
Opportunities in the Middle East



OUR FOCUS IS B2C TO AND WITHIN THE MIDDLE EAST

NAQEL will be an established leader in the Express Logistics Sector in the Middle East region with a strong presence in all the continents around the world.



OUR DEVELOPMENT

2019:

Our current capabilities

 49 Facilities

 8+ Mil. Shipments handled

 3500+ Employees

 3000+ Vehicles



1993: HALA Express is formed.

1994: HALA Express operations starts with fleet:

 150+ Vehicles.

2015: Own Customs

Clearance in 10000 m² at Dammam airport.

Courier License – UAE.

2005: Saudi Post (51%) and Arabian Hala Company (49%) joined to “NAQEL Express”.

2014: Courier License from Saudi authorities.

2017-18: Expansion into China, Egypt, Jordan, Lebanon and UK.

2019:

‘Dunyana’ online mall.
8000m² Gateways at Riyadh & Jeddah Airports.
Expansion into US and Turkey.
Planned: Kuwait and Oman.

2016:

Expansion into Bahrain.

OUR CAPABILITIES

1

End-to-End Integrated Logistics Services



2

Clear Market Leader - Network & Facilities



- ❖ Wide Network across Middle East; Logistics market leader in Saudi Arabia.
- ❖ Serving 4,900 Cities, towns, villages & delivery points across the Middle East.
- ❖ Have facilities at strategic Airport and Sea Locations.

3

State-Of-Art Solutions & Tools



❖ Market leading 'Tracking Tools'



❖ Fleet Tracking using GPS



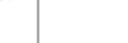
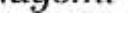
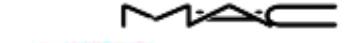
❖ Warehouse Solution & Cool Chain

4

Service Quality & Intl. Certificates



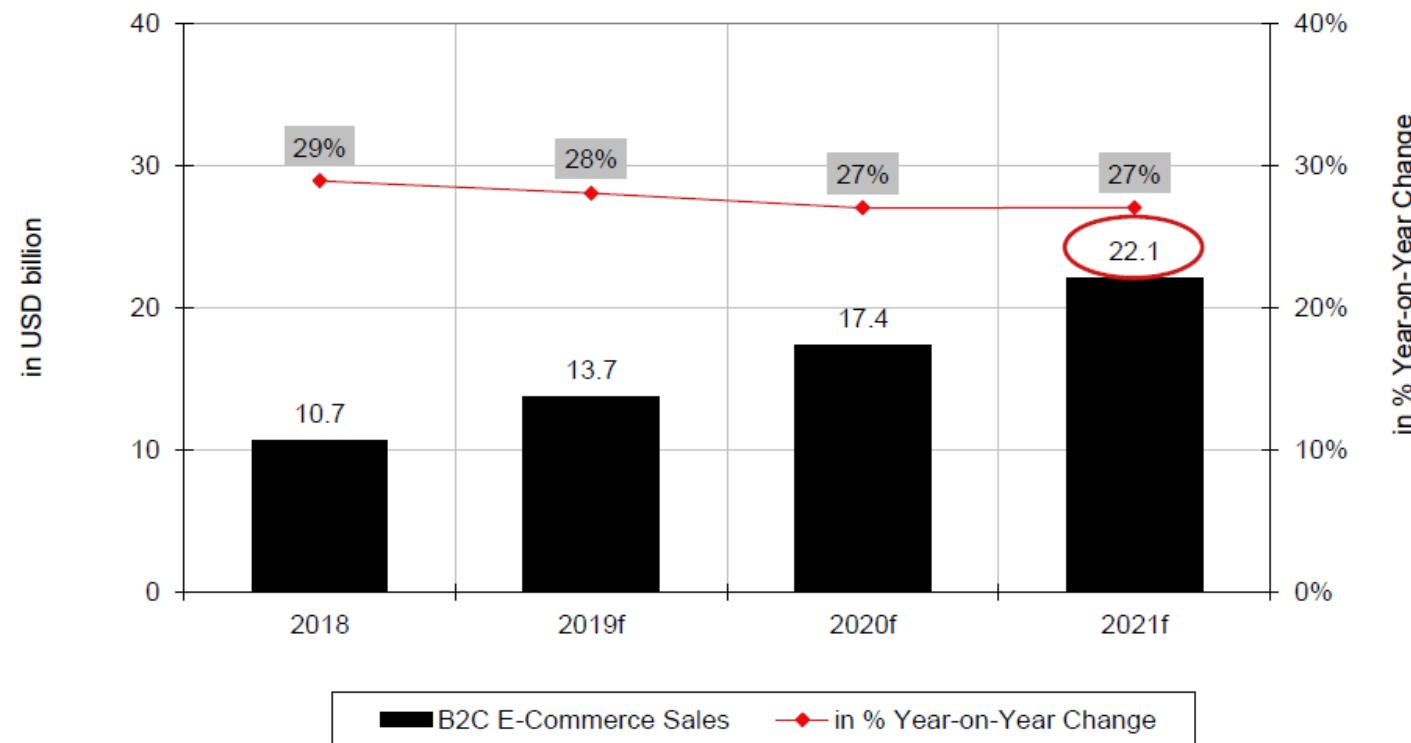
EXAMPLES OF CUSTOMERS ON KEY SECTORS

Automotive	Electronics	Healthcare	Retail, FMCG	Fashion	Government	e-Merchandisers
 TOYOTA   HONDA  HYUNDAI    Audi   	 Canon  PANASONIC  SIEMENS  SONY          	 Bausch & Lomb  MEDISERV   Abbott         	           	              	 ارامكو السعودية  Kingdom of Saudi Arabia      	          

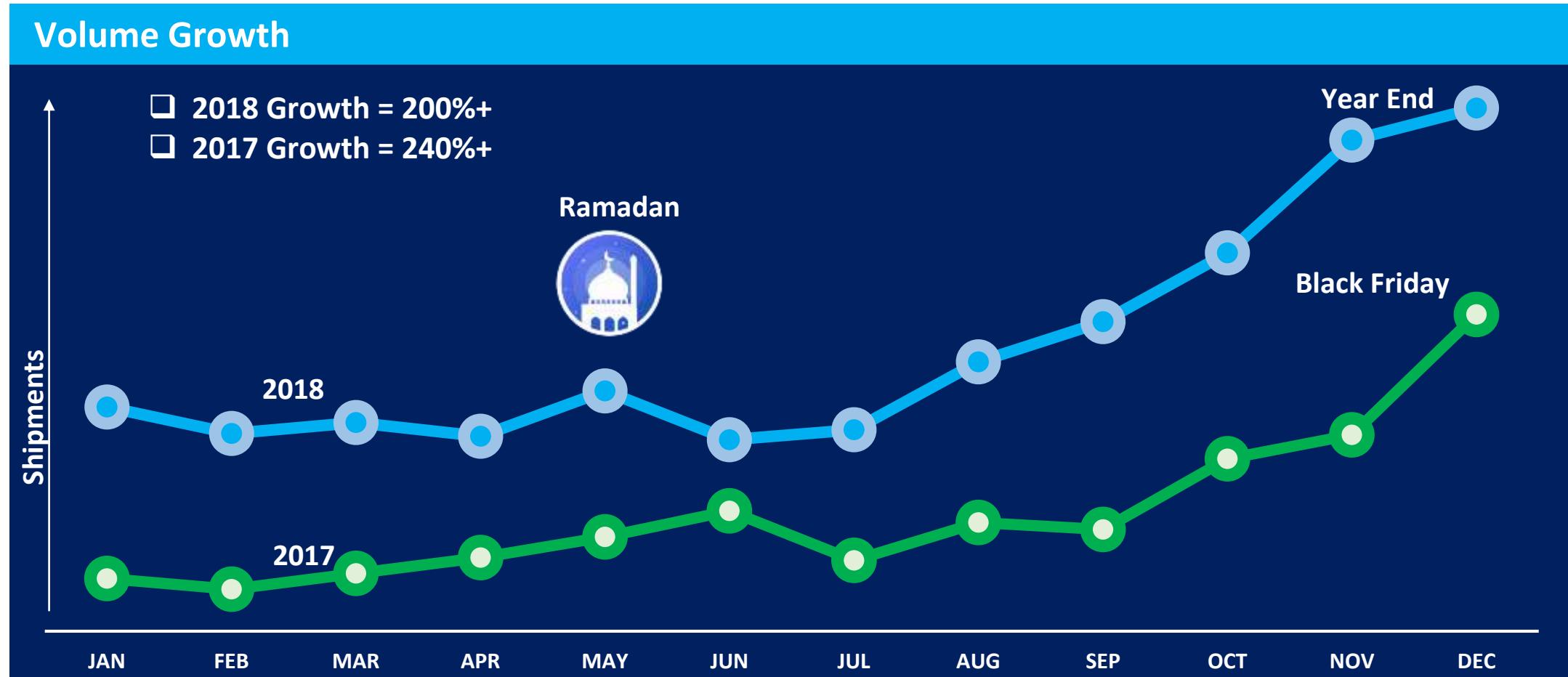
OPPORTUNITIES – MARKET POTENTIAL

B2C E-Commerce sales in the Middle East & North Africa have a high growth potential, projected to reach USD 22 billion by 2021.

MENA: B2C E-Commerce Sales, in USD billion, and Year-on-Year Change, in %, 2018 - 2021f



OPPORTUNITIES: Volume Growth



OPPORTUNITIES: Why the Middle East?

MARKET SIZE



PURCHASE POTENTIAL



Large untapped revenue potential

- **62%** of Arabian Gulf Market = Saudi Arabia
- **24%** = United Arab Emirates
- Fashion (31%), Electronics (31%) & Toys (13%)

Young tech-savvy consumers

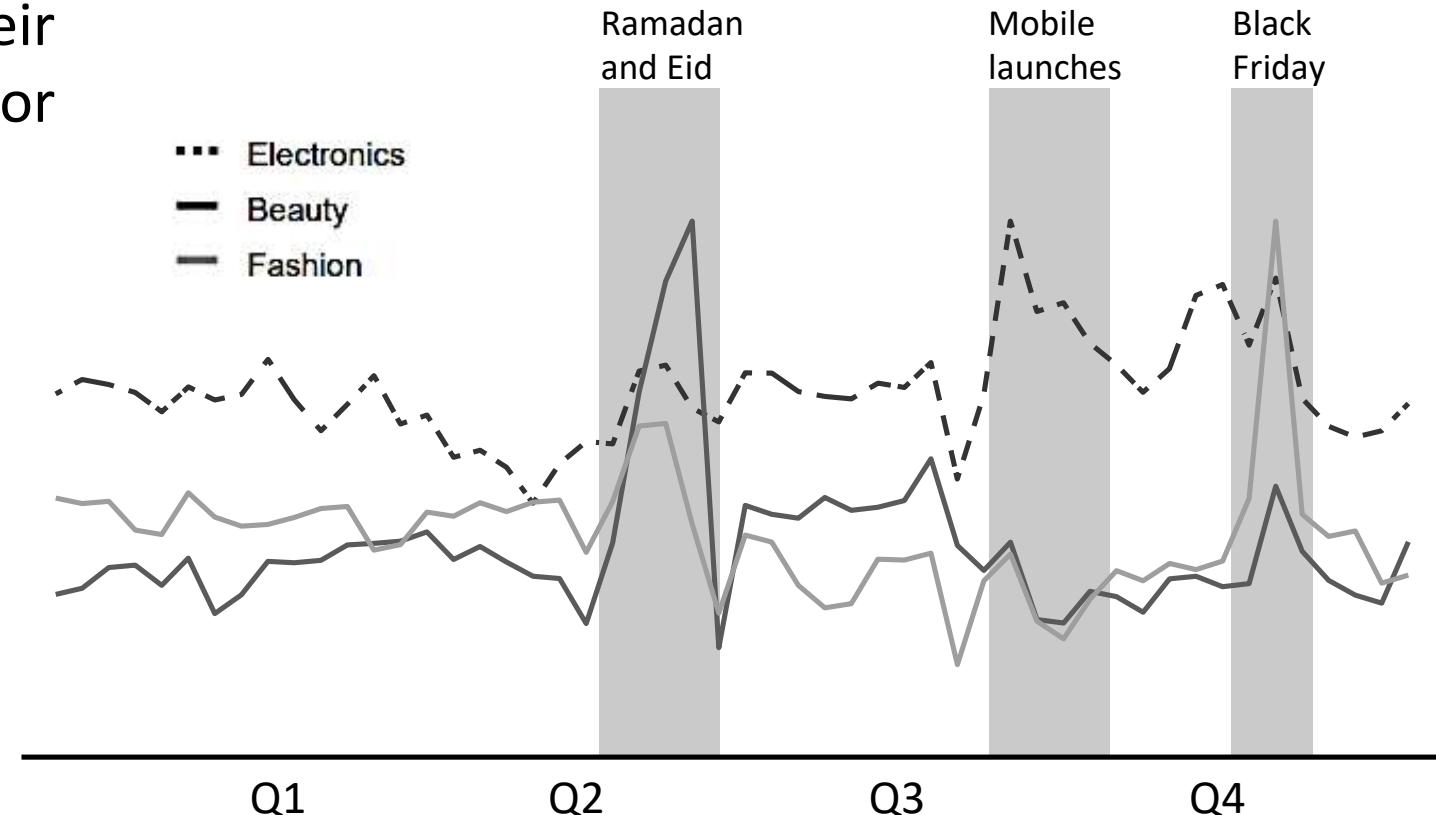
- **70%** of population < 30 years old and embrace digital purchasing
- High consumer buying power
- An average basket value of at least **£100** and **8 items** per order in Saudi Arabia

PROMOTIONAL CAMPAIGNS

There are many occasions where Middle Eastern customers open their wallet and start shopping either for themselves or for their loved ones.

Typical occasions attracting on-line purchase:

- Ramadan – May 2019, Apr/May 2020
- Eid Al-Fitr and Eid Al-Adha, which are a religious holidays – June 19, May 2020 & Sep 20 19 Jul/Aug 2020
- Back to school season - September
- National Day - September
- 11/11 Singles Day – November
- Black Friday – November
- Cyber Monday – December



Source: Bain (2019) 'E-Commerce in MENA'

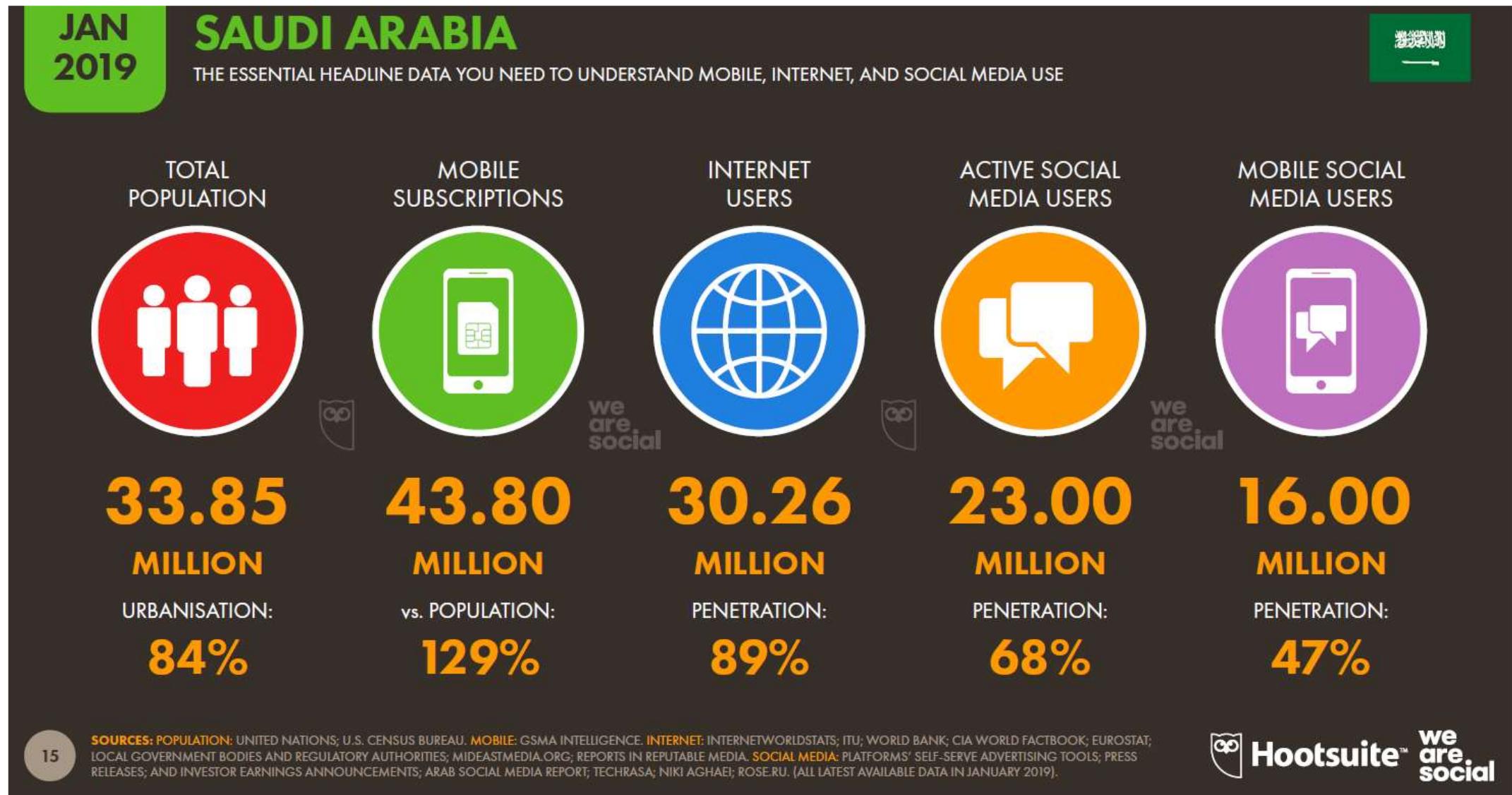
MARKET RESEARCH

Compared with more developed e-commerce markets, the Arabian Gulf region is ahead on metrics such as Internet, smartphone and social media penetration



Source: Bain (2019) 'E-Commerce in MENA'

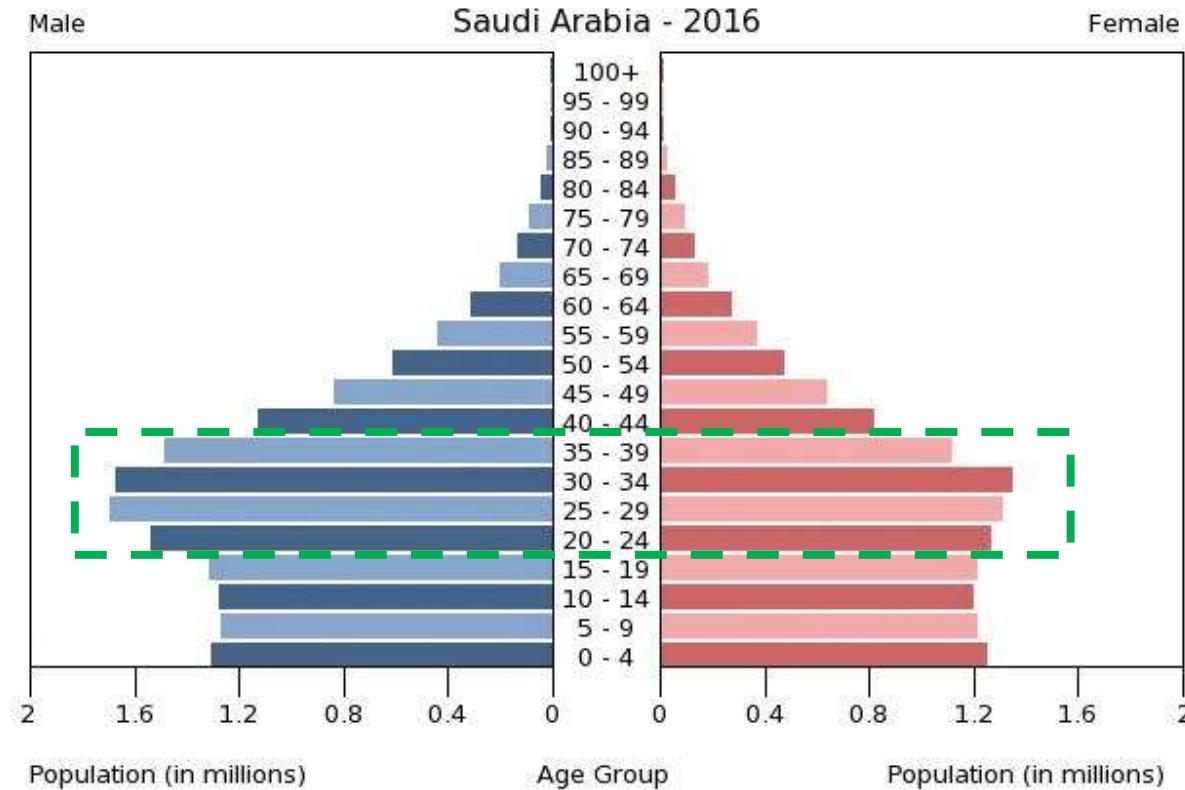
SAUDI ARABIA: HEADLINE DATA



SAUDI ARABIA: HEADLINE DATA

SIMILARWEB'S TOP WEBSITES					
#		WEBSITE	CATEGORY	MONTHLY TRAFFIC	TIME PER VISIT
01	YOUTUBE.COM		TV & VIDEO	83,000,000	26M 04S
02	GOOGLE.COM		SEARCH	70,300,000	11M 02S
03	GOOGLE.COM.SA		SEARCH	64,600,000	10M 35S
04	FACEBOOK.COM		SOCIAL	21,000,000	16M 08S
05	TWITTER.COM		SOCIAL	18,600,000	15M 14S
06	WHATSAPP.COM		COMMUNICATION	9,800,000	02M 33S
07	LIVE.COM		EMAIL	9,700,000	08M 40S
08	WIKIPEDIA.ORG		REFERENCE	7,100,000	04M 04S
09	AMAZON.COM		SHOPPING	6,700,000	09M 25S
10	NETFLIX.COM		TV & VIDEO	6,600,000	09M 38S
25	SOURCE: SIMILARWEB (JANUARY 2019). FIGURES BASED ON MONTHLY AVERAGES FOR Q4 2018. NOTES: 'MONTHLY TRAFFIC' DOES NOT REPRESENT UNIQUE VISITORS. 'TIME PER VISIT' FIGURES REPRESENT THE AVERAGE DURATION OF USERS' VISITS, MEASURED IN MINUTES AND SECONDS. ADVISORY: SOME WEBSITES FEATURED IN THIS RANKING MAY CONTAIN ADULT CONTENT. PLEASE USE CAUTION WHEN VISITING UNKNOWN WEBSITES.				
 Hootsuite™ we are social					

OPPORTUNITIES: Demographics



Source: the World Fact Book – Central Intelligence Agency

“20 and 30 somethings” with high spending power

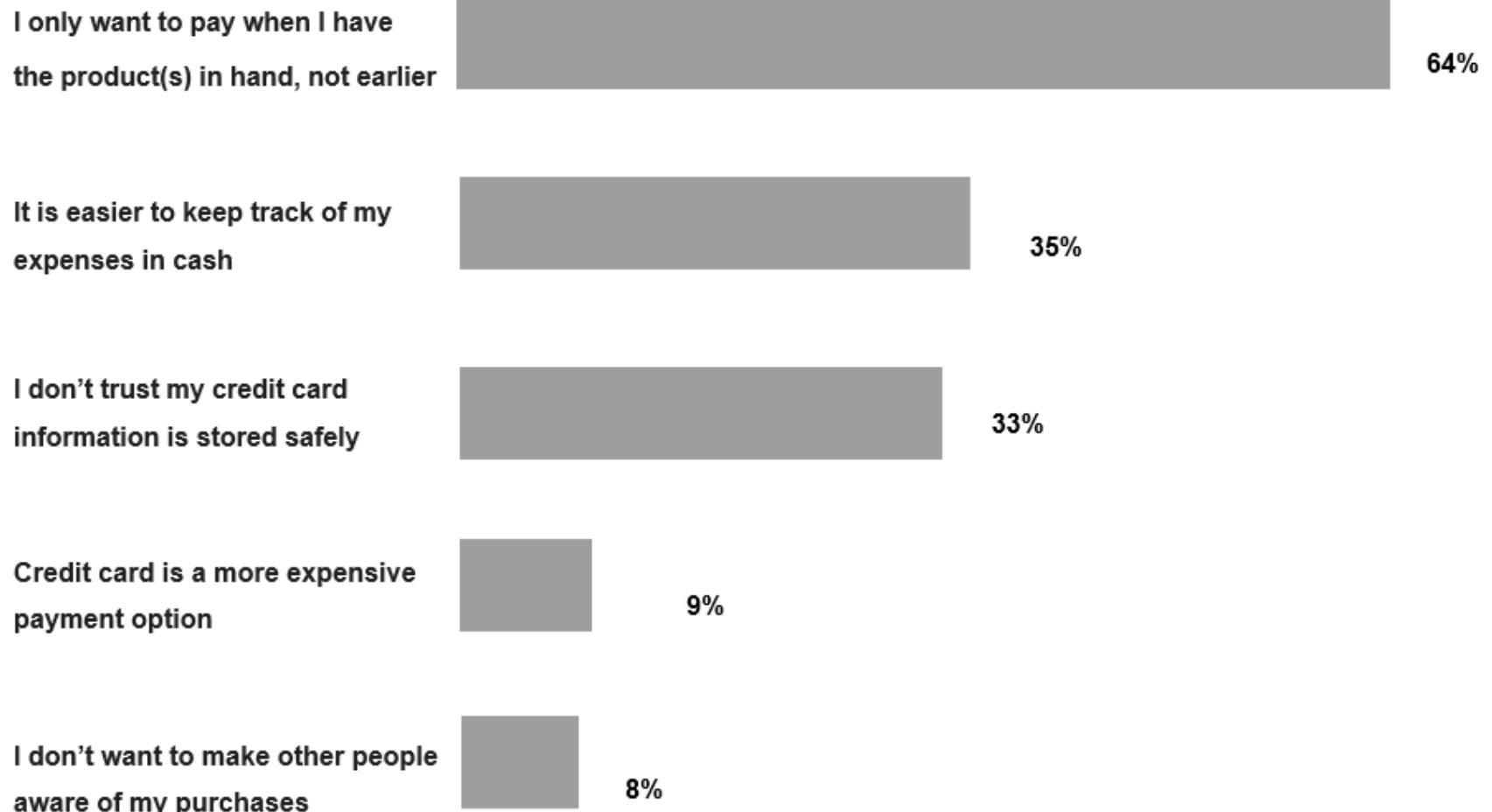
WHY IS CASH/CARD ON DELIVERY (COD) CRUCIAL?

Up to **80%** of shipments are COD

Why is COD used?

- 64% of customers want to see the package has arrived before paying (*Source: Bain (2019) 'E-Commerce in MENA'*)
- Cash based economy e.g. 75% in UAE

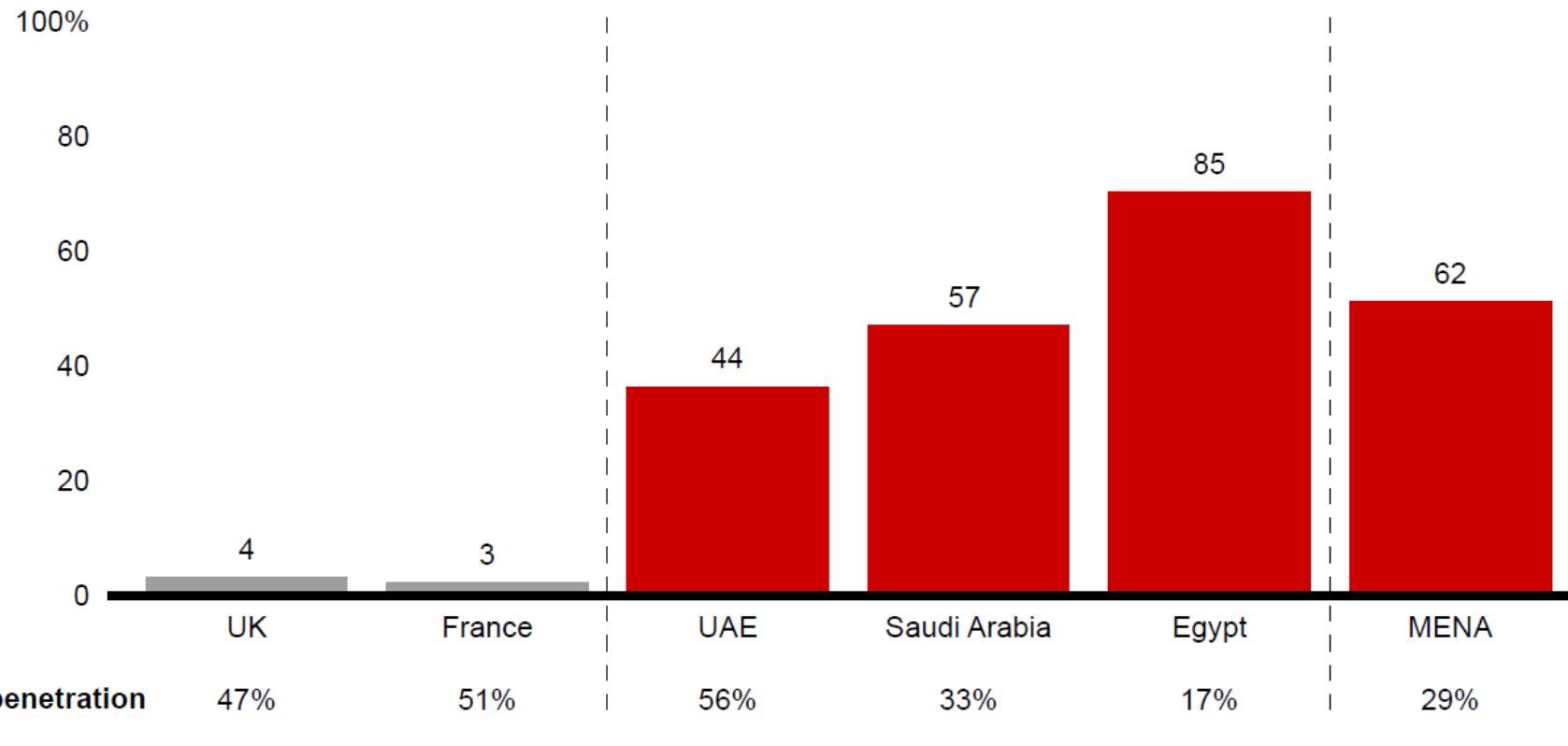
WHY IS COD A PREFERRED METHOD?



Source: Bain (2019) 'E-Commerce in MENA'

% OF CUSTOMERS WHO PREFER COD VS CREDIT CARD PENETRATION

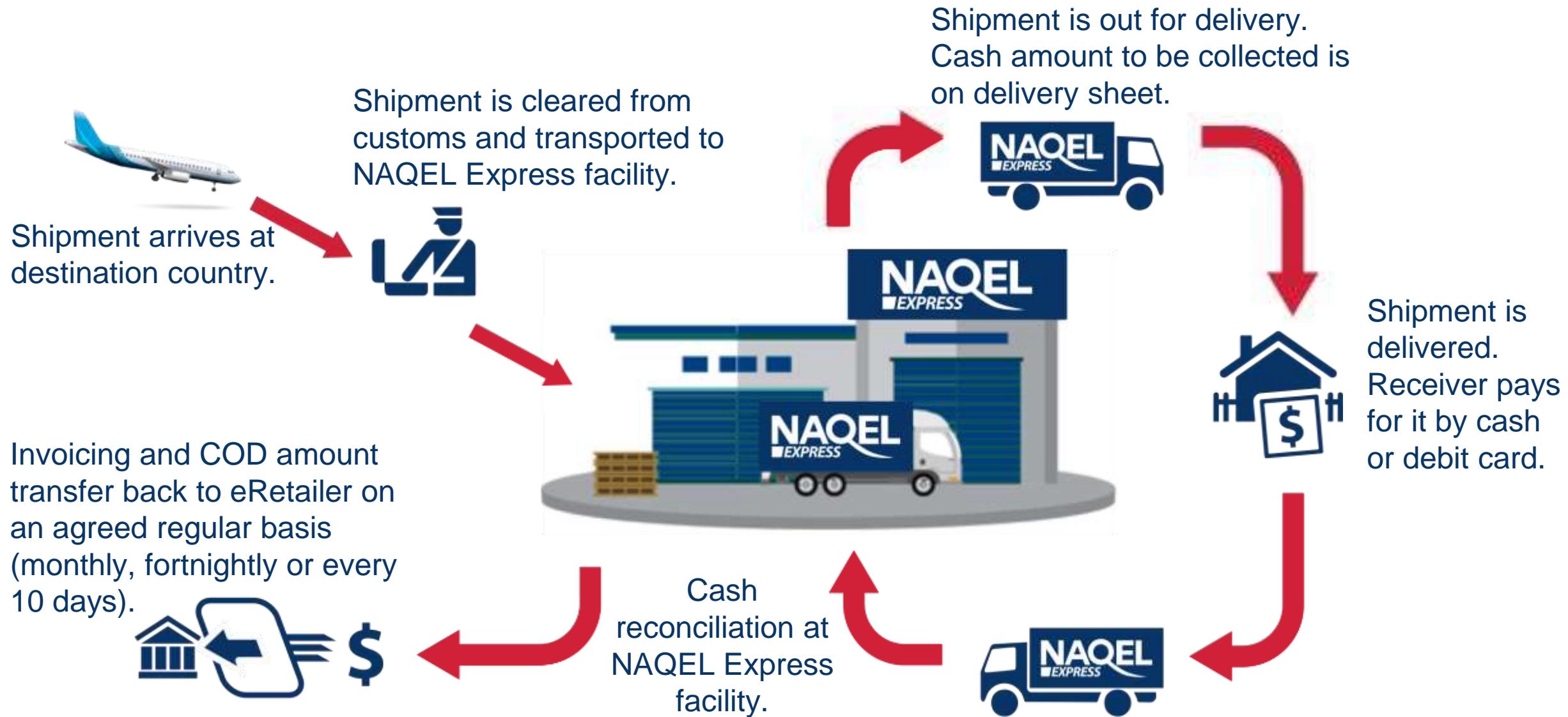
Percentage of consumers who prefer cash on delivery (2018)



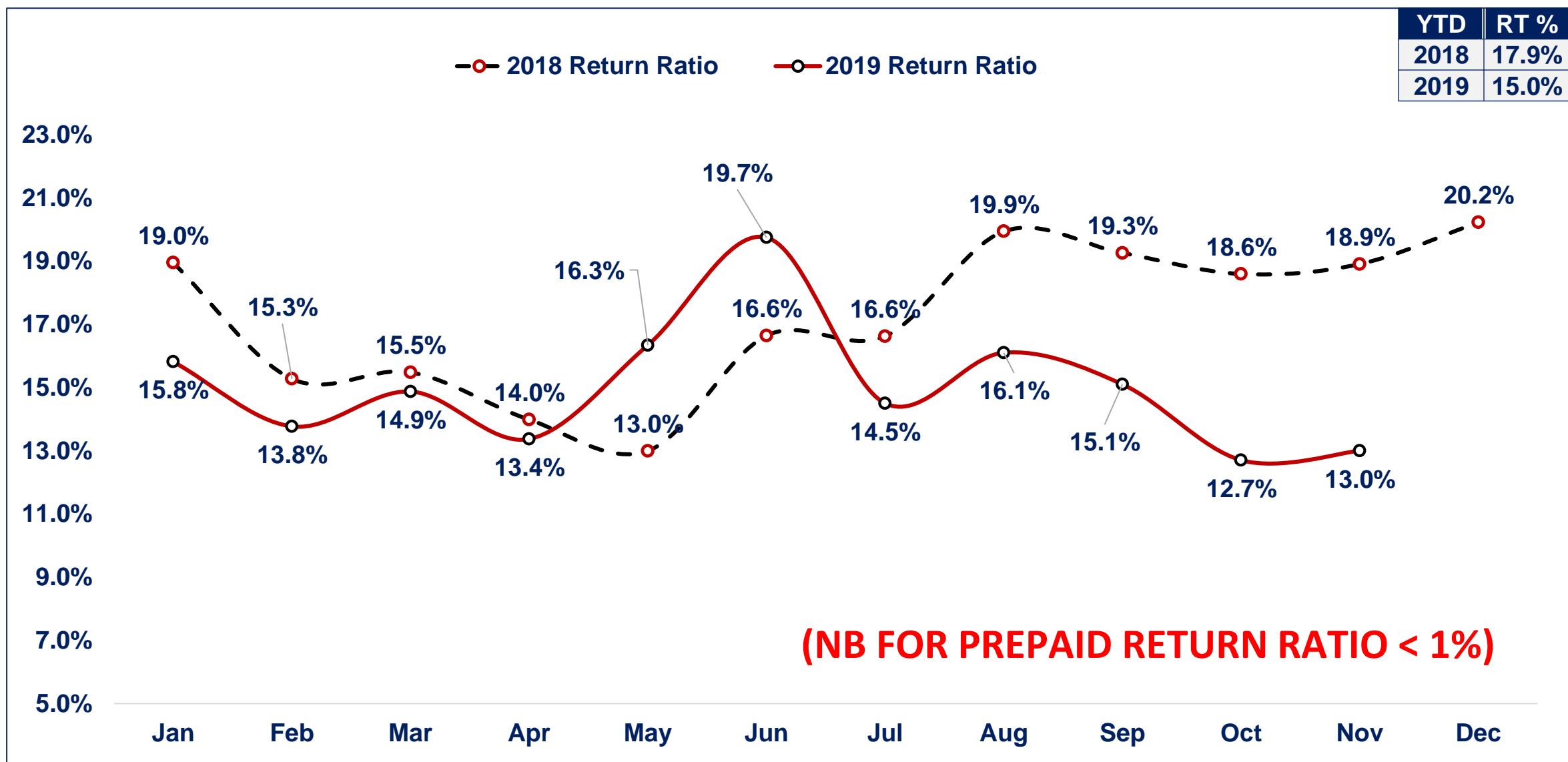
Notes: The survey included UAE, Saudi Arabia, Egypt, UK and France; UK and France figures are for 2016; GCC stands for Gulf Cooperation Council and includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE; MENA includes all GCC countries and Egypt, Algeria, Iraq, Jordan, Lebanon, Libya, Mauritania, Morocco, Syria, Tunisia and Yemen

Sources: Google MENA consumer survey 2018 (n=6,295, Saudi Arabia/UAE/Egypt); PAYFORT; eMarketer; GlobalData; State of the union e-commerce MENA 2018; Bain analysis

CASH ON DELIVERY (COD) PROCESS



Return Ratio COD %



DELIVERY AND NOTIFICATIONS TO RECEIVER



A set of tailored SMS notifications are used for any exceptions.

OPPORTUNITY TO REDUCE TRANSIT TIME BY 2 DAYS – SAUDI ARABIA

- **Control:** Only company with own customs clearance licence in Saudi Arabia.
- **Optimise customs process:** Extra transit time reductions through further gateways opening enabling **same day clearance** and **pre-clearance** opportunities.



Riyadh



Jeddah



Dammam



RIYADH (KKIA) GATEWAY



- Currently e-commerce shipments are cleared from Riyadh airport (KKIA) (RUH) in a facility shared by express companies until an 'Express Zone' is developed.
- New Naqel Express only gateway ready to be open by end 2019.
- Around 6,000m², 12 in house customs officers and 24/7 clearance.

JEDDAH (KAIA) GATEWAY



- Jeddah Gateway will serve the West, South & North West of Saudi Arabia.
- Only 2 courier companies have a gateway in Jeddah and NAQEL is one of them.
- Due to open by Q1 2020.
- Around 6,300m², 12 in house customs officers, 24/7 clearance.



King Abdulaziz International Airport
مطار الملك عبد العزيز الدولي

DAMMAM (KFIA) GATEWAY



- 10,000m², 16 in house customs clearance officers clearing goods in 2 shifts, 6 days in a week.

INBOUND CLEARANCE: VAT AND CUSTOMS DUTIES

DDU available, however, DDP = better customer experience

Process:

1. Naqel Express pays VAT and customs duties on behalf of eRetailers directly to customs.
2. eRetailer to use a bonded account for prepaid VAT and customs.
3. For 'Cash on Delivery' (COD) shipments, the VAT and duties can be deducted from the COD amount or from the bonded account.
4. If DDU then duties and VAT collected from client on delivery.
5. If DDU and undelivered, VAT and duties will need to be paid by Retailer.



GULF DELIVERY MARKET

Driving accessibility



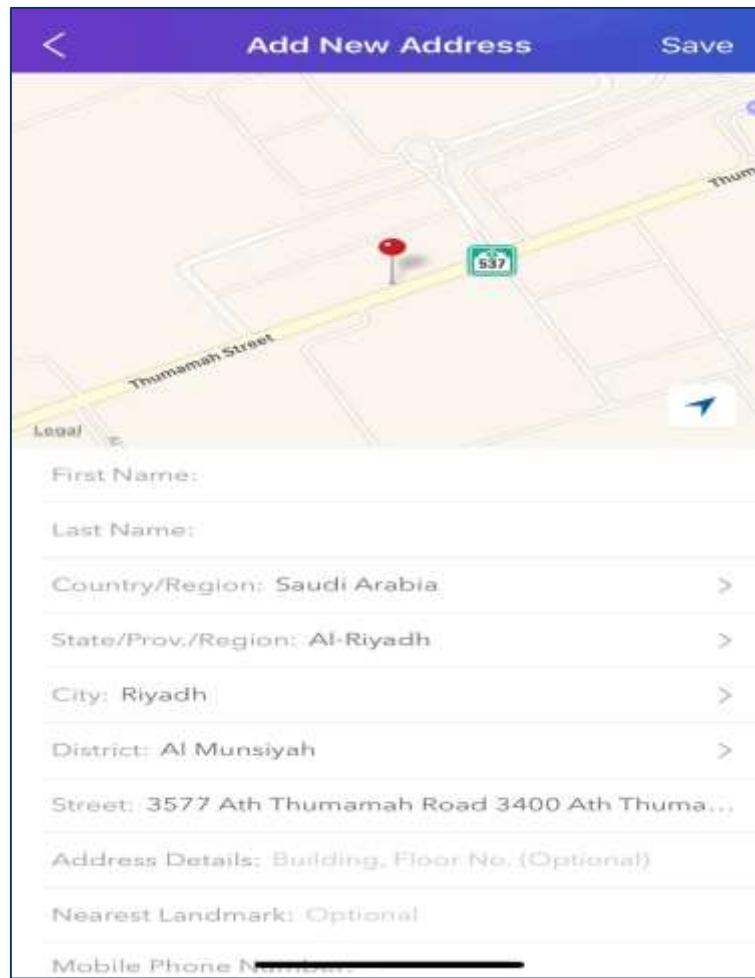
Address system



- Pick Up / Drop off points not in a such common use as in other regions especially in Saudi Arabia.
- Expectation to deliver the package to their home.
- Postcodes often not used or still developing.
- Information of customers' GPS location is **key** for delivery and is an option used by NAQEL through SMS prompts with customers.

ORDER SCREEN BEST PRACTICE FOR MIDDLE EASTERN DELIVERIES

Request for Customer to share GPS Location



Add New Address

Save

First Name:

Last Name:

Country/Region: Saudi Arabia

State/Prov./Region: Al-Riyadh

City: Riyadh

District: Al Munsiyah

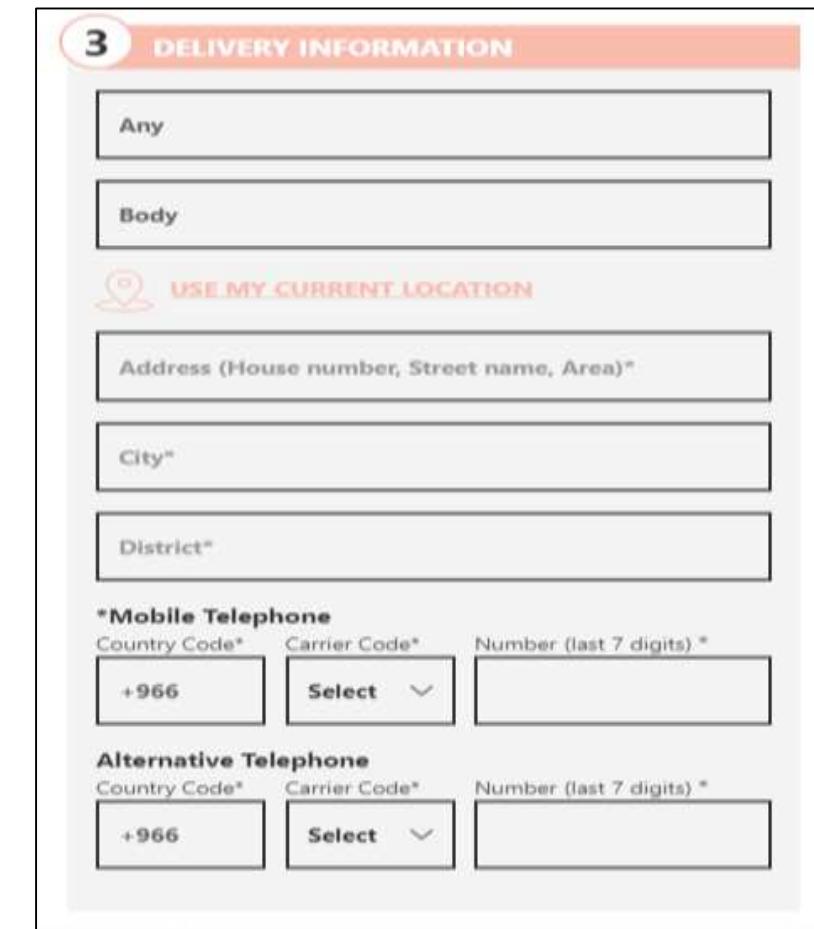
Street: 3577 Ath Thumamah Road 3400 Ath Thuma...

Address Details: Building, Floor No. (Optional)

Nearest Landmark: Optional

Mobile Phone Number

Country, State, City, District & Street are mandatory fields



3 DELIVERY INFORMATION

Any

Body

USE MY CURRENT LOCATION

Address (House number, Street name, Area)*

City*

District*

***Mobile Telephone**

Country Code* +966

Carrier Code* Select

Number (last 7 digits)*

Alternative Telephone

Country Code* +966

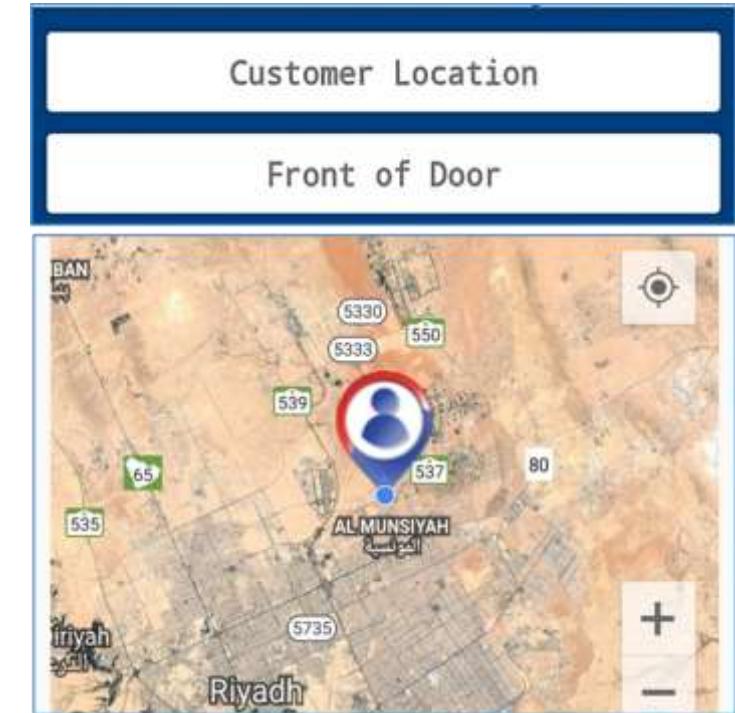
Carrier Code* Select

Number (last 7 digits)*

SYSTEMS TO FIND AND CONTACT THE CUSTOMER

Combination of communication methods to enhance delivery %:

- SMS notifications (Arabic/English)
- GPS -> courier handset
- WhatsApp
- Our mobile app and website including Chatbot
- Courier calling
- Proactive traces through dedicated Customer Service contact



OUR PROCESS



INDICATIVE TRANSIT TIMES FROM US

DESTINATION	TRANSIT TIME
SAUDI ARABIA	
Riyadh and main cities	4 days
Other cities	5 days
Rest	6-9 days
UNITED ARAB EMIRATES	
Dubai and main cities	3-4 days
Rest	4-6 days

Transit times will be dependent on where from US picked up or dropped off. These times are based on shipments being received and processed to link with flight cut offs.

OUR TRANSIT TIMES

DESTINATION	TRANSIT TIME
BAHRAIN	4-5 days
EGYPT	
Cairo and other cities	4-5 days
Rest	6-8 days
JORDAN	4-6 days
LEBANON	4-6 days
TURKEY	4-6 days

Transit times will be dependent on where from US picked up or dropped off. These times are based on shipments being received and processed to link with flight cut offs.

AFTER SALES RETURNS

- After Sales Returns is a possible option through:
- Integration with our API services e.g. through ZigZag or ReBound.
- Return label via Metapack integration



NAQEL EXPRESS - advertising opportunities

WHAT

- Possible part of an affiliate programme.
- Opportunity for **eRetailers** to promote their services on our website and app to increase purchases.
- Direct SMSes also an option
- Exposure of 1000s of potential customer hits per day

HOW

- Advert of **eRetailers** appears on app and web window.
- Hyperlink to your own webpage from your advert.
- Can use **NAQEL Express** promo code.

COST

- Just 5% of the order revenue made with such promo codes.



WHY USE NAQEL EXPRESS IN THE MIDDLE EAST?

1

Customs
Licence



2

Cash on
Delivery



3

Use of GPS
Locations



4

Customer
Support



5

Reporting & Cash
Reconciliation



- **ONLY** company in Saudi Arabia with Clearance license.
- Cash On Delivery **revenue** opportunity.
- Market leading returns for COD (**<15%**).
- **GPS** usage to enable quicker deliveries even for PO Box addresses.
- Female Call Centre to process local calls appropriately.
- Tracking via web & app.
- Reporting & **secure** Cash Reconciliation services for the key COD market.

A world map is visible in the background, rendered in a dark blue-grey color. The map shows the outlines of all major continents and some internal borders. The text "Thank you!" is overlaid on this map.

Thank you!

Service Completion and Network Completion

