

## Special Briefing

Jordanian and Egyptian operations and continue to expand locally. They have predicted the employee count to be 14,000 by 2009 and they have agreed a series of values for the workforce, from the CEO to the farm labourers, which encompass: respect, teamwork, flexibility and excellence across all their activities. Saudisation is very important to the company, and a large and growing proportion of the workforce is Saudi, focusing on the future of the company and its position as one of the leading companies in Saudi Arabia.

The company operates through 90 sales depots across the GCC, and has one of the largest transport fleets of approx 500 trailers, and 2,400 vans, to ensure prompt delivery of the chilled good to the depts., and the 40,000 sales outlets. With the Almarai and Western Bakeries products being distributed across the GCC, there is a large logistics operation that runs from the time the products are produced, to the packing, pre-distribution checking and ultimate dispatch. Much of this operation has been upgraded to be computer controlled, maximizing stock efficiency and allowing Almarai to monitor the demand and production of their products.

In Saudi Arabia, Almarai has 27% market share of the dairy industry, and is by far the market leader, with Nestle the next competitor at 11%, and Al Safi at 7%. In the laban and zabadi market sectors, the traditional Saudi dairy products, Almarai have obtained a 47% market share through their constant innovation, and analyzing and then meeting the needs of the local market. Their cheese market is more diverse, but still they are one of the top 3 companies, all with similar market share, and accounting for almost 75% of all GCC sales.

This dedication to quality and to supplying the customer with the right products at the right price, has led the company to be very successful for investors, since the launch on the Saudi stockmarket. Returns for shareholders have been in excess of 34% pa since the launch, and this is well ahead of the Taduwal All Share Index return.

In terms of financial success, in the year ending 2007

Almarai Group sales were up 36%, and exceeded USD 1 billion, with EBIT (earnings before Interest and tax) of some USD 200 million. Very impressive figures for a dairy company that only started business some 30 years ago.

The figures for the 9 months to September 2008 have already exceeded those for the full year 2007, and Almarai are looking forward to another year of increased growth and income.

For the future Almarai have 3 key strategies:

- ◆ Organic Growth
  - To double their existing business turnover by 2013
  - To dominate the GCC market in dairy, juice and food market
  - Grow the bakery business they acquired in 2007 and expand coverage to all GCC
- ◆ New Product Sectors
  - To introduce new product lines to supplement their existing sales
  - Infant formula will be the first of these and will be launched in Q1 2009
- ◆ Geographic Expansion
  - To become the leading dairy company in the Arab World.
  - Egypt – MoU signed for the acquisition of Beity, one of Egypt's largest dairy companies
  - Jordan – MoU signed for the acquisition of Teeba, the Jordanian Dairy and Juice Co

The RGBB thanked Mr Alfadely and the executive team from Almarai for the opportunity to hear and see the expansion of the small agricultural enterprise back in 1976 that has become the world's largest integrated dairy.

Mr Alfadely, also expressed his thanks to the RGBB for allowing the company to share its success story with the members. We would also like to thank Almarai and Mr Alfadely for his invitation to the members to visit the facilities at their farm and central processing plants. The company will be pleased to arrange a guided tour.

Below:  
Jerry Don-Carolis addresses the Special Briefing which was sponsored by AMEX

