



by Ian Hay

An Overview of the World's Largest Integrated Dairy



exists today. The first large farm at Al Kharj was the first large step; which laid the foundations for the growth of the company at a time when the GCC's milk consumption was either dried, long life or condensed. From these early days the company has focused on the quality and consistency of their products and now exports to the entire GCC region, and is currently commencing an expansion outside the GCC to Egypt, Jordan and the surrounding countries.

To maintain quality, Almarai source all of their own raw milk. The two processing plants then produce the laban, milk, yoghurts, cheese, and creams that the GCC populations have come to know and trust. Some key statistics of the company for daily outputs are as follows:

- ◆ 1.4M litres of dairy products/pots
- ◆ 140,000 kg per day of cheese
- ◆ 300,000 litres of Laban

In 2005 Almarai went public and launched on the Saudi stock exchange, raising funds for the second phase of expansion and ensuring that they could keep their position as the number one dairy producer in the GCC. This was following in 2007 by the acquisition of Western Bakeries, one of Saudi Arabia's leading bakery companies and this has had direct benefits for both companies who have been able to share resources, transport networks and sales outlets to maximise their combined benefits.

More recently Almarai has announced their intention to expand outside GCC, and the company vision is **"To be the preferred choice in food products, promoting nutrition, health and well being in the Arab World."** They have recently announced ventures into Jordan, and Egypt and that they are looking at the baby food sector in Saudi Arabia, as well as a possible acquisition of an agricultural company within Saudi. It is clear that the company has a strategy to take their No 1 position within the GCC and expand it to meet the growing demand and population growth in the Middle East region. Mr. Alfadely stated that Almarai can only do this by focusing on its own values based on its 3 key pillars:

1. Constantly exceed customer expectations
2. Provide superior value and superior quality product to their customer
3. Continuous development and investment in their human and technical resources

Currently Almarai have just under 10,000 employees from over 30 nationalities within their business, and this is set to expand further as they take on the

The RGBB was privileged to have Mr Abdulrahman Alfadely, CEO of Almarai and his executive team, present the development, history and future plans of Almarai Company.

Almarai commenced operations in the Kingdom in 1976 through the visionary leadership of Prince Sultan bin Mohamed bin Saud al Kabeer. At the time the market for fresh milk and juice in the Kingdom was limited and he saw the opportunity to bring in modern techniques and processing to Saudi and supply fresh milk produce to the local population.

The company commenced with an operation in the Al Kharj region; expanding from small farms over the last 30 years, to "super farms" with over 20,000 cows. Currently Almarai have 6 farms in the Al Kharj region, and a super farm on the Jeddah highway plus a further 8 general farms where grass, alfalfa and fodder is grown for the cows. They also have 2 processing plants: the first one opening in 1996 and expected to last 20 years, followed very quickly by a second one in 2005 as a result of the company's rapid sales growth. Currently there are over 100,000 cows housed on the farms, and this continues to expand as the company meets the demand from the public for their products. The cows mainly come from the USA, and are shipped to Saudi, with the last large shipment being in 2007. The herds are looked after by a team of specialists from Almarai to ensure they receive the best animal husbandry, and are fed the highest quality fodder to ensure that the quality of the milk and the cow's health is maintained. Currently the yield per head of an Almarai cow is 12,400 litres per annum. This compares to 9,810 in the USA, 5,850 in Europe and 3,500 in New Zealand.

The history of the company has been dominated by successive 5 year plans brought in to modernise the industry and develop the large scale operation that