WIEF-AFF ROUNDTABLE 2015

Halal Business: The New Global Market Paradigm

Tokyo, Japan

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Islamic / Ethical Finance

Halal / Ethical Food & Lifestyle Sectors

Islamic Emerging Economies

DinarStandard

Purpose: Empowering organizations for profitable and responsible global impact
How Significant is ‘Halal’ Business for Global Trade & Investments?
Can Developed Markets like Japan See Significant Benefits from ‘Halal’?
Can ‘Halal’ drive safety, quality, and healthy food standards?
Core sectors and their ecosystems, which are structurally affected by Islamic values-driven consumer lifestyle and business practices.
Context:
Global Market Drivers

- Global Companies Participation
  - HSBC / Nestle / Pfizer / Nokia / Others

- Markets Seeking Growth Opportunities
  - 10 of 30 Emerging Markets Have Large Muslim Populations

- Ethical Consumption Growing
  - Impact Investment / Organic Food / Fair-Trade / CSR

- Internet, Social Media, Mobile Revolution
  - 1.2 Billion Muslim Cellular Subscribers

- Global Connectivity
- Global Expansion
- Ethics Focus
- Communication Technologies
Context:
Islamic Market Drivers

- **DEMOGRAPHIC**
  - LARGE | 1.6 BILLION POPULATION
  - YOUNG | MEDIAN AGE 24
  - GROWING | 1.5% VS. 0.7% WORLDWIDE ANNUALLY

- **ISLAMIC VALUES**
  - ISLAMIC VALUES Driven Consumption
    - 87% OF MUSLIMS CONSIDER RELIGION ‘VERY IMPORTANT’ VS. <30% IN EUROPE

- **ECONOMIES**
  - EMERGING/FRONTER MARKETS
    - OIC AVG. 6.3% VS. 5.3% WORLDWIDE (GDP GROWTH ANNUALLY)

- **INTRA-OIC**
  - INTRA-OIC GROWTH TARGETS
    - INTRA-OIC TRADE AT 17% FROM 13% IN 2000

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How Significant is ‘Halal’ Business for Global Trade & Investments?

Question #1

How Significant is ‘Halal’ Business for Global Trade & Investments?
How Significant is ‘Halal’ Business?
Large & Fast-growing Muslim Consumer Spend

$2 trillion of food & lifestyle sector expenditure and $1.66 trillion in Islamic finance assets (2013)

12% of global spend
CAGR 10.8% through 2019

2013
Current Muslim Market
$2,001 Billion
(12% of total global market size)

2019
Potential Muslim Market
$3,735 Billion
How Significant is ‘Halal’ Business?

Muslim Consumer **Food** Spend

Total Global Market (2013): **$7,302 Billion**

- **2013**
  - Current Muslim Market
  - **$1,292 Billion**
  - (17.7% of total global market size)

- **2019**
  - Potential Muslim Market
  - **$2,536 Billion**
  - (12% CAGR Growth, 2013-2019)
How Significant is ‘Halal’ Business?

Halal Food Market Opportunities

- Halal food in West
- Organic/Ethical cross-over
- Halal Ingredients
- OIC-based Food & Agri. Conglomerates
- Islamic Finance investments/financing
- Co-Branding/
- Marketing
- Consolidation
- Halal Regional/ Global Brands

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How Significant is ‘Halal’ Business?

Halal Food Market Opportunities

2015 Islamic Growth Markets - Food & Agriculture Investment Index™

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Islamic Growth Markets Investment Outlook 2015

Produced by: THOMSON REUTERS

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Growth Strategy Research & Advisory
How Significant is ‘Halal’ Business?

Halal Food Market Opportunities

- **Retail** (Demographic dividends: LuLu, BIM, MyDin and other. In Turkey, organized retail from 52 percent to 80 percent.)
- **Edible Oil** (40% global share and 10% CAGR 2009–13 growth),
- **Meat & offal** (fastest growing at 22% CAGR 2009–13, yet only 1% of global exports, also has strong ‘Halal’ proposition),
- **Food waste processing/animal fodder** (fast growing at 20% and only 3% of global exports,)
- **Prepared cereals/ dairy, and Sugars and sugar confectionery** manufacturers with maturing brands across markets also fast growing (16+% CAGR 2009–13.)
- **Cocoa and products: Ivory Coast (Cote d’Ivoire,) Indonesia, and Malaysia** among largest global cocoa producers. Global demand
How Significant is ‘Halal’ Business?

Muslim Consumer Travel Spend

Total Global Market (2013): $1,212 Billion

2013
Current Muslim Market
$140 Billion
(11.6% of total global market size)

2019
Potential Muslim Market
$238 Billion
(9% CAGR Growth, 2013-2019)
How Significant is ‘Halal’ Business?

Muslim Consumer Clothing Spend

Total Global Market (2013): $2,238 Billion

2013
Current Muslim Market
$266 Billion
(11.9% of total global market size)

2019
Potential Muslim Market
$484 Billion
(11% CAGR Growth, 2013-2019)
How Significant is ‘Halal’ Business?

Muslim Consumer Media, Other Spend

**MEDIA & RECREATION**

Total Global Market (2013): **$3,567 Billion**

- **2013 Current Muslim Market**: **$185 Billion**
  - (5.2% of total global market size)
- **2019 Potential Muslim Market**: **$301 Billion**
  - (8% CAGR Growth, 2013-2019)

**PHARMA**

Total Global Market (2013): **$1,094 Billion**

- **2013 Current Muslim Market**: **$72 Billion**
  - (6.6% of total global market size)
- **2019 Potential Muslim Market**: **$103 Billion**
  - (6% CAGR Growth, 2013-2019)

**COSTMETICS**

Total Global Market (2013): **$683 Billion**

- **2013 Current Muslim Market**: **$46 Billion**
  - (6.8% of total global market size)
- **2019 Potential Muslim Market**: **$73 Billion**
  - (8% CAGR Growth, 2013-2019)
Can Developed Markets like **Japan** See Significant Benefits from ‘Halal’?
Opportunity for Japan?

A $1.3 trillion food consumer market

Chart: Meat & Live Animals
Exports to OIC Countries: $15.4 bill 2013

JAPAN Food* Exports to OIC countries: $216 million 2013
Opportunity for **Japan**?

A $16.9 billion tourism market within reach

$16.9 billion: East Asia Muslim Outbound Tourism Expenditure* (2012)

Source: DinarStandard Research

Expenditure data Baselined from 2011 UNWTO data; International Monetary Fund. IMF Outlook 2012 Database for projections; DinarStandard Muslim market estimates
Can ‘Halal’ drive safety, quality, and healthy food standards?
Can ‘Halal’ drive better global food standards?

Standards Development Maturing

1. ‘Halal’ industry regulations, compliance, certification being driven by national and multi-lateral initiatives (SMIIC, GCC, EU...)

2. EU, USDA & Other National and Industry Standard integrations on the cards
Can ‘Halal’ drive better global food standards?

Wholesome/’Tayyab’ Gaining Traction

Halal products with ‘healthy’ and ‘fair’ credentials coming to fore:
Certified Humane, Vegetarian fed animals, free-range, No-Antibiotics.

Saffron Road: *Whole Foods* launch success story