

International Webinar Series organized by:
KONEKS, IAEA, Universitas Medan Area, SalaamGateway

28 April 2020

The Future Of The Halal Industry Post Covid-19?

Presented by:

DinarStandard

GROWTH STRATEGY RESEARCH & ADVISORY

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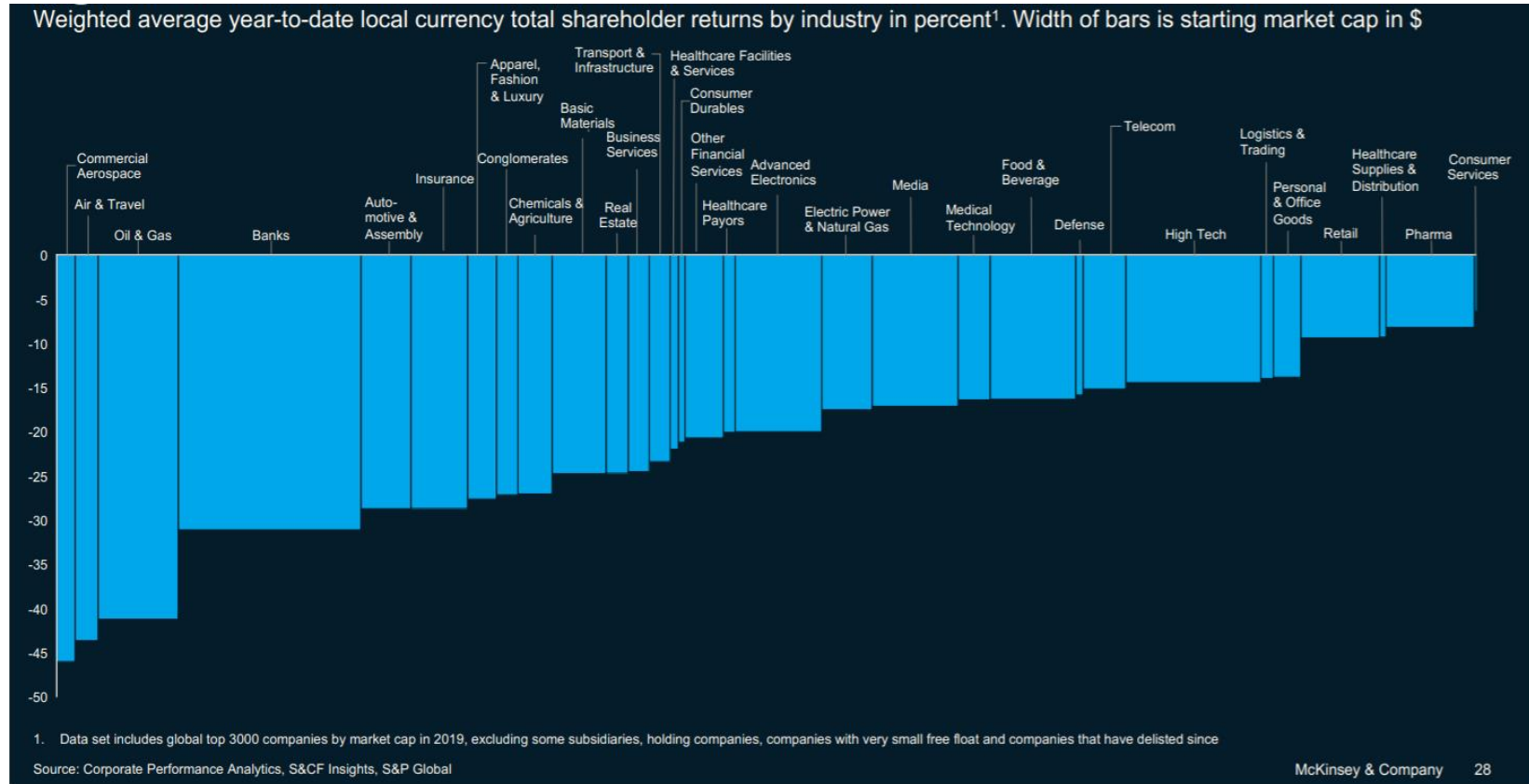


Future Of The Halal Industry Post Covid-19?

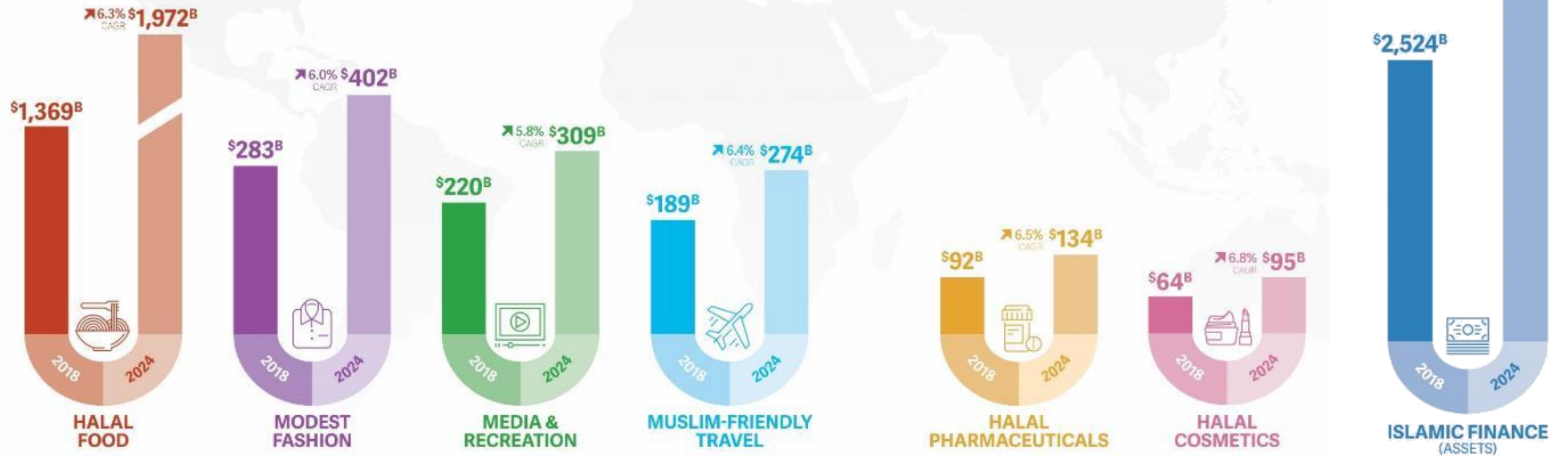
Key questions



While globally all sectors are hurting, some are impacted less than others



Within Halal economy, tourism and Islamic finance would be hurting the most, accordingly food and pharma the least



Source: State of the Global Islamic Economy Report 2019/20, DinarStandard

Covid-19 impact

Least -ve impact

Medium -ve impact

Least -ve impact

Highest -ve impact

Least -ve impact

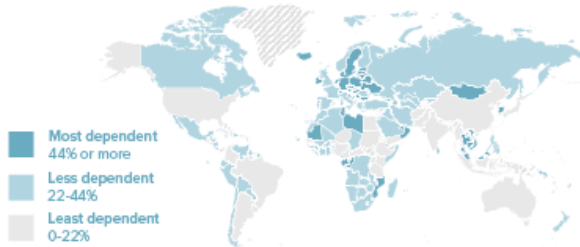
Medium -ve impact

Highest -ve impact

Impact on economy not only function of health preparedness, but also exports

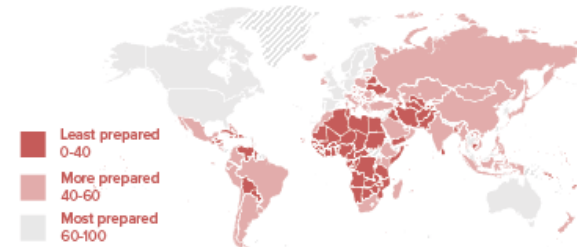
Export exposure

(Exports of goods and services as a % of GDP, latest year available)

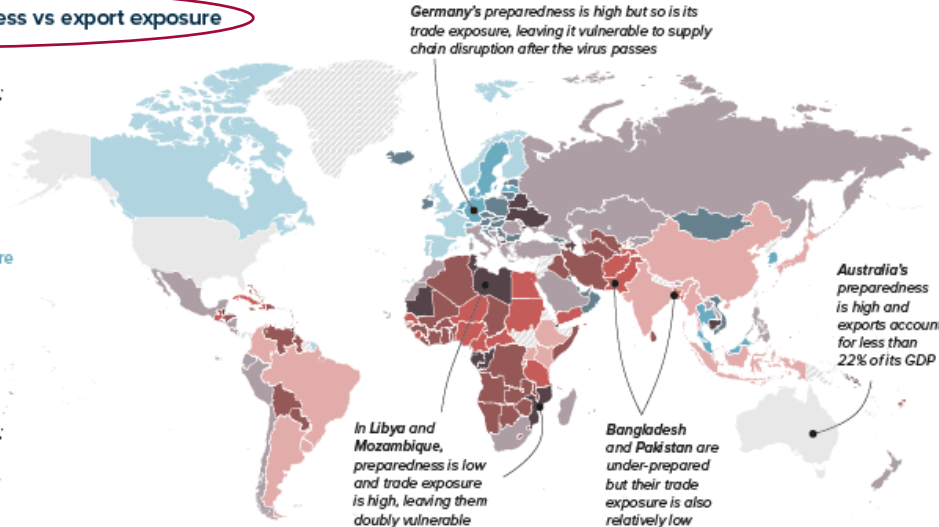
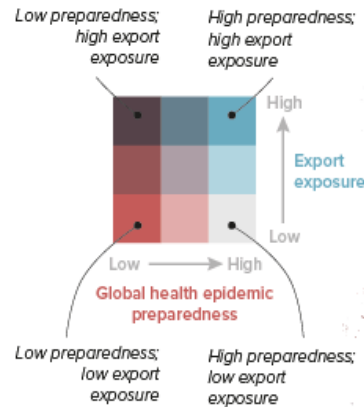


Global health epidemic preparedness, 2019

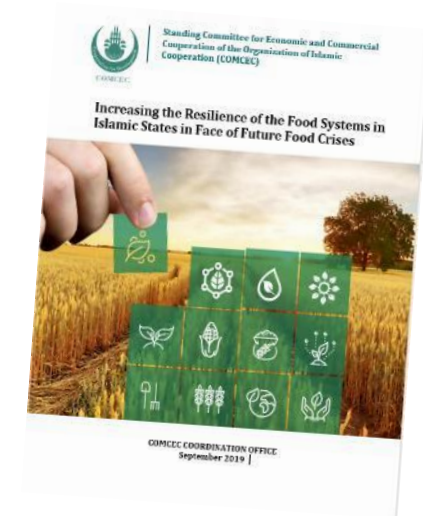
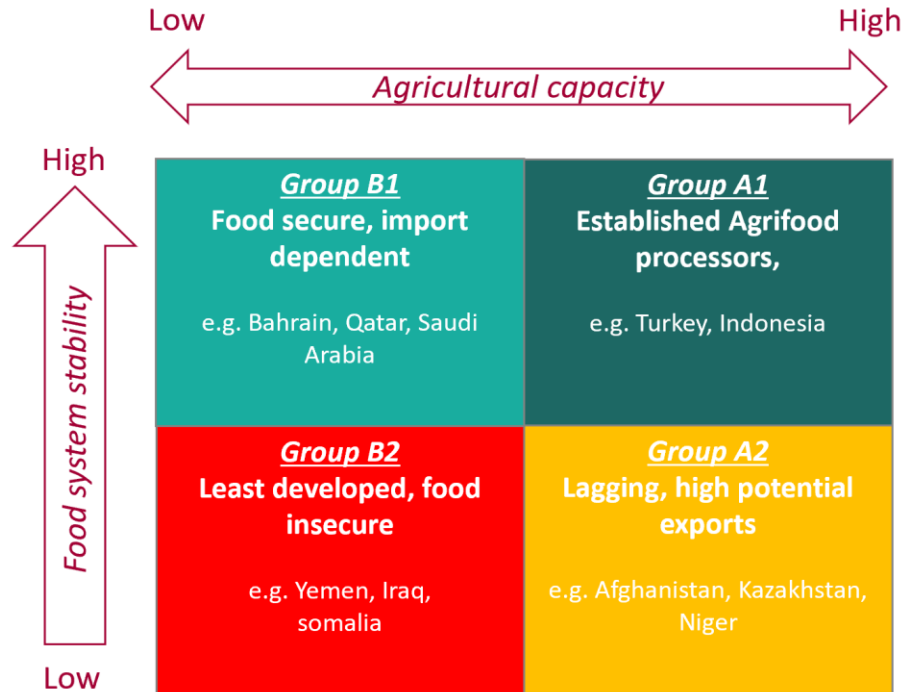
(Global health security index, 0-100, where 100 is best)



Global health epidemic preparedness vs export exposure



OIC countries food security vulnerability segmented by four levels, requiring different response



Source: DinarStandard synthesis and analysis, COMCEC Report 2019

Global lockdowns has changed consumer behaviors, industry dynamic and government policy – creating new areas of opportunities

Industry/ Investors

1. **High digital engagement** across most b2c industries; providing level playing field for many
2. **Online grocery shopping is surging, 20%-30%** in many markets
3. **Healthy and non-contaminated food** demand creates opportunities for Halal foods global growth
4. **Fintech solutions** – digital native financial and takaful propositions gaining momentum
5. **Islamic social finance** (sadaqah, zakat, waqf) growing
6. **Online learning/education**: long-term transitioning to hybrid online-learning
7. Digital **'halal lifestyle' media and digital apps** (entertainment, home media subscriptions, games)

Government

- **Food security** creates opportunities for OIC/ Halal exports/ resilient economy and food systems (blockchain driven)

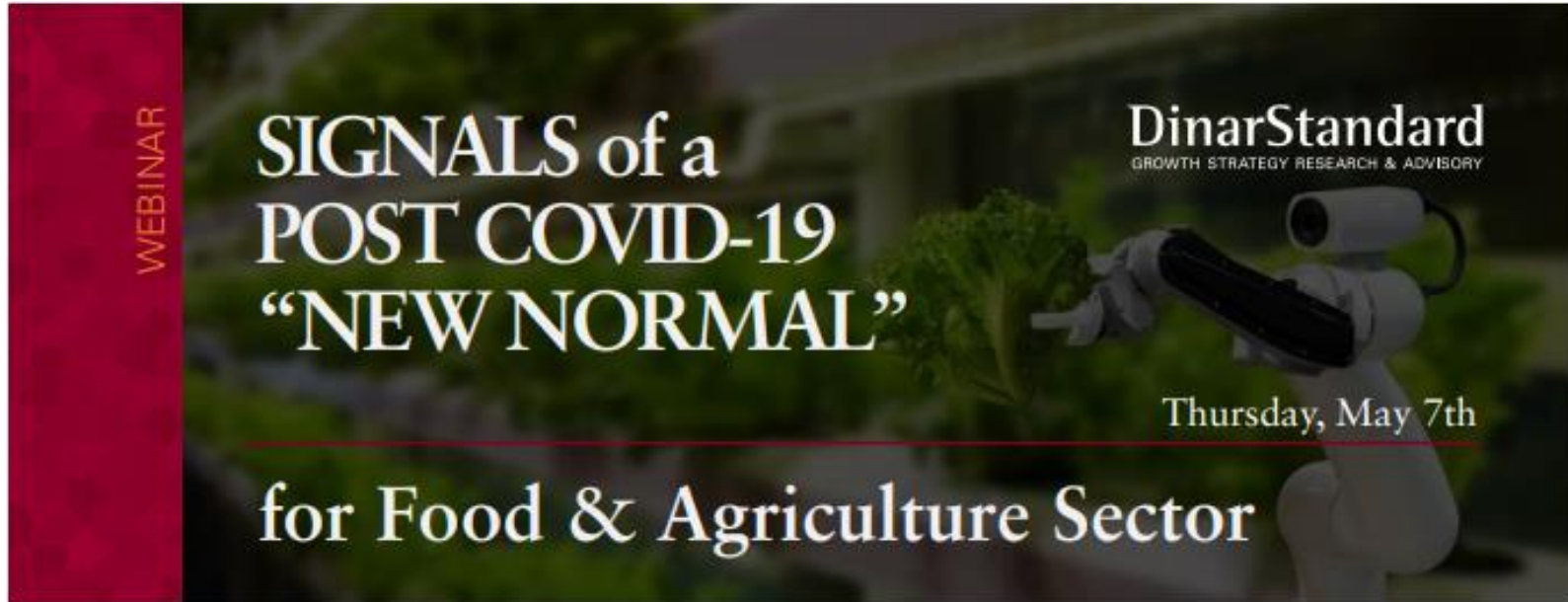
Source: DinarStandard synthesis and analysis

Early signals are that post covid-19 (InshaAllah), select Halal categories growth will be accelerated

- ✓ **Food and economic security driving Halal market investments:** We see increased focus on domestic production and reducing import dependency. Seeing this across KSA, Indonesia, UAE, Nigeria and many other markets.
- ✓ Major jump in online consumption and services uptake, driving opportunities for **Islamic fintech, Halal media and apps, and Islam-themed education**
- ✓ **Islamic social finance** is also experiencing a boost

Source: DinarStandard synthesis and analysis

Upcoming deep dive Research Brief to be released May 7th



WEBINAR

**SIGNALS of a
POST COVID-19
“NEW NORMAL”**

DinarStandard
GROWTH STRATEGY RESEARCH & ADVISORY

Thursday, May 7th

for Food & Agriculture Sector

Check DinarStandard.com for details

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How can the sectors most affected, react?

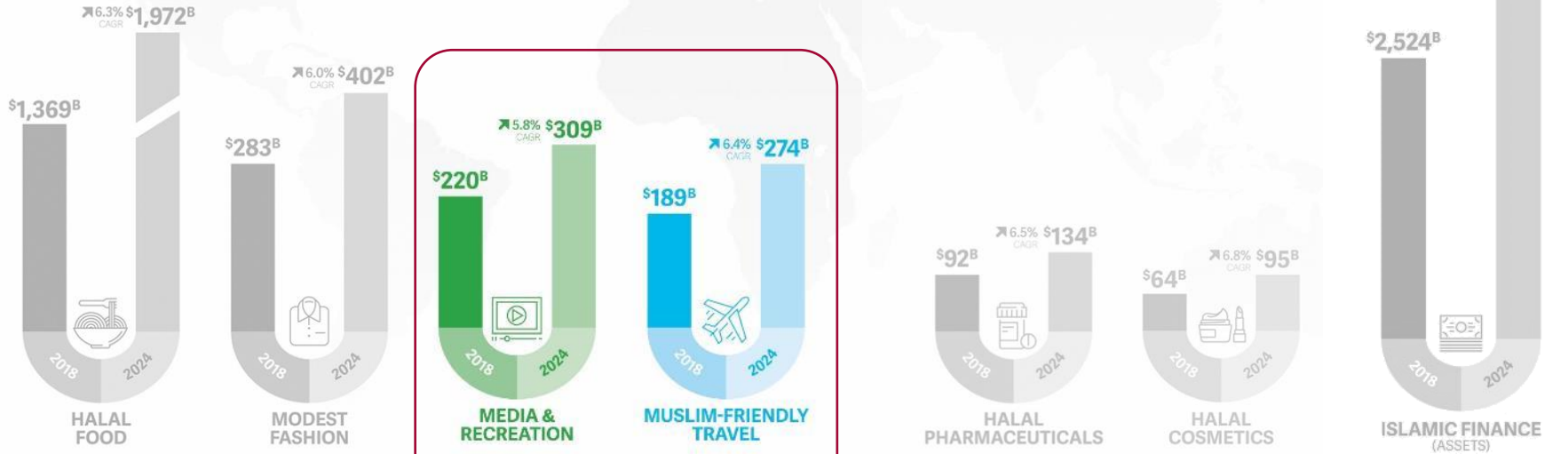
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Most challenging is the Muslim-friendly tourism segment, while Media (digital) provides great opportunities



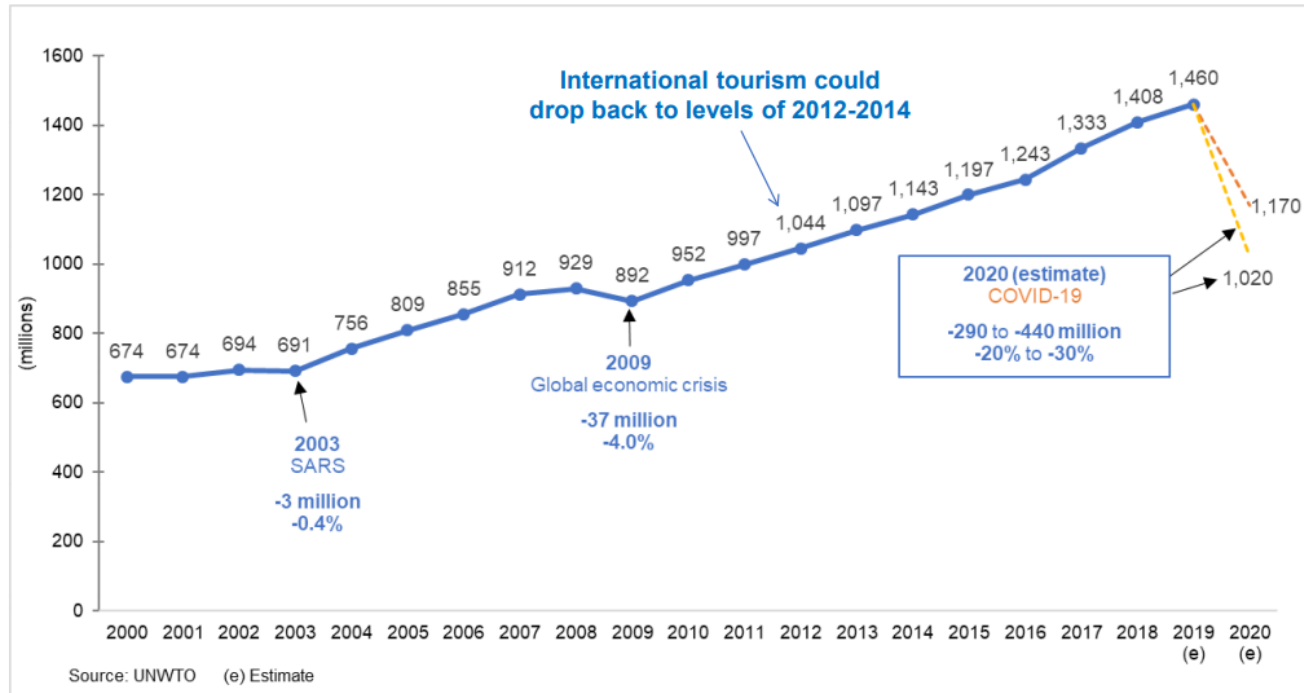
Source: State of the Global Islamic Economy Report 2019/20, DinarStandard

Covid-19 impact

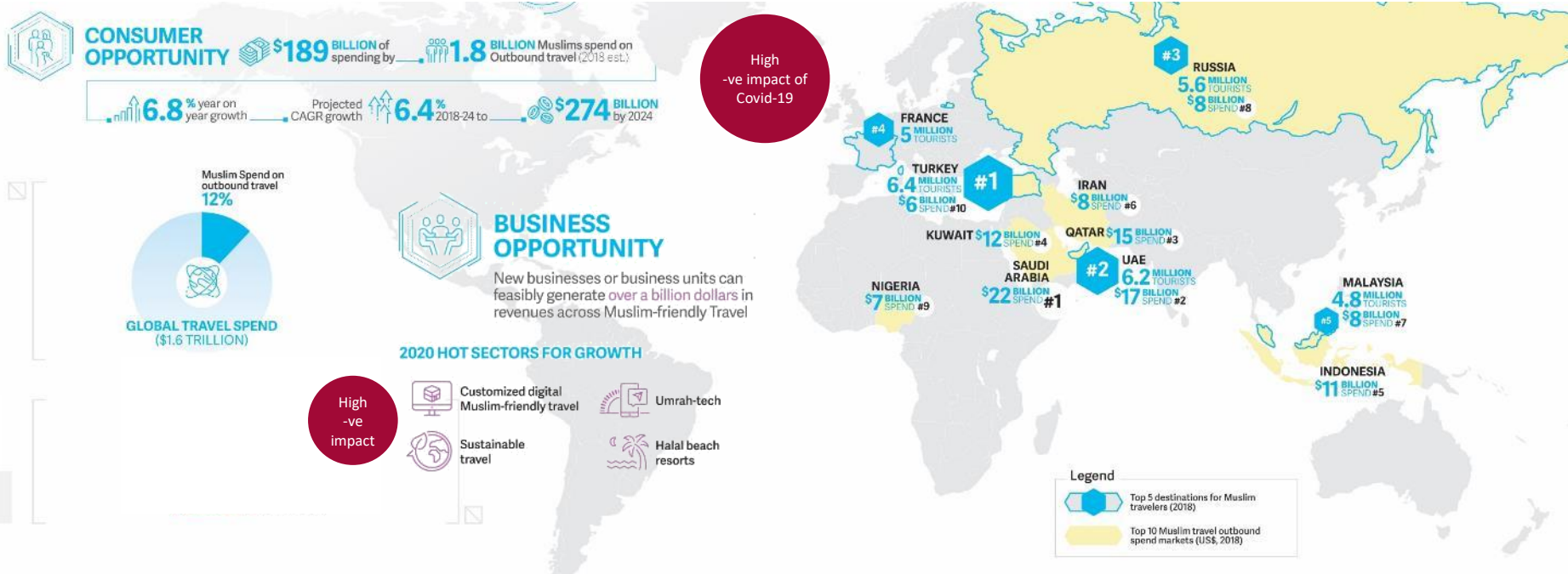


UNWTO estimates international tourist arrivals could decline by 20% - 30% in 2020, a loss of 300 to 450 US\$ billion in international tourism receipts (exports)

2020 forecast - international tourist arrivals, world (millions)



Muslim-tourism growth that was being led by Umrah travel opportunities besides leisure will be dramatically hit as well.



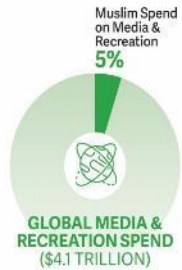
Muslim-friendly travel: Pivots and Coping Strategies

- **Virtual tours:**
 - Egypt Ministry of Tourism launched a series of virtual tours featuring 3D photos as well as guided video tours of archaeological sites with information in Arabic and English.
 - Abu Dhabi #staycurious (Destination example): 360-degree videos: watersports adventure, desert adventure, old souks, sky views of Abu Dhabi.
- **Private Sector Support Initiatives:**
 - UAE-based travel-tech startup Hotel Data Cloud (which will use AI and machine learning to help hotels engage with customers) secures \$350K in seed funding from local and international investors, to support hotels in re-engaging customers post COVID-19.
- **Government Support Initiatives:**
 - Some countries have provided stimulus packages for the tourism industry.
 - Dubai issues \$408 million economic stimulus package. (including fro tourism)
 - Turkey declared a US\$15.4 billion economic relief package to mitigate the impact of the COVID-19 health crisis on all sectors (including tourism)
- **Mergers:**
 - Some airlines are seeking mergers as in the case of Air Malaysia and AirAsia

Muslim-friendly travel: Post covid-19 New Normal?

- **Increased automation to ensure social distancing**
- **Less populated airplanes** to ensure social distancing which may affect prices
- **More direct routes to avoid** quarantine in transit airports or different health certification requirements by countries on route
- **Travel Insurance/Takaful that** cover Covid-19 and similar contingencies.
- **Airports, Airlines and Hotels catering** to the new health and safety measures demanded by consumers or governments.

Media & Recreation Sector: Post Covid-19



SECTOR BREAKDOWN

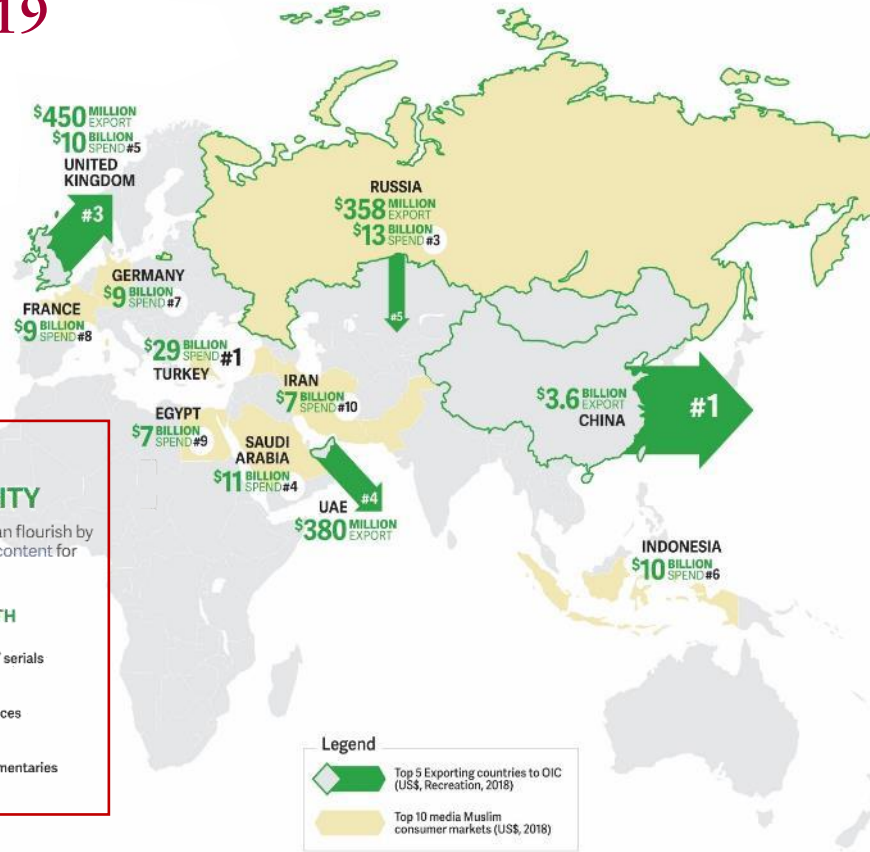


BUSINESS OPPORTUNITY

Media companies can flourish by developing tailored content for Muslim consumers

2020 HOT SECTORS FOR GROWTH

- Islamic-themed movies / serials
- App-based lifestyle services
- Culturally-themed documentaries



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Do you think OIC countries must collaborate to sustain the halal market/industry?

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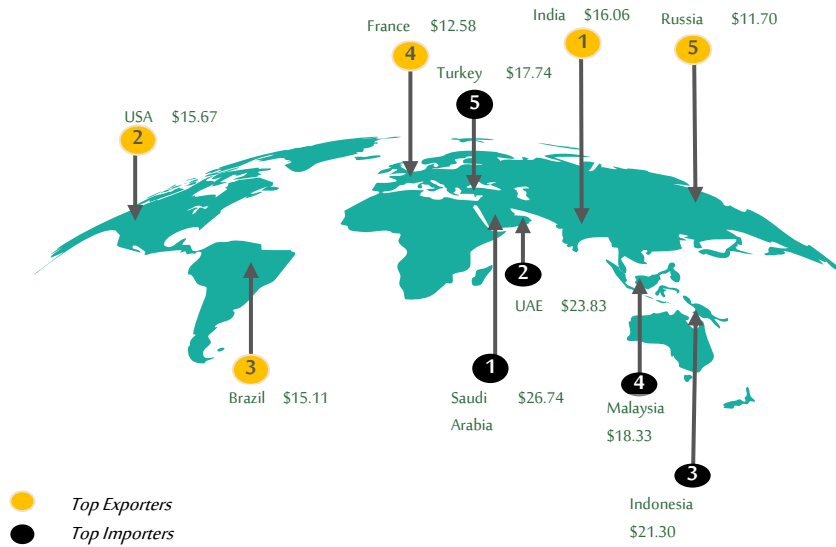
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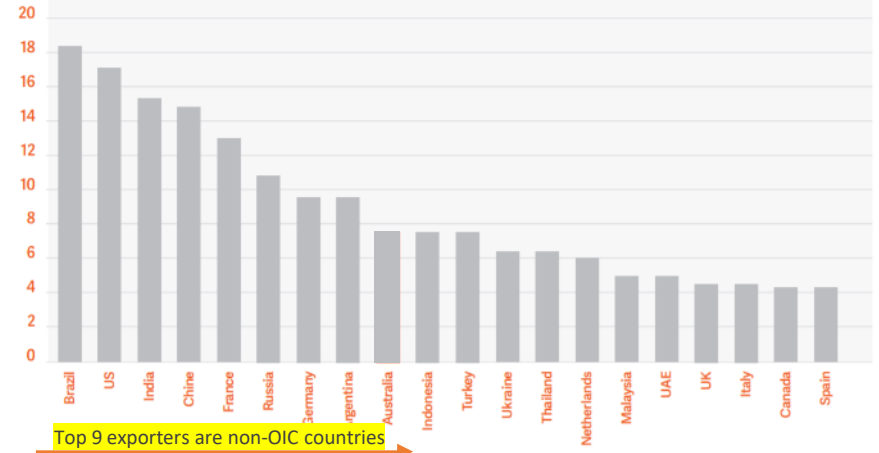
Given the need to secure supply chains closer to home, OIC economies, complimentary industrial capacities can support this objective strongly



OIC* countries imported \$264.1 billion of Halal products (food, pharma, cosmetics) in 2018, of which top 9 of 10 exporters were non-OIC countries



Top 20 Halal Economy Trade Suppliers to the OIC
2017, \$ BILLIONS



**All figures are in US\$

SOURCE: ITC TRADEMAP; DINARSTANDARD SYNTHESIS AND ANALYSIS

*57-member Organization of Islamic Cooperation; Exports to OIC countries in food, pharma, cosmetics being referred to as Halal Products, Source: ITC Trademap

Within Halal Food, key M&A and supply chain engagement opportunities exist

| VALUE CHAIN | CORE SUPPLIERS | MANUFACTURERS | DISTRIBUTION |
|---------------------------------|--|--|--|
| KEY MARKETS | <ul style="list-style-type: none"> ■ Indonesia ■ Turkey ■ Saudi Arabia ■ Malaysia ■ Morocco ■ UAE ■ Pakistan ■ Bangladesh ■ Egypt | <ul style="list-style-type: none"> ■ Indonesia ■ Turkey ■ Malaysia ■ UAE ■ Saudi Arabia ■ Egypt ■ Pakistan ■ Morocco | <ul style="list-style-type: none"> ■ Indonesia ■ Turkey ■ Saudi Arabia ■ UAE ■ Malaysia ■ Algeria ■ Egypt ■ Pakistan ■ Bangladesh |
| KEY OPPORTUNITY SEGMENTS | <ul style="list-style-type: none"> ■ Meat & offal ■ Dairy ■ Palm oil ■ Fish and related | <ul style="list-style-type: none"> ■ Prep Milk/cereal ■ Edible oil ■ Cocoa/ prep ■ Food waste proc/ animal fodder | <ul style="list-style-type: none"> ■ Retail (Supermarkets; Hypermarkets in select markets) |

Source: Islamic Growth Markets Report 2015 - DinarStandard & ThomsonReuters

DISCLAIMER

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