

Chairman's Statement

**Naif bin Sultan bin
Mohammed bin Saud
Al Kabeer**
Chairman



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Almarai has continued to maintain its dependable resilience and deliver sustainable growth, in successfully navigating what has been yet another challenging year for the global economy and our markets.

While these negative trends continue to exert bottom line pressures – particularly as a result of inflationary effects that have led to unprecedented cost increases – we continue to refine our product mix and sales channels to ensure our position at the forefront of the sector's rebound to profitability.

Navigating with care

Throughout 2021, Almarai's markets continued to experience diverse and persistent challenges caused by the impact of the COVID-19 pandemic. While new growth opportunities presented themselves as economic activity rebounded, particularly towards year-end following successful vaccination campaigns in certain markets, changing market dynamics, inflationary pressures and supply chain disruptions dampened near-term prospects for our company. Despite this difficult operating environment, the quality of our people, products and operations shone through, allowing us to successfully maintain strategic focus and continue to deliver on our promises to our customers, partners and country.

As a vital player in national efforts to strengthen the Kingdom's food security, Almarai continues to support the initiatives of the Saudi government to establish and maintain robust supply lines, grow the essential foods sector, and provide resilient employment for the Kingdom's communities.

Through our various expansion initiatives, we are also growing our contribution to the realization of the social responsibility and sustainability objectives of Saudi Vision 2030, supporting the continuing development of the countless communities we serve.

Strategic progress in 2021

Almarai continues to be guided by the key pillars of our strategy, through which we seek to deliver greater operating efficiency and asset optimization, backed by rising investment in innovation and marketing to expand into new organic and inorganic growth areas for our business.

We increased our holding in Modern Food Industries (MFI), supporting our unrivalled position in the Saudi bakery market.

During the year, expansion of our regional footprint in the Bakery segment through the acquisition of BakeMart in the UAE and Bahrain. We also acquired a dedicated juice production facility in the UAE to add momentum to our food service growth drive in the Emirates and are exploring further opportunities in milk production.

Meanwhile, Almarai continues to deliver on our strategic imperatives by leveraging technological enhancements and innovation, with an increasing focus on digitization.

Delivering on our commitments

Almarai's total market capitalization at year-end 2021 stood at SAR 49 billion, with one billion shares in issue. Through our progressive cash dividend policy, we continue to deliver on our commitments to our shareholders. Our free cash flow of around SAR 3 billion in 2021 provided scope for total cash dividends of SAR 1 billion for the year, equivalent to SAR 1 per share, with a dividend payout ratio of 63%.

Committed to corporate sustainability

Almarai has always taken our sustainability responsibilities seriously, and are proud to lead the sector in environmental, social, and corporate governance. Through our diverse collaboration with the government sector and NGOs, we remain closely aligned with the Kingdom's Vision for national development, while ensuring that we adhere to the highest standards of governance, transparency and accountability.

These activities and actions are complemented by our commitments to reducing the environmental impacts of our operations for the benefit of the nation and its people, as well as to support the broader efforts and goals of the international community to achieve sound environmental stewardship.

To this end, we are refining our supply chain to maximize efficiency of production, support responsible and sustainable farming, and prioritize an increasing share of green energies such as solar in our operations and supply networks.

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We also remain dedicated to providing a safe, enriching and equitable working environment for our employees and stakeholders, whilst applying our core values to promote both their individual well-being and professional success.

Strategic focus for 2022

Almarai is firmly on course to retain and grow our leadership position in the sector as the world's largest vertically integrated dairy company, focusing on our core products whilst also delivering more strategic expansion in the coming years.

In the year ahead, we will continue to innovate to diversify our product portfolio and promote operational efficiency and service excellence. By faithfully executing the programmes of our Almarai 2025 strategy, the company is well positioned to deliver significant and sustainable progress across our priority areas, achieving further growth and creating greater value for our business and diverse stakeholder community.

Acknowledgements

On behalf of the Board, I would like to thank the Saudi government for its enduring support, as well as all our partners and shareholders, whose enduring commitments to our shared aims and goals continues to propel our positive growth trajectory.

Finally, I am indebted to our employees throughout the company for their continued commitment to delivering exceptional customer satisfaction amongst our consumers and driving our shared success.



Nutrition Facts

Serving Size: 200ml

Amount Per Serving

Calories 230

Total Fat 1.5g

Total Carbohydrate 35g

Dairy Fat 1.5g

Sugar 30g

Protein 12g

Vitamin A 50%

Vitamin D 25%

Calcium 30%

Almarai

www.almarai.com