

## Operating Review

# Bakery

**Almarai’s Bakery business had a successful 2023, with steady volume growth and a favorable product mix generating a substantial increase in revenue to SAR 2.6 billion. Margins improved to SAR 1.7 billion and the operating profit came in at a healthy SAR 0.5 billion.**

### Baking a Path to Success

Almarai’s Bakery division rose to the occasion in 2023, delivering a delectable performance marked by robust revenue growth, margin expansion and strategic advancements. Fueled by a commitment to “Quality you can trust,” the business baked up a winning formula, achieving impressive results and setting the stage for an even sweeter future in 2024.

### Building on a Solid Foundation

The year saw total Bakery revenue climb 6% to SAR 2.6 billion, highlighting steady volume growth and a strategic product mix. This translated into an operating profit of SAR

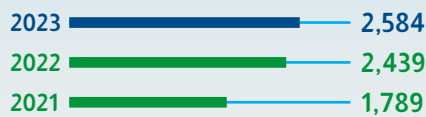
0.5 billion, demonstrating the division’s strong profitability and ability to convert top line growth into a healthy bottom line.

### Flourishing Core Portfolio

At the heart of this success lies Almarai’s unwavering focus on its core Bakery portfolio encompassing bread, snacks and treats. Guided by the desire to be the “Consumers’ preferred brand,” the business prioritized quality and market leadership, constantly striving for excellence. This dedication proved to be the leavening agent that lifted the division to new heights.

### Total Bakery Revenue

(SAR million)



**SAR 2,584**  
million

**Total Bakery Revenue for 2023**  
vs. SAR 2,439 million in 2022.

### L’usine and 7DAYS introduced seven new products, with launches in 2023:

- L’usine Chocolate Sandwich
- L’usine Flaky Butter Puff – Cheese
- L’usine Flaky Butter Puff – Strawberry
- L’usine Oat & Honey Bread
- 7DAYS Bake Rolls – Date and Cinnamon
- 7DAYS Bake Rolls – Milk and Butter
- 7DAYS Enrobed Cake Bar – Caramel

## Sprinkling in Innovation

Almarai recognizes that consumers have evolving tastes and desires. In keeping with this, innovation remained a key ingredient in the bakery recipe. New launches like the award-winning L'usine brioche bread and buns, oat & honey bread, and 7DAYS date and cinnamon bake rolls catered to preferences for convenience, health and premium quality. These delightful offerings were not just met with critical acclaim but also resonated deeply with consumers, solidifying Almarai's position as a trendsetter in the bakery landscape.

## Investing in the Future

With an eye on the future, Almarai Bakery has committed to a strategic investment of SAR 405 million in a new manufacturing plant. This state-of-the-art facility will not only expand production capabilities but also pave the way for the introduction of exciting new offerings like frozen and artisanal products. This bold move underscores the division's dedication to continuously evolving and meeting the dynamic needs of its customers.

## Sweetening the Future

Looking ahead to 2024, Almarai Bakery has meticulously crafted a recipe for continued success. The focus will be on driving top-line growth across all Bakery categories, with particular emphasis on enhancing the already popular Bakery portfolio. Targeted marketing efforts will further solidify brand leadership, ensuring that Almarai remains the go-to choose for consumers seeking delectable and innovative Bakery products.

By building upon its strong foundation, fostering a culture of innovation and making strategic investments, Almarai Bakery is poised to continue its upward trajectory in 2024 and beyond. This exciting journey promises to deliver even more delicious results for both consumers and the business itself, proving that Almarai is truly baking a path to success.

