

## Operating Review

# Dairy

**Almarai’s flagship Dairy business unit benefited from a robust economic recovery in our key markets, delivering substantial volume and revenue growth in 2023 off the high base achieved in the previous year.**

Stable conditions in our geographic markets were complemented by a rigorous internal approach to managing rising costs, laying the foundations for Dairy to capitalize on a resurgence in demand and excellent financial discipline, ensuring that we retained our leading market share.

### Managing inflation successfully

Total Dairy revenues grew 4.6% to SAR 11,348 million, with the business unit substantially contributing to the overall revenue and profitability of Almarai. This performance was especially notable given the negative impact of the pressure from high input costs.

Growth in our core Dairy and Food categories, Fresh Milk, Cream, Jar Cheese, Honey, etc. played a key role in improving the overall profitability of the business unit. We were particularly gratified by our success in absorbing steep inflation in the cost of fully imported feed for our dairy herds, however due to prudent higher cover against this risk, this benefit will only materialize later.

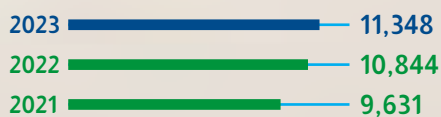
### Greater coverage of all markets

During 2023 we invested in strengthening Dairy’s coverage and reach across all channels in the GCC to improve consumer convenience by making our product range available everywhere. We improved our coverage in Traditional Trade by placing more Almarai coolers, making

# SAR 11,348 million

**Total Dairy Revenue for 2023**  
vs. SAR 10,844 million in 2022.

### Total Dairy Revenue (SAR million)



### Value Share of Saudi Market

(Dec 23 MAT)

	Market Share	Market Position
Laban:	62.2%	1
Fresh milk:	63.8%	1
Zabadi:	62.7%	1
UHT:	16.9%	2

our quality products more readily accessible to our loyal consumers. Additionally, the strategic acquisition of PepsiCo's operations in Jordan and Egypt, both primarily dairy businesses, will further strengthen our presence in these markets.

### Innovation momentum

In line with our impressive track record of innovation to cater to consumers' evolving preferences, we successfully launched a new 1.4 liter bottle for milk and laban in Saudi Arabia, Kuwait and Bahrain and our popular vegetable dips range was expanded to include more options.

We also launched a new Premium Sub-Brand called "Marvello" to meet consumer demand for a more nutritious, delectable and fresh cheese selection with a distinctive taste yet an indulgent cheese. Using high quality ingredients from farms in the Alps, we introduced Marvello Cream Cheese, a premium whole dairy cheese that provides a unique experience.

Almarai brought to market a new value-added beverage called "Almarai Protein Milk" to delight consumers looking for protein products. With 34g of protein, this unique fat-free product comes in a range of popular flavors and is fortified

with vitamins and minerals, providing our consumers more than 60% of daily adult protein requirement to fuel their active lifestyles.

### Recognition for innovation

Our Dairy business continued its award-winning streak in 2023, bringing home the MMA Smarties Award for Communication and the SUPERSTAR Nielsen Breakthrough Innovation Award, both in the vegetable snacks category.

### Dairy in 2024

Building on the positive trajectory of 2023, Dairy will continue growing across its core categories in the GCC, with specific emphasis on the UAE and Kuwait, in line with the Group's three-pillar strategy. This will include promoting consumption of our Fresh products among young consumers, expanding distribution - including across online and emerging channels - and continued origination of healthier products to meet changing consumer appetites and diets.

We will actively build demand for our UHT products and enter adjacent Dairy categories such as ice-cream.

