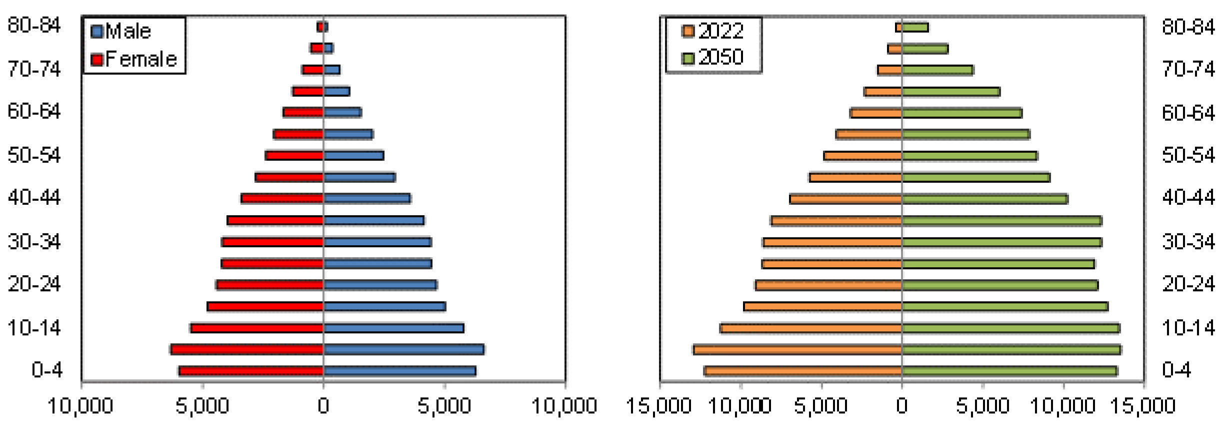
Egypt - Population, mn (1990-2050)



f = BMI forecast. Source: World Bank, UN, BMI

Population Pyramid

Egypt - 2022 Male vs Female Population, '000 (LHC) & 2022 vs 2050 Population, '000 (RHC)



Source: World Bank, UN, BMI

Population Headline Indicators (Egypt 1990-2025)

Indicator	1990	2000	2005	2010	2015	2020	2025f
Population, total, '000	57,214.6	71,371.4	79,075.3	87,252.4	97,723.8	107,465.1	116,275.5
Population, % y-o-y		2.09	2.00	2.05	2.23	1.75	1.56
Population, total, male, '000	28,850.6	36,137.3	40,071.8	44,175.7	49,472.6	54,357.4	58,764.9
Population, total, female, '000	28,364.1	35,234.1	39,003.5	43,076.7	48,251.2	53,107.7	57,510.6

f = BMI forecast. Source: World Bank, UN, BMI

Key Population Ratios (Egypt 1990-2025)

Indicator	1990	2000	2005	2010	2015	2020	2025f
Active population, total, '000	31,251.7	41,746.6	48,413.7	54,599.3	60,743.3	66,715.5	73,093.5
Active population, % of total population	54.6	58.5	61.2	62.6	62.2	62.1	62.9
Dependent population, total, '000	25,963.0	29,624.8	30,661.6	32,653.1	36,980.5	40,749.6	43,181.9
Dependent ratio, % of total working age	83.1	71.0	63.3	59.8	60.9	61.1	59.1
Youth population, total, '000	23,541.0	26,430.3	27,241.6	29,039.1	32,715.9	35,689.4	37,180.8
Youth population, % of total working age	75.3	63.3	56.3	53.2	53.9	53.5	50.9
Pensionable population, '000	2,421.9	3,194.5	3,420.1	3,614.0	4,264.6	5,060.2	6,001.1
Pensionable population, % of total working age	7.7	7.7	7.1	6.6	7.0	7.6	8.2

f = BMI forecast. Source: World Bank, UN, BMI

Urban/Rural Population And Life Expectancy (Egypt 1990-2025)

Indicator	1990	2000	2005	2010	2015	2020	2025f
Urban population, '000	24,875.8	30,544.8	34,023.7	37,535.1	41,811.1	45,976.8	50,514.7
Urban population, % of total	43.5	42.8	43.0	43.0	42.8	42.8	43.4
Rural population, '000	32,338.9	40,826.6	45,051.6	49,717.3	55,912.7	61,488.3	65,760.8
Rural population, % of total	56.5	57.2	57.0	57.0	57.2	57.2	56.6
Life expectancy at birth, male, years	62.2	65.9	66.4	67.1	68.0	68.7	69.9
Life expectancy at birth, female, years	66.0	70.1	71.2	72.3	73.1	73.4	74.9
Life expectancy at birth, average, years	64.1	68.0	68.8	69.7	70.5	71.0	72.4

f = BMI forecast. Source: World Bank, UN, BMI

Population By Age Group, % (Egypt 1990-2025)

Indicator	1990	2000	2005	2010	2015	2020	2025f
Population, 0-4 yrs, total, '000	8,855.1	8,995.9	9,578.7	10,580.8	12,635.0	12,548.7	12,075.0
Population, 5-9 yrs, total, '000	7,902.3	8,735.9	8,944.0	9,532.7	10,555.7	12,598.0	12,520.1
Population, 10-14 yrs, total, '000	6,783.7	8,698.5	8,718.8	8,925.5	9,525.2	10,542.6	12,585.7
Population, 15-19 yrs, total, '000	5,719.0	7,841.3	8,680.2	8,682.8	8,922.0	9,498.9	10,519.9
Population, 20-24 yrs, total, '000	5,083.0	6,706.5	7,832.3	8,620.1	8,703.0	8,873.5	9,458.3
Population, 25-29 yrs, total, '000	4,478.6	5,622.1	6,694.8	7,760.1	8,644.0	8,642.6	8,823.9
Population, 30-34 yrs, total, '000	3,806.8	4,972.6	5,601.9	6,622.1	7,766.4	8,581.6	8,589.9
Population, 35-39 yrs, total, '000	3,141.0	4,360.5	4,938.4	5,530.7	6,603.0	7,699.7	8,518.7
Population, 40-44 yrs, total, '000	2,651.3	3,681.1	4,306.5	4,859.8	5,486.8	6,523.9	7,618.5
Population, 45-49 yrs, total, '000	1,829.7	3,005.3	3,608.5	4,211.1	4,787.5	5,392.3	6,418.0
Population, 50-54 yrs, total, '000	1,646.3	2,481.6	2,891.5	3,465.8	4,073.5	4,636.8	5,223.8
Population, 55-59 yrs, total, '000	1,590.1	1,656.6	2,338.9	2,715.5	3,276.1	3,861.5	4,393.6
Population, 60-64 yrs, total, '000	1,306.1	1,419.0	1,520.6	2,131.2	2,481.0	3,004.7	3,529.0
Population, 65-69 yrs, total, '000	996.1	1,270.1	1,240.1	1,325.3	1,849.8	2,154.7	2,587.6
Population, 70-74 yrs, total, '000	695.1	922.4	1,035.8	1,005.2	1,079.1	1,493.1	1,714.8
Population, 75-79 yrs, total, '000	422.0	574.3	654.4	734.4	712.7	771.1	1,038.8
Population, 80-84 yrs, total, '000	210.8	288.8	331.8	373.7	424.9	412.7	441.7
Population, 85-89 yrs, total, '000	77.1	108.1	123.4	138.2	156.4	181.2	166.7
Population, 90-94 yrs, total, '000	18.4	26.8	30.0	32.6	36.6	41.8	45.2
Population, 95-99 yrs, total, '000	2.4	3.8	4.3	4.3	4.8	5.3	5.9
Population, 100+ yrs, total, '000	0.1	0.2	0.3	0.3	0.3	0.3	0.4

f = BMI forecast. Source: World Bank, UN,BMI

Population By Age Group, % (Egypt 1990-2025)

Indicator	1990	2000	2005	2010	2015	2020	2025f
Population, 0-4 yrs, % total	15.48	12.60	12.11	12.13	12.93	11.68	10.38
Population, 5-9 yrs, % total	13.81	12.24	11.31	10.93	10.80	11.72	10.77
Population, 10-14 yrs, % total	11.86	12.19	11.03	10.23	9.75	9.81	10.82
Population, 15-19 yrs, % total	10.00	10.99	10.98	9.95	9.13	8.84	9.05
Population, 20-24 yrs, % total	8.88	9.40	9.90	9.88	8.91	8.26	8.13
Population, 25-29 yrs, % total	7.83	7.88	8.47	8.89	8.85	8.04	7.59
Population, 30-34 yrs, % total	6.65	6.97	7.08	7.59	7.95	7.99	7.39
Population, 35-39 yrs, % total	5.49	6.11	6.25	6.34	6.76	7.16	7.33
Population, 40-44 yrs, % total	4.63	5.16	5.45	5.57	5.61	6.07	6.55
Population, 45-49 yrs, % total	3.20	4.21	4.56	4.83	4.90	5.02	5.52
Population, 50-54 yrs, % total	2.88	3.48	3.66	3.97	4.17	4.31	4.49
Population, 55-59 yrs, % total	2.78	2.32	2.96	3.11	3.35	3.59	3.78
Population, 60-64 yrs, % total	2.28	1.99	1.92	2.44	2.54	2.80	3.04
Population, 65-69 yrs, % total	1.74	1.78	1.57	1.52	1.89	2.01	2.23
Population, 70-74 yrs, % total	1.21	1.29	1.31	1.15	1.10	1.39	1.47
Population, 75-79 yrs, % total	0.74	0.80	0.83	0.84	0.73	0.72	0.89
Population, 80-84 yrs, % total	0.37	0.40	0.42	0.43	0.43	0.38	0.38
Population, 85-89 yrs, % total	0.13	0.15	0.16	0.16	0.16	0.17	0.14
Population, 90-94 yrs, % total	0.03	0.04	0.04	0.04	0.04	0.04	0.04
Population, 95-99 yrs, % total	0.00	0.01	0.01	0.00	0.00	0.00	0.01
Population, 100+ yrs, % total	0.00	0.00	0.00	0.00	0.00	0.00	0.00

f = BMI forecast. Source: World Bank, UN, BMI

Food & Drink Glossary

Food & Drink

Food Consumption: All four food consumption indicators (food consumption in local currency, food consumption in US dollar terms, per capita food consumption and food consumption as a percentage of GDP) relate to off-trade food and non-alcoholic drinks consumption, unless stated in the relevant table/section.

Off-trade: Relates to an item consumed away from the premises on which it was purchased. For example, a bottle of water bought in a supermarket would count as off-trade, while a bottle of water purchased as part of a meal in a restaurant would count as on-trade.

Canned Food: Relates to the sale of food products preserved by canning. This is inclusive of canned meat and fish, canned ready meals, canned desserts and canned fruits and vegetables. Volume sales are measured in tonnes as opposed to on a unit basis to allow for cross-market comparisons.

Confectionery: Refers to retail sales of chocolate, sugar confectionery and gum products. Chocolate sales include chocolate bars and boxed chocolates; gum sales incorporate both bubble gum and chewing gum; and sugar confectionery sales include hard-boiled sweets, mints, jellies and medicated sweets.

Trade: In the majority of BMI's Food & Drink reports, we use the UN Standard International Trade Classification, using categories Food and Live Animals, Beverages and Tobacco, Animal and Vegetable Oils, Fats and Waxes and Oil-seeds and Oleaginous Fruits. Where an alternative classification is used due to data availability, this is clearly stated.

Drinks Sales: Soft drinks sales (including carbonates, fruit juices, energy drinks, bottled water, functional beverages and ready-to-drink tea and coffee), alcoholic drinks sales (including beer, wine and spirits) and tea and coffee sales (excluding ready-to-drink tea and coffee products that are incorporated under our soft drinks banner) are all off-trade only, unless stated.

Mass Grocery Retail

Mass Grocery Retail: We classify mass grocery retail (MGR) as organised retail, performed by companies with a network of modern grocery retail stores and modern distribution networks. MGR differs from independent or traditional retail, which relates to informal, independent-owned grocery stores or traditional market retailing. MGR incorporates hypermarket, supermarket, convenience and discount retailing, and in unique cases cooperative retailing. Where supermarkets are independently owned and not classified as MGR, we will state so clearly within the relevant report.

Hypermarket: We classify hypermarkets as retail outlets selling both groceries and a large range of general merchandise goods (non-food items) and typically more than 2,500sq m in size. Traditionally only found on the outskirts of towns, hypermarkets are increasingly appearing in urban locations.

Supermarket: Supermarkets are the original and still most globally prevalent form of self-service grocery retail outlet. We classify supermarkets as more than 300sq m, up to the size of a hypermarket. The typical supermarket carries both fresh and processed food and will stock a range of non-food items, most commonly household and beauty goods. The average supermarket will increasingly offer some added-value services, such as dry cleaning or in-store ATMs.

Discount Stores: Although most commonly between 500sq m and 1,500sq m in size, similar to supermarkets, discount stores will typically have a smaller floor space than their supermarket counterparts. Other distinguishing features include the prevalence of low-priced and private label goods, an absence of added-value services, often called a no-frills environment, and a high product turnover rate.

Convenience Stores: Our classification of convenience stores includes small outlets typically less than 300sq m in size, with long opening hours and located in high footfall areas. These stores mainly sell fast-moving food and drink products (such as confectionery, beverages and snack foods) and non-food items, typically stocking only two or three brand choices per item and often carrying higher prices than other forms of grocery store.

Cooperatives: We classify cooperatives as retail stores that are independently owned but club together to form buying groups under a cooperative arrangement, trading under the same banner, although each is privately owned. The arrangement is similar to a franchise system, although all profits are returned to members. The term is becoming more archaic, with fewer cooperatives remaining that conform to this model. Most cooperative groups now have a more centralised management structure, operate more like normal supermarkets, and are thus classified as such in our reports.

Food & Drink Methodology

Connected Thinking

BMI employs a unique methodology known as 'Connected Thinking'. This means that our analysis captures the inter-relatedness of the global economy, and takes into account all of the relevant political, macroeconomic, financial market and industry factors that underpin a forecast and view. We then integrate them so as to explain how they interact and affect each other. Our Connected Thinking approach provides our customers with unique and valuable insight on all relevant macroeconomic, political and industry risk factors that will impact their operations and revenue-generating potential in the industry/industries within which they operate.

We use a transparent forecasting model as a base for our industry forecasts, but rely heavily on our analysts' expert judgement to ensure our forecasts capture all of the insights we derive using our unique Connected Thinking approach. We believe analyst expertise and judgement are the best ways to provide the most accurate, up-to-date and comprehensive insight to our customers.

Food & Drink Methodology

BMI's Food & Drink Forecasting And Sourcing

For the Food & Drink industry we have historical data and five-year forecasts for 101 market-level core industry variables.

We use household spending figures that show spending on food and drink, for consumption at home via retail purchases. We divide food and drink into two categories: (i) spending on food & non-alcoholic drinks, and (ii) alcoholic drinks.

For the alcoholic drinks sub-categories, we use volume (in litres) consumption by household and per capita in each market; this is measured via both on and off trade.

Our forecasts are a combination of regression modelling, time series analysis and analyst expert judgement.

Our Food & Drink analysts interact with other analytical teams in BMI, including Country Risk, Agribusiness and Consumer & Retail. This is to ensure they have a comprehensive understanding of external factors that may impact the food and drink industry outlook either on a market, regional or global level.

There is a constant rolling cycle of data monitoring, with databases being updated on a quarterly basis. Analysts will use their expert judgement outside of these cycles to implement forecasts changes when necessary.

Our global currency (US dollar and euro) values are calculated using prevailing and forecast exchange rates to allow for consistency and comparability across different markets. Markets that are experiencing instability or high rates of inflation with low levels of international trade can be so exposed to this that official or market exchange rates do not reflect the real exchange rate on the ground. Similarly, this can also be the case in markets with high rates of self-sufficiency in a certain commodity, where little or no trade is taking place and thus no demand and supply of its currency affects its conversion price. This can overinflate global currency conversions for a certain period of time.

Food & Non-Alcoholic Drinks

Spending on food & non-alcoholic drinks is expressed in nominal terms.

We define spending on food & non-alcoholic drinks as the amount households spend on food for domestic consumption only. This reflects items bought through retail sales channels, based on the UN classification of individual consumption by purpose (COICOP).

Historical figures for spending on food & non-alcoholic drinks are based on household survey data, following the UN COICOP classifications.

Where spending data is not readily allocated into the COICOP format, we apply a rigorous and logical approach in allocating data to align with these categories, and if needed, apply aggregation methods or other techniques to achieve category level data.

Our food & non-alcoholic drinks forecasts are based on regression model and other time series analysis models, using a market's own historical time series and key macroeconomic explanatory variables from our Country Risk and Consumer & Retail services. In addition, we also apply analyst expert judgement to refine and finalise the food & non-alcoholic drinks spending forecast based on exogenous and endogenous variables or events, not captured by our regression model.

Alcoholic Drinks

Spending on alcoholic drinks is expressed in nominal terms and volume terms.

We define spending on alcoholic drinks as the amount households spend on alcohol for domestic consumption only. This reflects items bought through all sales channels, based on the UN classification of individual consumption by purpose (COICOP).

Historical figures for spending on alcoholic drinks are based on household survey data, following the UN COICOP classification.

Alcoholic drink consumption is defined as the total recorded volume of alcohol drinks consumed in a market. Data is presented in volumes consumed as opposed to pure alcoholic volume. It refers to consumption by people aged 15 and older and all sales channels of consumption, including out-of-home consumption, such as bars, restaurants etc.

We divide the alcoholic drinks category into beer, wine and spirits, as well as further breakdowns, where data is available, into sub-categories of these segments.

Our alcoholic drinks forecasts are based on a regression model, using a market's own historical time series. In addition, we also apply analyst expert judgement to refine and finalise the alcoholic drinks spending forecast based on exogenous and endogenous variables or events, not captured by our regression model.

Food & Drink (Non-Alcoholic Drinks) Risk/Reward Index

Our Food & Drink (Non-Alcoholic Drinks) Risk/Reward Index (RRI) quantifies and ranks a market's attractiveness within the context of the food & non-alcoholic drinks industry, based on the balance between the **Risks** and **Rewards** of entering and operating in different markets.

We combine industry-specific characteristics with broader economic, political and operational market characteristics. We weight these inputs in terms of their importance to investor decision-making in a given industry. The result is a nuanced and accurate reflection of the realities facing investors in terms of first the balance between opportunities and risk and second between industry-specific and broader market traits. This enables users of the index to assess a market's attractiveness in a regional and global context.

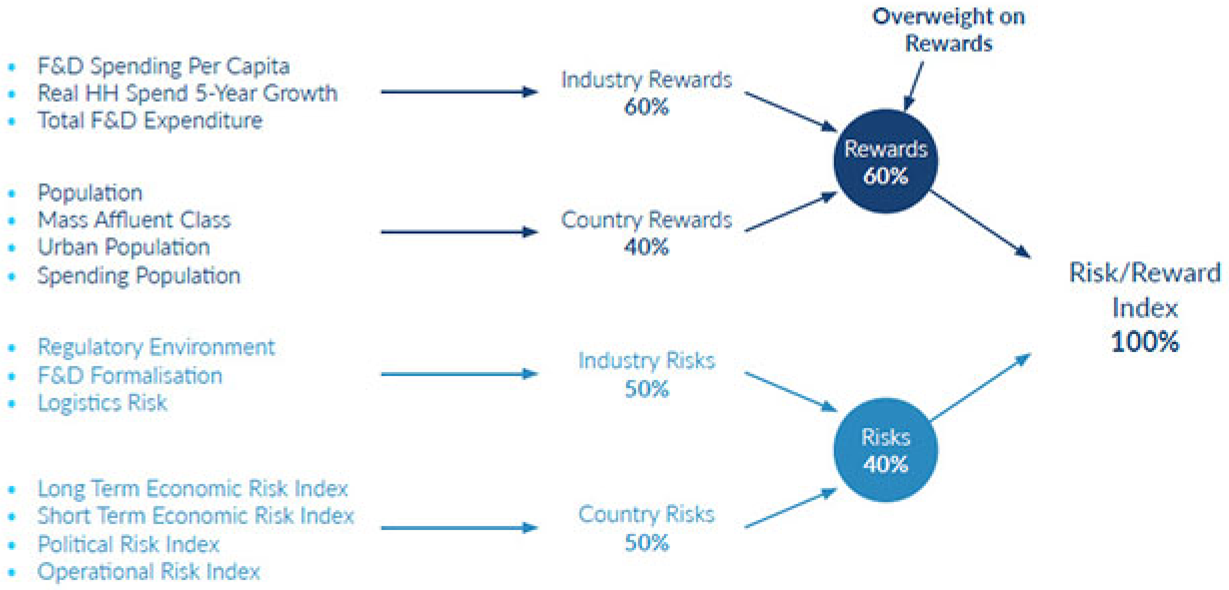
The index uses a combination of our proprietary forecasts and analyst assessments of the regulatory climate. As regulations evolve and forecasts change, so the index scores change providing a highly dynamic and forward-looking result.

The Food & Drink (Non-Alcoholic Drinks) RRI universe comprises **106 markets**.

Benefits Of Using Our Food & Drink (Non-Alcoholic Drinks) RRI

- **Global Rankings:** One global table, ranking all the markets in our universe for food & drink (non-alcoholic drinks) from most attractive (closest to zero) to most risk (closest to 100).
- **Accessibility:** Easily accessible, top-down view of the global, regional or sub-regional risk/reward profiles.
- **Comparability:** Identical methodology across 106 markets for food & drink (non-alcoholic drinks) allows users to build lists of markets they wish to compare, beyond the confines of a global or regional grouping.
- **Scoring:** Scores out of 100 with a wide distribution, provide nuanced investment comparisons. The higher the score, the less favourable the profile.
- **Quantifiable:** Quantifies the rewards and risks of doing business in the food & drink (non-alcoholic drinks) industry in different markets around the world and helps identify specific flashpoints in the overall business environment.
- **Comprehensive:** Comprehensive set of indicators, assessing industry-specific risks and rewards alongside political, economic and operating risks.
- **Entry Point:** A starting point to assess the outlook for the food & drink (non-alcoholic drinks) industry, from which users can dive into more granular forecasts and analyses to gain a deeper understanding of the market.
- **Balanced:** Multi-indicator structure prevents outliers and extremes from distorting final scores and rankings.
- **Methodology:** The index is a combination of proprietary BMI forecasts, analyst insights and globally acceptable benchmark indicators.

Weightings Of Categories And Indicators
Food & Drink (Non-Alcoholic Drinks) Risk/Reward Index



Source: BMI

The RRI matrix is divided into two distinct categories:

Rewards: Evaluation of an industry's size and growth potential (**Industry Rewards**), and macro industry and/or market characteristics that directly impact the size of business opportunities in a specific industry (**Country Rewards**).

Risks: Evaluation of micro, industry-specific characteristics, crucial for an industry to develop to its potential (**Industry Risks**) and a quantifiable assessment of the political, economic and operational profile (**Country Risks**).

Assessing Our Weightings

Our matrix is deliberately overweight on **Rewards** (60% of the final RRI score for a market) and within that, the **Industry Rewards** segment (60% of the final Rewards score). This is to reflect the fact that when it comes to long-term investment potential, industry size and growth potential carry the most weight in indicating opportunities, with other structural factors (demographic, labour statistics and infrastructure availability) weighing in, but to a slightly lesser extent. In addition, our focus and expertise in emerging and frontier markets has dictated this bias towards industry size and growth to ensure we are able to identify opportunities in markets where regulatory frameworks are not as developed and industry sizes are not as big as in developed markets, but where we know there is a strong desire to invest.

Food & Drink (Non-Alcoholic Drinks) RRI Indicators - Explanation And Sources

	Source	Rationale
Rewards		
Industry Rewards		
F&D Spending Per Capita	BMI Forecast	Denotes per capita spending on food & non-alcoholic drinks in USD. Wealthier populations spend more on F&D products.
F&D Five-Year Growth Rate	BMI Forecast	Denotes food & non-alcoholic drinks industry dynamism as a percentage. Scores based on annual average growth over our five-year forecast period.
Total F&D Expenditure	BMI Forecast	Denotes total household spending on food & non-alcoholic drinks in USDbn. Large markets score better than smaller ones.
Country Rewards		
Population	BMI Forecast	Size of the population in millions as a measure for the total addressable market.
Mass Affluent Class	BMI Forecast	Proportion of households with an income that exceeds USD10,000. Excludes those in poverty but demonstrates potential demand for branded products.
Urban Population	BMI Forecast	Size of the urban population in millions. Higher urban population size is a positive for distribution, higher economic development and accessing products through a network of retailers.
Spending Population	BMI Forecast	Proportion of the population between 20-39 years old as a percentage. This is typically the range that companies target as a high spending/trendsetting generation.
Risks		
Industry Risks		
Regulatory Environment	BMI Operational Risk Index	Uses Operational Risk's Economic Openness as a proxy for determining the ease of entering and doing business in a market.
F&D Formalisation	BMI Forecast	Uses our urban/rural split (%) data as a proxy for determining the level of retail/ hospitality formalisation in the market. Highly urbanised markets allow companies to easily serve more consumers.
Logistics Risk	BMI Operational Risk Index	Uses Operational Risk's Logistics Risk to determine the risks and costs associated with moving products around a market. Better scores indicate quality transport, cheap fuel/electricity and high levels of tech adoption
Country Risks		
Long-Term Economic Risk Index	BMI Country Risk Index	Takes into account the structural characteristics of economic growth, the labour market, price stability, exchange rate stability and the sustainability of the balance of payments, as well as fiscal and external debt outlooks for the coming decade.
Short-Term Economic Risk Index	BMI Country Risk Index	Seeks to define current vulnerabilities and assess real GDP growth, inflation, unemployment, exchange rate fluctuation, balance of payments dynamics, as well as fiscal and external debt credentials over the coming two years
Political Risk Index	BMI Country Risk Index	The Political Risk Index is a score made up of the mean average across three distinct pillars: Governance Risk, Society Risk and Security Risk. These are aggregated into an overall assessment of Political Risk.
Operational Risk Index	BMI Operational Risk Index	Focuses on existing conditions relating to four main risk areas: Labour Market, Trade & Investment, Logistics, and Crime & Security.

Source: BMI

Food & Drink (Alcoholic Drinks) Risk/Reward Index

Our Food & Drink (Alcoholic Drinks) Risk/Reward Index (RRI) quantifies and ranks a market's attractiveness within the context of the food & drink (alcoholic drinks) industry, based on the balance between the **Risks** and **Rewards** of entering and operating in different markets.

We combine industry-specific characteristics with broader economic, political and operational market characteristics. We weight these inputs in terms of their importance to investor decision-making in a given industry. The result is a nuanced and accurate reflection of the realities facing investors in terms of first the balance between opportunities and risk and second between industry-specific and broader market traits. This enables users of the index to assess a market's attractiveness in a regional and global context.

The index uses a combination of our proprietary forecasts and analyst assessments of the regulatory climate. As regulations evolve and forecasts change, so the index scores change providing a highly dynamic and forward-looking result.

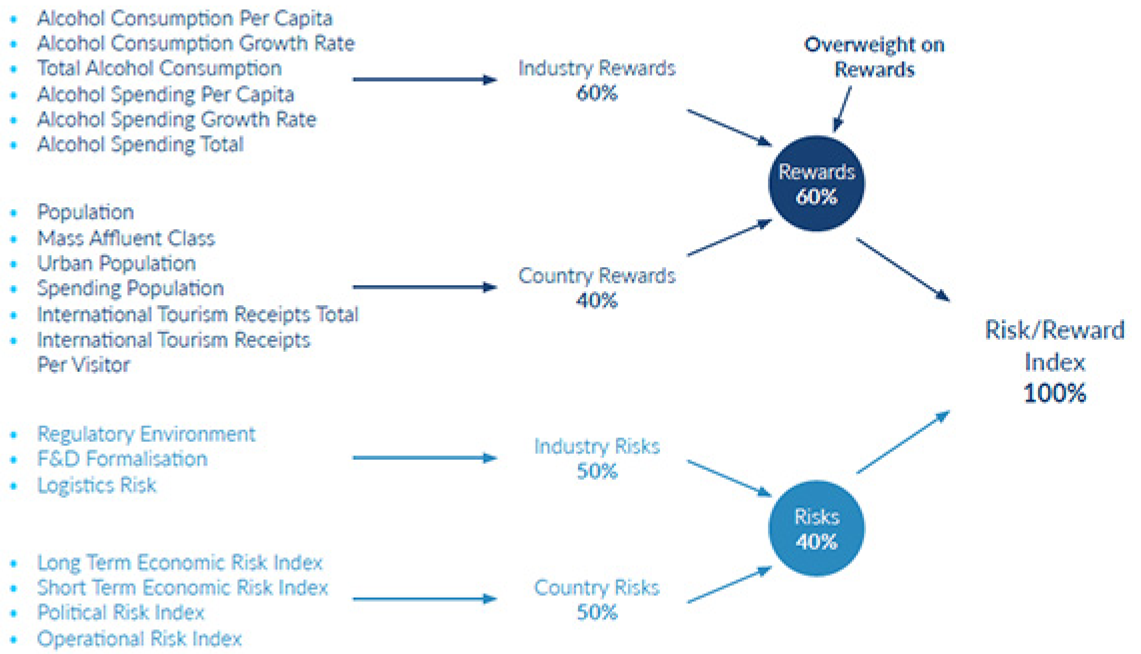
The Food & Drink (Alcoholic Drinks) RRI universe comprises **95 markets**.

Benefits Of Using Our Food & Drink (Alcoholic Drinks) RRI

- **Global Rankings:** One global table, ranking all the markets in our universe for food & drink (alcoholic drinks) from most attractive (closest to zero) to most risk (closest to 100).
- **Accessibility:** Easily accessible, top-down view of the global, regional or sub-regional risk/reward profiles.
- **Comparability:** Identical methodology across 95 markets for food & drink (alcoholic drinks) allows users to build lists of markets they wish to compare, beyond the confines of a global or regional grouping.
- **Scoring:** Scores out of 100 with a wide distribution, provide nuanced investment comparisons. The higher the score, the less favourable the profile.
- **Quantifiable:** Quantifies the rewards and risks of doing business in the food & drink (alcoholic drinks) industry in different markets around the world and helps identify specific flashpoints in the overall business environment.
- **Comprehensive:** Comprehensive set of indicators, assessing industry-specific risks and rewards alongside political, economic and operating risks.
- **Entry Point:** A starting point to assess the outlook for the food & drink (alcoholic drinks) industry, from which users can dive into more granular forecasts and analysis to gain a deeper understanding of the market.
- **Balanced:** Multi-indicator structure prevents outliers and extremes from distorting final scores and rankings.
- **Methodology:** The index is a combination of proprietary BMI forecasts, analyst insights and globally acceptable benchmark indicators.

Weightings Of Categories And Indicators

Food & Drink (Alcoholic Drinks) Risk/Reward Index



Source: BMI

The RRI matrix is divided into two distinct categories:

Rewards: Evaluation of an industry's size and growth potential (**Industry Rewards**), and macro industry and/or market characteristics that directly impact the size of business opportunities in a specific industry (**Country Rewards**).

Risks: Evaluation of micro, industry-specific characteristics, crucial for an industry to develop to its potential (**Industry Risks**) and a quantifiable assessment of the political, economic and operational profile (**Country Risks**).

Assessing Our Weightings

Our matrix is deliberately overweight on **Rewards** (60% of the final RRI score for a market) and within that, the **Industry Rewards** segment (60% of the final Rewards score). This is to reflect the fact that when it comes to long-term investment potential, industry size and growth potential carry the most weight in indicating opportunities, with other structural factors (demographic, labour statistics and infrastructure availability) weighing in, but to a slightly lesser extent. In addition, our focus and expertise in emerging and frontier markets has dictated this bias towards industry size and growth to ensure we are able to identify opportunities in markets where regulatory frameworks are not as developed and industry sizes are not as big as in developed markets, but where we know there is a strong desire to invest.

Food & Drink (Alcoholic Drinks) RRI Indicators - Explanation And Sources

	Source	Rationale
Rewards		
Industry Rewards		
Alcohol Consumption Per Capita	BMI Forecast	Denotes per capita consumption of alcoholic drinks in litres. Measures which populations consume more on alcohol products at the individual level rather than total size.
Alcohol 5-Year Growth Rate	BMI Forecast	Denotes alcoholic drinks industry dynamism as a percentage. Scores based on annual average growth over our five-year forecast period.
Total Alcohol Consumption	BMI Forecast	Denotes total consumption of alcoholic drinks in millions of litres. Large markets score better than smaller ones.
Alcohol Spending Per Capita	BMI Forecast	Denotes per capita spending of alcoholic drinks in USD. Measures which populations spend more on alcohol products at the individual level rather than total size.
Alcohol Spending Growth Rate	BMI Forecast	Denotes alcoholic drinks spending dynamism as a %. Scores based on annual average growth over our five-year forecast period.
Alcohol Spending Total	BMI Forecast	Denotes total spending of alcoholic drinks in USD. Large markets score better than smaller ones.
Country Rewards		
Population	BMI Forecast	Size of the population in millions as a measure for the total addressable market.
Mass Affluent Class	BMI Forecast	Proportion of households with an income that exceeds USD10,000. Excludes those in poverty but demonstrates potential demand for branded alcohol products.
Urban Population	BMI Forecast	Size of the urban population in millions. Higher urban population size is a positive for distribution, higher economic development and accessing products through a network of retailers.
Spending Population	BMI Forecast	Proportion of the population between 20-39 years old as a percentage. This is typically the range that companies target as a high spending/trendsetting generation and are generally over the legal drinking age.
International Tourism Receipts Total	BMI Tourism Forecast	Represents the total spend of international visitors. Provides another potential market opportunity for the alcoholic drinks industry.
International Tourism Receipts Per Visitor	BMI Tourism Forecast	Represents the total spend of international visitors on a per capita basis. Measures economic potential of the alcohol drinks market at the individual level rather than total size.
Risks		
Industry Risks		
Regulatory Environment	BMI Operational Risk Index	Uses Operational Risk's Economic Openness as a proxy for determining the ease of entering and doing business in a market.
F&D Formalisation	BMI Forecast	Uses our urban/rural split (%) data as a proxy for determining the level of retail/hospitality formalisation in the market. Highly urbanised markets allow companies to easily serve more consumers.
Logistics Risk	BMI Operational Risk Index	Uses Operational Risk's Logistics Risk to determine the risks and costs associated with moving products around a market. Better scores indicate quality transport, cheap fuel/electricity and high levels of tech adoption
Country Risks		

	Source	Rationale
Long-Term Economic Risk Index	BMI Country Risk Index	Takes into account the structural characteristics of economic growth, the labour market, price stability, exchange rate stability and the sustainability of the balance of payments, as well as fiscal and external debt outlooks for the coming decade.
Short-Term Economic Risk Index	BMI Country Risk Index	Seeks to define current vulnerabilities and assess real GDP growth, inflation, unemployment, exchange rate fluctuation, balance of payments dynamics, as well as fiscal and external debt credentials over the coming two years
Political Risk Index	BMI Country Risk Index	The Political Risk Index is a score made up of the mean average across three distinct pillars: Governance Risk, Society Risk and Security Risk. These are aggregated into an overall assessment of Political Risk.
Operational Risk Index	BMI Operational Risk Index	Focuses on existing conditions relating to four main risk areas: Labour Market, Trade & Investment, Logistics, and Crime & Security.

Source: BMI

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