

**From: Saudi Grains Organization**

**Subject: Preliminary guidelines in connection with the proposed privatization of the flour milling activities of the Saudi Grains Organization**

## **1. INTRODUCTION**

- 1.1 The objective of this note is to provide relevant parties interested in participating in the proposed program for the privatization of the flour milling activities of the Saudi Grains Organization (“SAGO”) (the “**Proposed Privatization**”), which involves the sale of four milling companies, with preliminary guidelines on the qualification criteria applicable to the request for qualification that will be issued once the preparatory work for the Proposed Privatization is completed.
- 1.2 This note is issued for information purposes only and does not constitute or form part of any legal agreement or any offer or invitation, or solicitation of an offer or invitation, to any person or to the public generally to participate in the Proposed Privatization. Prospective investors should not submit any documentation in response to this note. A formal request for qualification relating to the Proposed Privatization will be issued once the preparatory work for the Proposed Privatization is completed. However, it should be noted that no person connected with the Proposed Privatization is under any obligation to issue a formal request for qualification in respect of the Proposed Privatization.
- 1.3 This note does not purport to be exhaustive, all-inclusive or to contain all the information in connection with the qualification criteria for the Proposed Privatization or in respect of the Proposed Privatization as a whole.

## **2. OUTLINE OF QUALIFICATION CRITERIA**

### **2.1 Legal**

(a) ***Legal form***

A prospective bidder may be either: (A) an individual legal entity; or (B) a consortium comprised of no more than five companies.

(b) ***Individual entity***

Where a prospective bidder is an individual legal entity, such prospective bidder will be required to be majority Saudi owned.

(c) ***Consortia***

(i) Where a prospective bidder is a consortium, and the consortium members intend to:

(A) each own a direct interest in the relevant milling company, the ownership structure of the relevant milling company following the Proposed Privatization will be required to be majority Saudi owned; or

(B) hold their interests in the relevant milling company through a special purpose company, the special purpose company will be required to be majority Saudi owned.

- (ii) Each consortium will be required to designate a coordinator to represent and irrevocably bind the consortium in all matters concerning the qualification process for the Proposed Privatization. The consortium coordinator will be required to be majority Saudi owned.
- (iii) Each consortium will be required to have one or more members who satisfy the technical criteria relevant to the Proposed Privatization (see section 2.3 below for an outline of the technical criteria). If a consortium comprises one technical member, such technical member will be required to hold a minimum equity stake of at least 10% in the relevant milling company (whether directly or through the special purpose company as described above). If a consortium comprises more than one technical member, the minimum ownership interest of each technical member in the relevant milling company will be required to be not less than 5% (whether directly or through the special purpose company as described above); provided that the aggregate ownership interest of all the technical members in the relevant milling company is not less than 10% (whether directly or through the special purpose company as described above).

## 2.2 **Financial**

Prospective bidders will be required to demonstrate satisfactory financial performance for at least the last three financial years. Prospective bidders may be permitted to present financial statements from a parent company to satisfy the financial criteria.

## 2.3 **Technical**

Each prospective bidder, by themselves or through an affiliate, will be required to demonstrate relevant experience in either of the following:

- (a) operations in flour milling in addition to one of the following additional sectors: procurement/brokerage, logistics and storage, food processing/manufacturing or sales and distribution; or
- (b) operations in food processing/manufacturing in addition to one of the following sectors: procurement/brokerage, logistics and storage or sales and distribution.