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# S&P TEST

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## SADAFCO SWOT & PESTLE ANALYSIS

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**Company Name :** SADAFCO

**Company Sector :** FMCG

**Operating Geography :** Saudi Arabia, Middle East, Global

**About the Company :** Saudia Dairy and Foodstuff Co, also known as SADAFCO, is the leading food manufacturer, seller and distributor based in Saudi Arabia, operating across the Middle East. The company specializes in UHT milk, Tomato Paste, Ice Cream, Snacks and Drinks, marketing its products under its flagship brand “Saudia”, a name associated with “Saudia Dairy and Foodstuff Company”. The brand names under the company’s portfolio are Saudia, Crispy and Baboo. SADAFCO is headquartered in Jeddah, Saudi Arabia and it primarily operates within the Food, Beverage and Tobacco sector, focusing on Packaged Foods and Meats. The company ended the financial year of 2019 with 2,662 employees. Founded in 1976, SADAFCO initially operated as a joint venture between Saudi, GCC, and international businessmen. Consequently, SADAFCO was merged with two other dairy companies and ownership was concurrently transferred to Saudi and CC interests. In 2005, SADAFCO was listed as a public company in Saudi Arabia and on the Saudi Arabian stock exchange TADAWU. Recently, Saudia Dairy and Foodstuff Company has launched operations in 2020 utilizing a photovoltaic (PV) - diesel hybrid system that can supply up to 40 percent of the facility’s daytime energy requirements. SADAFCO received the Team of the Year Award at the 6th Annual Saudi Trade Finance Summit 2019.

SADAFCO’s unique selling proposition or USP lies in being a leader in the UHT (Long Life) milk market in Saudi Arabia. SADAFCO’s mission statement reads, “To develop, procure and market a range of nutritious food propositions for consumers of all age groups and create maximum shareholder value through team work.”

**Revenue :**

SAR 2,056 million - FY ending 31st March 2020 (y-o-y growth 11.81%)

SAR 1,813 million - FY ending 31st March 2019

## SWOT Analysis :

The SWOT Analysis for SADAFCO is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>1.Strong market presence in challenging milk market</li> <li>2.Broad range of quality products offered</li> <li>3.Consistent financial performance over the years</li> <li>4.Strong market share metrics enjoyed by Saudia brand</li> <li>5.Food Safety Management system (FSMS) with ISO 22000:2005 standard</li> <li>6.Strategic investments and expansion aiding growth</li> </ul>	<ul style="list-style-type: none"> <li>1.Lesser expenditure on innovative products compared to the competitors</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>1.Consistently increasing CAGR of dairy industry in Saudi Arabia</li> <li>2.Expanding SADAFCO to the online market to diversify revenue</li> <li>3.Diversifying cold beverages and frozen products according to the hot climate of KSA</li> </ul>	<ul style="list-style-type: none"> <li>1.Irrational discounts by competitors leading a decline in revenue</li> <li>2.Low oil prices to impact Saudi GDP and company's business</li> <li>3.Increasing competition in the domestic market</li> </ul>

## PESTLE Analysis :

The PESTLE Analysis for SADAFCO is given below:

Political	Economical
1.Internal and regional political tensions impacting growth 2.SADAFCO's relief efforts across the Middle East to improve KSA political standing	1.Dairy market is highly dependent on the oil in Saudi Arabia
Social	Technological
1.Large population base in GCC with large number of expatriates to drive growth 2.Change in consumer lifestyle with shift towards healthier variants in food and beverages 3.Canned food market is expected to grow over USD 500 million by 2022 in Saudi Arabia 4.Camel Dairy market holds a great potential with an expected CAGR of 6.9% by 2024	1.High quality food packaging with appropriate safety standards being demanded by consumers 2.Optimizing supply chain is one of the most important part in dairy industry
Legal	Environmental
1.Clear regulations regarding halal beverages fuelling the dairy market growth in Saudi Arabia	1.Saudi Arabia has one of the highest yields of cow milk 2.Initiatives for reduction in carbon footprint

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