



Red Meat Report

Saudi Agriculture and Livestock
Company, 2023



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ECONOMY OUTLOOK



Looking at the global context, International Monetary Fund (IMF) sees global GDP weakening because of notable hike in interest rates. World real GDP growth has shown a slowdown from **6.2%** in 2021 to **3.4%** in 2022.

Saudi Arabia had a strong real GDP in 2022 registering **8.7%** growth from which non-oil activities grew by **5.4%**. Growth in the non-oil economy is driven by notable expansion in private sector especially in wholesale and retail trade, not to mention the giga-projects impacting construction sector directly. These drivers are expected to lead growth in 2023.



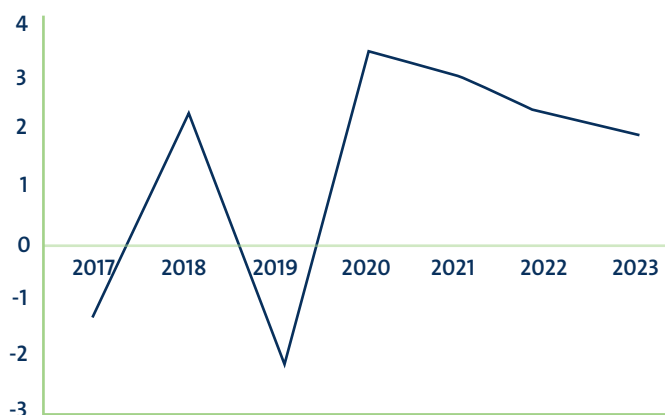
Inflation tends to remain stable and manageable in 2023 supported by subsidies on basic items. On the other hand, consumption is benefiting from the increase in female workforce in 2022.

Agriculture, representing **6.1%** of non-oil GDP, has shown a successful management during Ukraine-Russia conflict by devoting **SAR 9.5 Bn** to manage food supply shortages and global inflation.

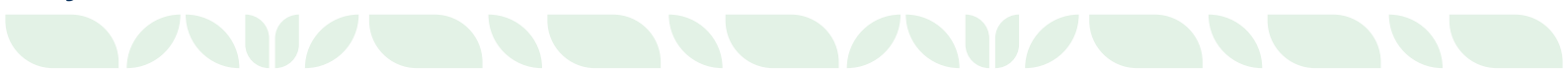
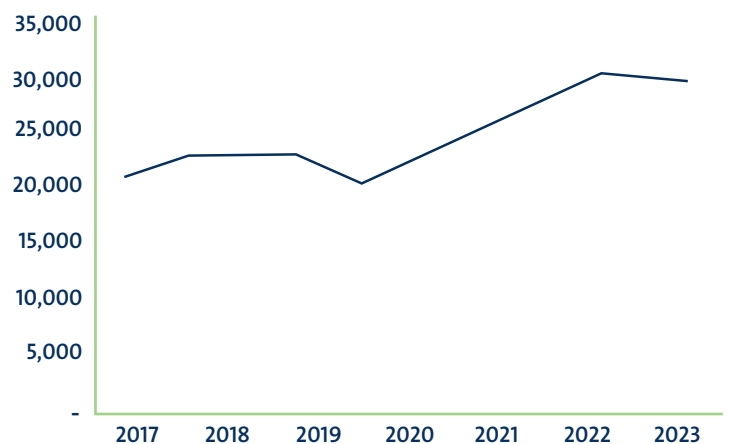


In addition, the Ministry of Environment, Agriculture and Water (MEWA) has allocated more than **SAR 1 Bn** for small agriculture enterprises throughout 2022 among other efforts to secure self-sufficiency in various commodities. These efforts come in collaboration with Agricultural Development Fund (ADF) which has set aside **~ SAR 6.5 Bn** for various projects in 2023.

Inflation (% Change) – Year-On-Year



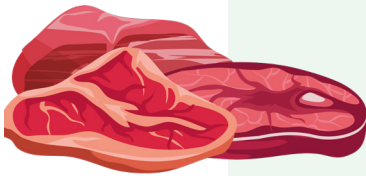
GDP Per Capita – (USD)



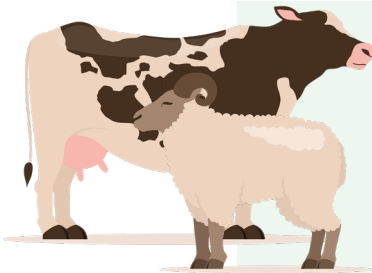


MARKET OVERVIEW

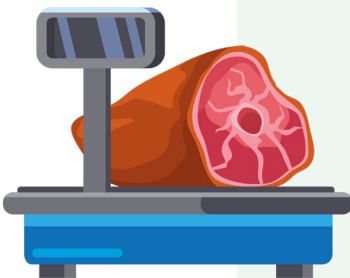
Industry History



Historically till 2019, red meat coming from domestic livestock contributed to **~65%** to the overall red meat market volumes in KSA. However, due to Covid 19 in 2020 adversely affected supply chain dynamics on a global scale, thus disrupting import of livestock's into KSA.



In 2020, domestic livestock contributed **~70%** to the overall red meat consumption in the country, with the curtailment of imported livestock.



The red meat consumption is following a quite special pattern considering different sub-categories. The overall per capita consumption in KSA was registered at **12.6 Kg** with expectation to remain steady in short to medium term.

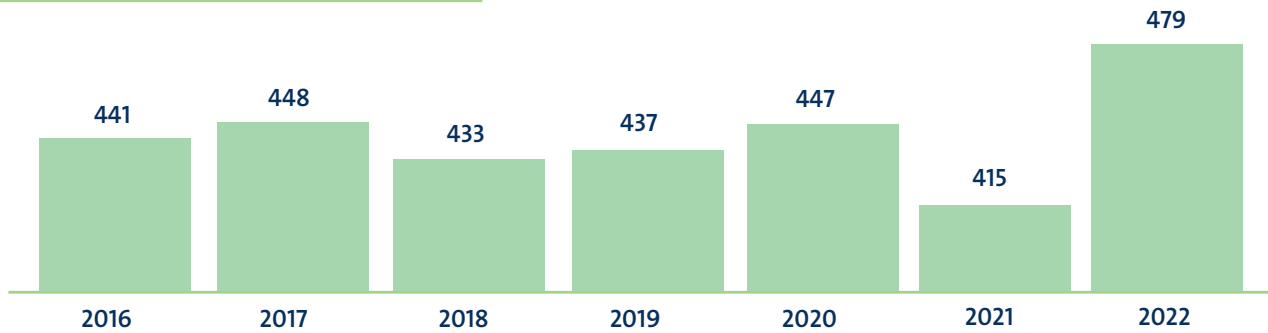




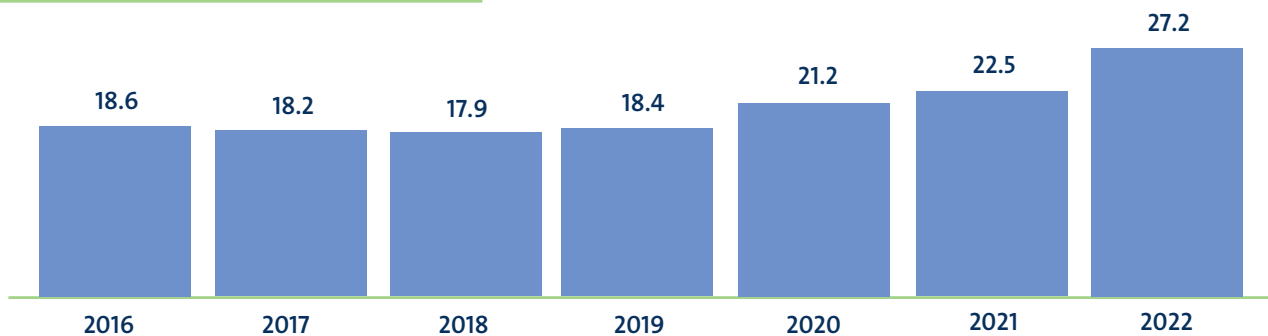
MARKET SIZE

In 2022, total KSA red meat market was valued at SAR 21.22 Bn with net market volume equal to 479 KT. The consumption has foreseen a 15% increase in 2022 driven by sheep and lamb meat followed by goat meat

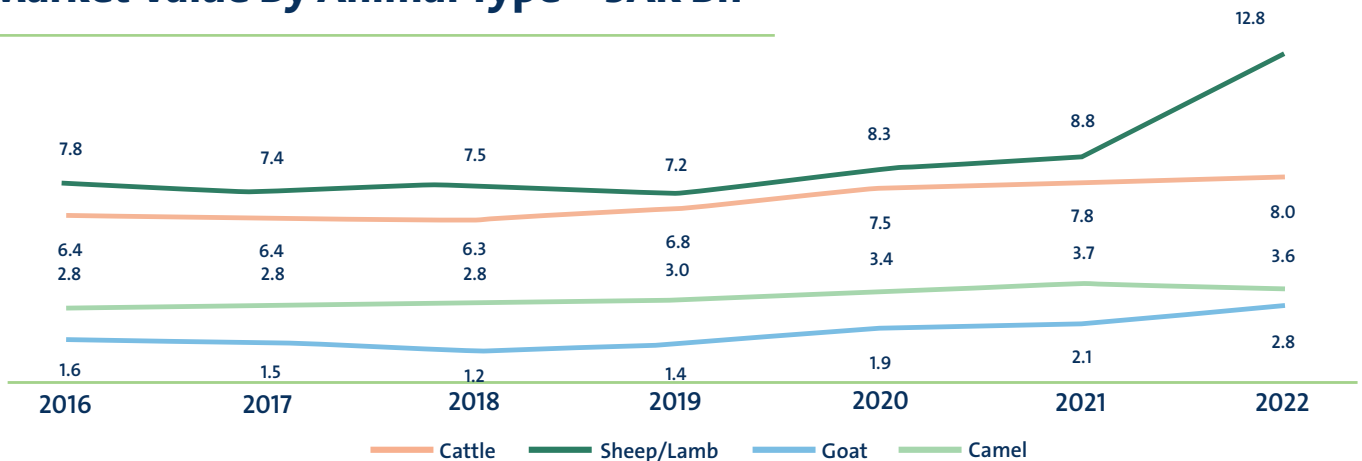
Net Market Volume – Kt



Net Market Value – SAR Bn



Market Value By Animal Type – SAR Bn





BUSINESS MODEL

Production

Domestics as well as imported livestock are considered domestic as long as they are slaughtered inside the Kingdom.

Total red meat production in 2022 stood at 321 KT contributing to 67% of total consumption.

Sheep/lamb drives local production with 43% volume share followed by camel meat with volume share up to 27% and beef meat comes in the third place registering 16% volume share ending up with goat meat with lowest contribution corresponding to 14%.

A remarkable change in consumption habits due to shifting to home consumption amid COVID-19 impacting the sub-segments.

Camel meat has become an alternative option with rising prices of beef and veal and sheep/lamb meat.

As a result of reducing dependence on forage and increasing water conservation, carcass weight has been reduced over the past 3-4 years and consequently, and the number of slaughtered heads increased.

In 2022, Import tariffs on goats and sheep have been increased from 0% to 7% to promote domestic industries and product.

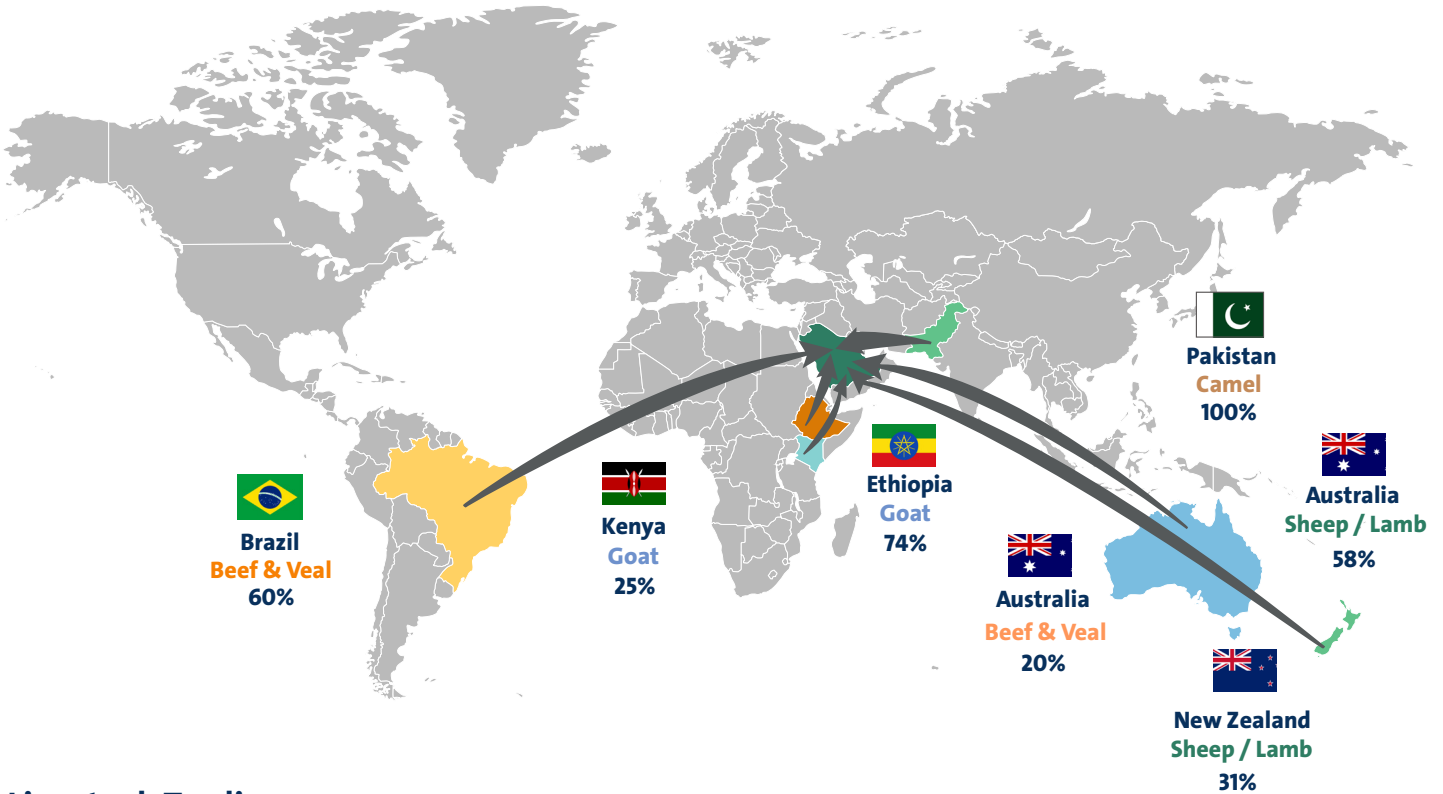




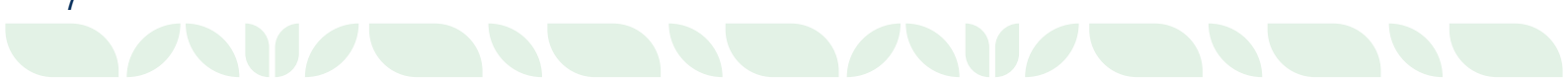
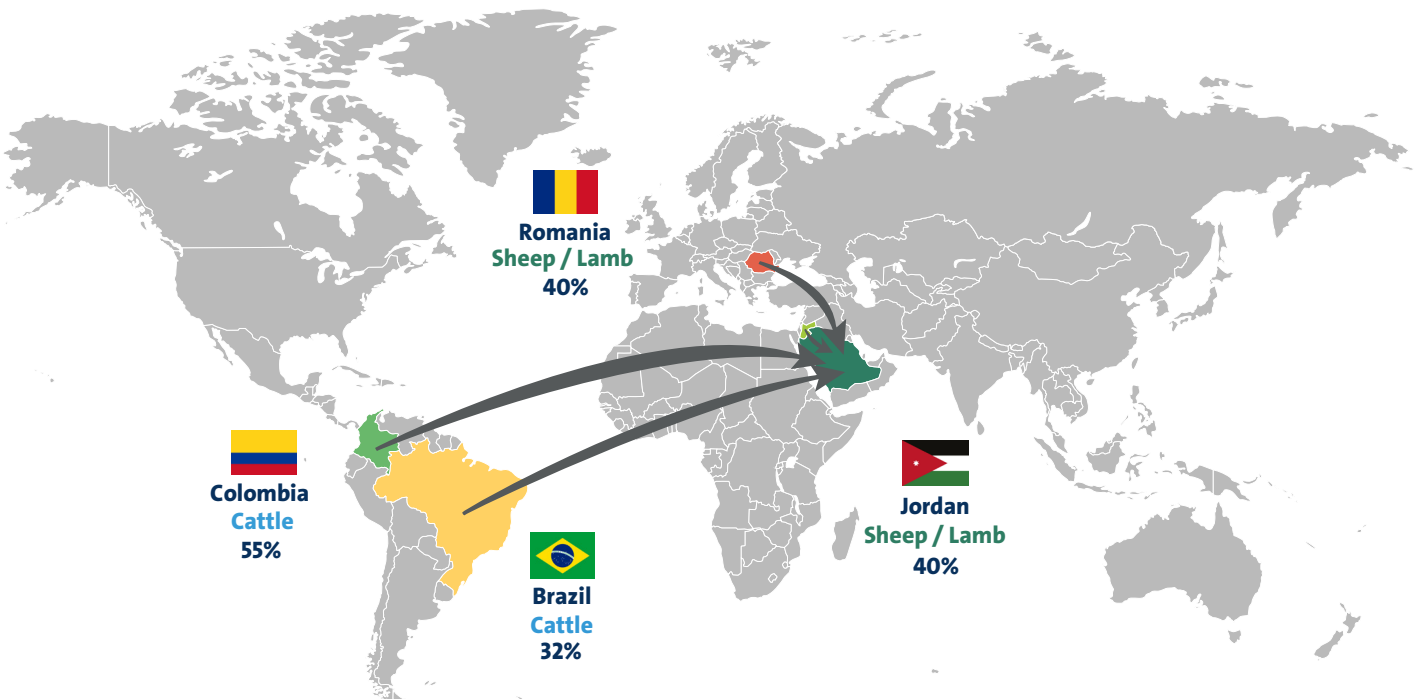
Trading

Red meat imports in 2022 accounted for roughly 33% of total consumption amounted 158 KT. This includes fresh/chilled and frozen segments and excludes imported livestock. Despite high unit price for lamb meat, it is considered the most favorable meat type in domestic market especially during seasons as Hajj, Ramadan, and feast.

Red Meat Trading



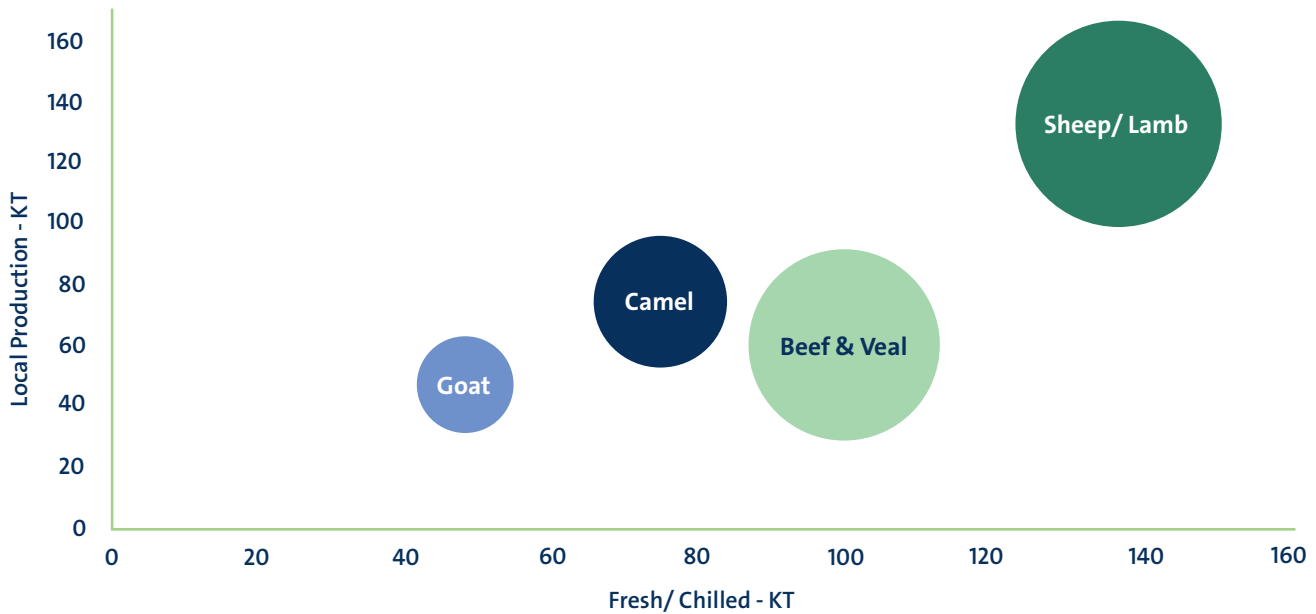
Livestock Trading





Consumption

Sheep/lamb and bovine meat enjoy high production volumes as well as high consumption. However, self-sufficiency for sheep meat is 88% versus 36% for beef reflecting an overall self-sufficiency equal to 71%.



Price is a factor considered when buying red meat. KSA consumers spend approximately SAR700-800 in a month for buying red meat. Lamb is the most preferred meat.

Fresh meat mostly preferred than chilled or frozen or processed red meat.

'Local Saudi' is the most preferred country of origin for Lamb (Sheep), Mutton (Goat) and Camel.

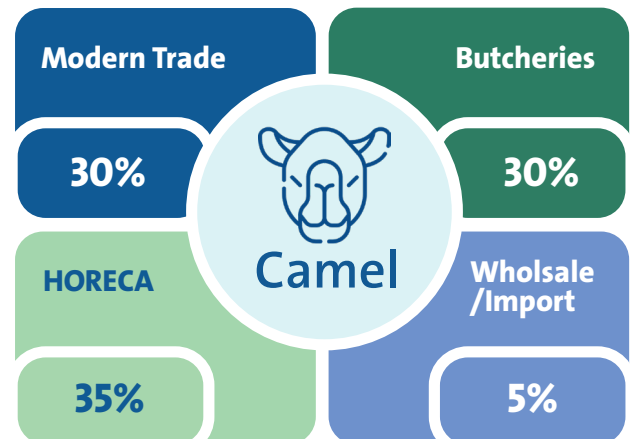
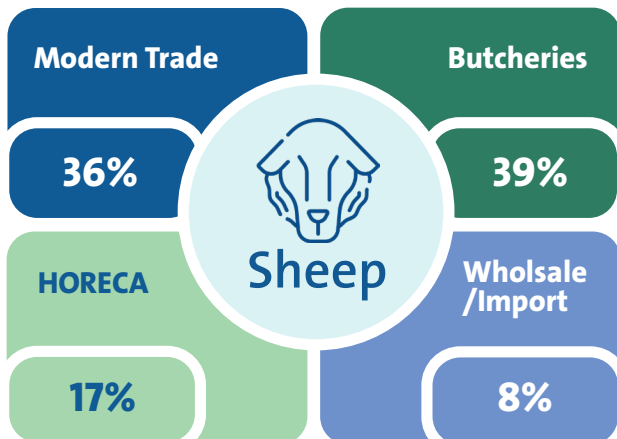
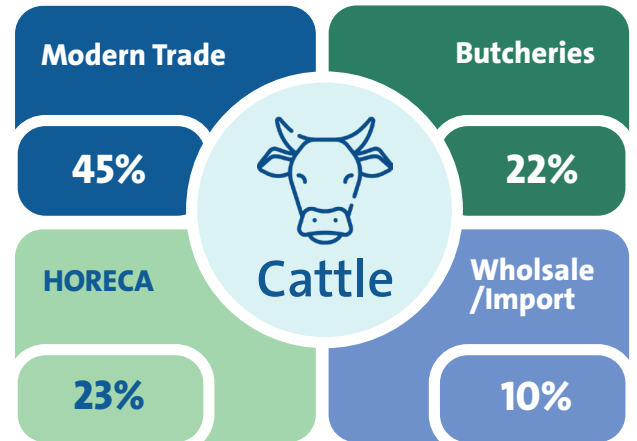
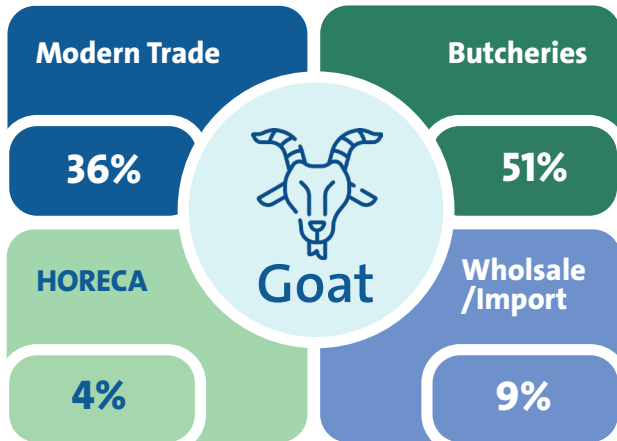
Goat meat is considered as cheap alternative to sheep/lamb meat.



MARKET SEGMENTATION

By Channel

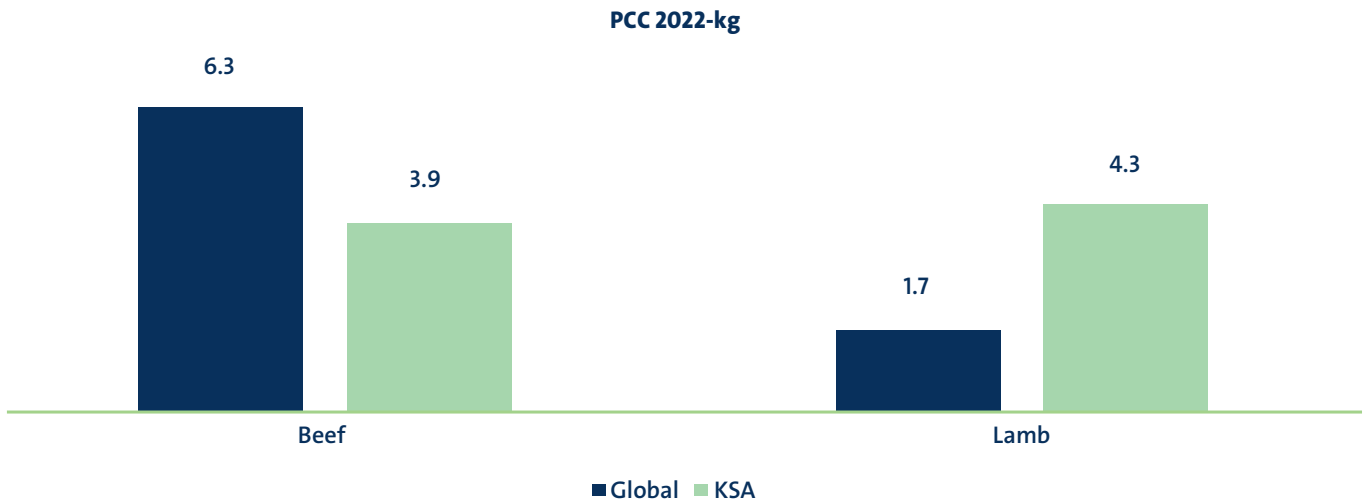
Channel Split - 2020





GLOBAL OUTLOOK

Total meat market was valued at USD 897.5 Bn in 2021 and forecasted to reach 961.17 in 2022 from which processed meat market value was USD 553 Bn in 2021 and forecasted to reach USD 585 Bn. Looking at country level, the United States is leading the ranking by revenue in the processed meat segment in 2022 recording USD 39 Bn followed by Germany with USD 33.6 Bn. Considering market capitalization, Hormel and Tyson Foods are leading meat production worldwide. Global red meat production excluding pork was estimated at 86.4 MMT and 88 MMT in 2021 and 2022 respectively. In 2023, Brazil is forecasted to produce 10.5 MMT of beef and veal, making the country the second largest producer of beef worldwide following only the United States .



International Trade

BEEF AND VEAL

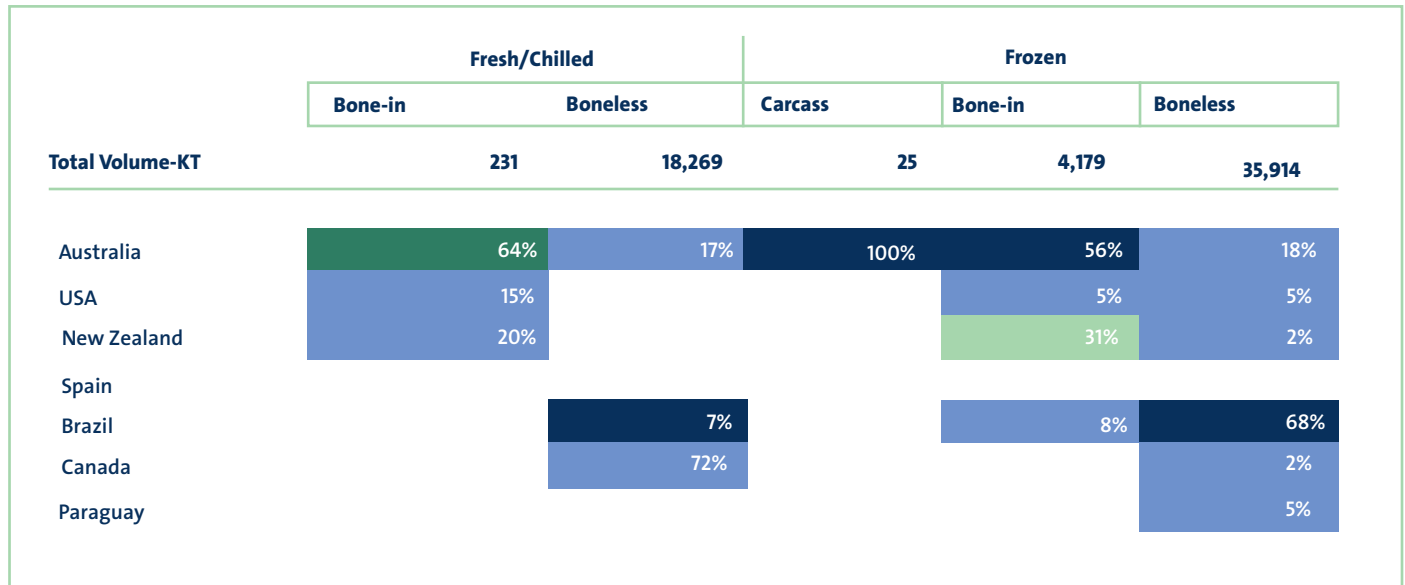
From 2012 to 2022, the global production of beef and veal has fluctuated each year but remained within 57 and 61 MMT. In 2023, forecast shows a spike in production figures hitting 59 MMT. In 2023, top exporters of beef and veal worldwide were forecasted to be Brazil and United States with an export volume about 3 MMT and 1.4 MMT respectively.



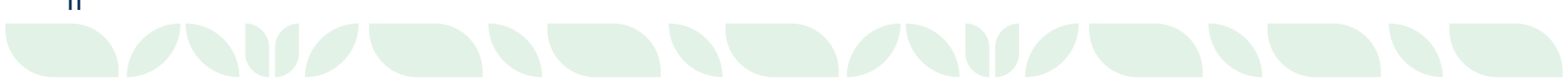
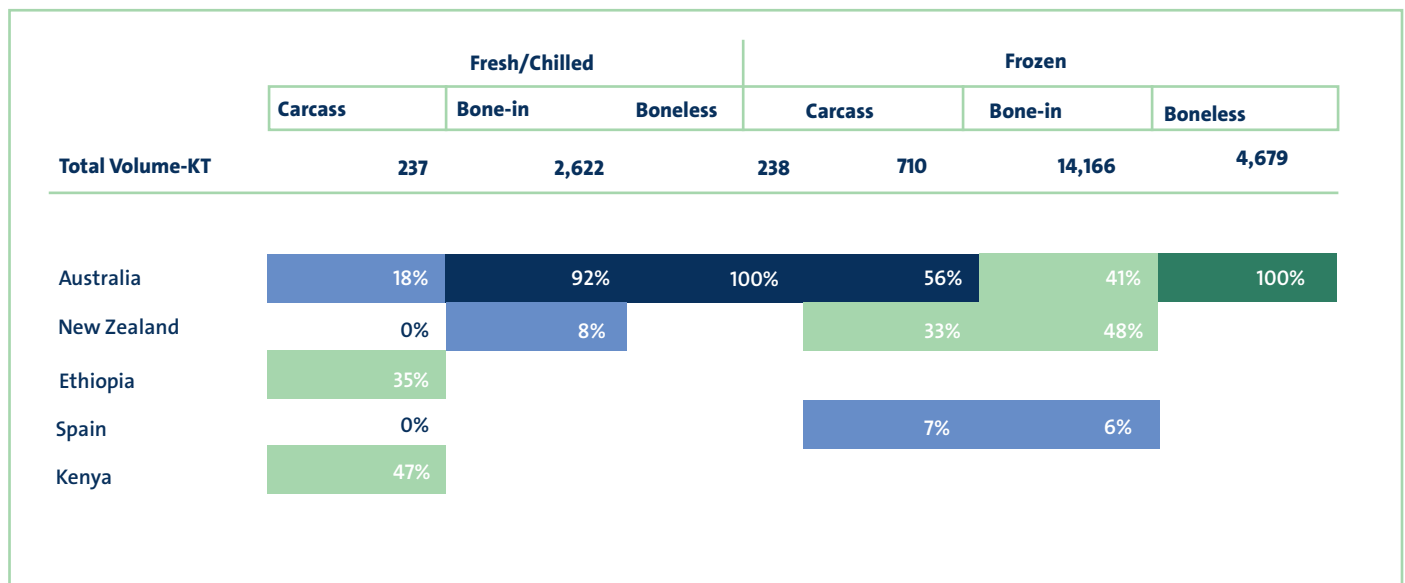
POTENTIAL MARKETS TO KSA

The following tables indicate source markets to KSA market for both bovine and sheep/lamb meat in 2022 with respective volume share.

Beef And Veal



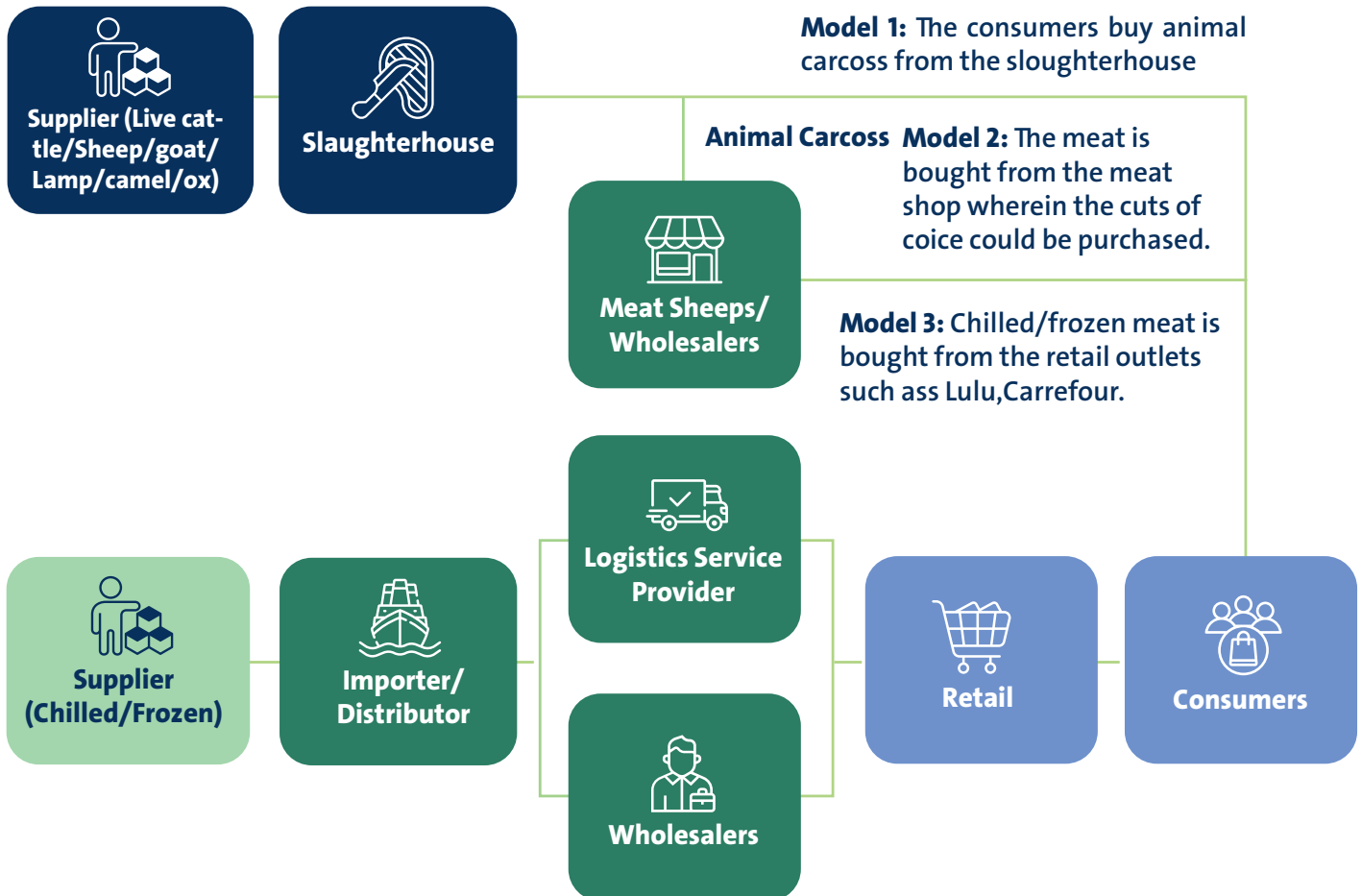
Sheep/Lamb





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Supply Chain Overview



Thank you!

