

Case Study

An acquisition with great potential and significant challenges

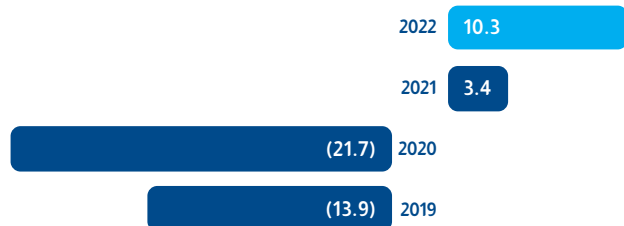


Taking Action to bring out the Best of Premier Chef



Delivering an Outstanding Turnaround in just One Year

Profit/(Loss) (SAR million)





Premier Chef

Almarai's strategy of organic and acquisition-driven growth is behind one of our biggest success stories this year: the turnaround at Premier Chef (previously Premier Food), which made a substantial contribution to Group revenue growth in 2022.

Franchise operator Almar Foods established Premier Food Industries in 1999 to produce and distribute meat and poultry products. It expanded rapidly, supplying more than 21 international food chains throughout the Middle East. Almarai invested in the business in May 2019, taking the full 100% shareholding.

The successful integration of Premier Food is one of our best examples of how Almarai smoothly integrates value-added acquisitions, building a foundation for organic growth. It has not, however, been without significant challenges. Premier Food followed an entirely different business model and had many operational, financial and governance shortcomings. As a result, Premier Food was a loss-making business when it was acquired.

Almarai management rapidly implemented standard processes and procedures, strengthened financial management and administration, consolidated IT with Almarai systems, rebranded, and significantly improved the commercial strategy.

Key improvements included:

- Enhancing production capacity and utilization to improve efficiency and accommodate expansion.
- Integrating with SAP and other Almarai systems and introducing formal policies and procedures.

- Rebranding Premier Food to Premier Chef in 2021.
- Consolidating customer segments and expanding marketing and distribution activities to the entire Kingdom, supported by additional sales teams.
- Extending Premier Chef products to Almarai SDL to start the new distribution model via SDL in the UAE and Saudi Arabia.

Within months, Premier Chef started demonstrating widescale improvements. A year after acquisition, the business has been successfully turned around and become profitable – it has gone from 2019's loss of SAR 13.9 million to a profit of SAR 10.3 million in 2022.

Working capital management has improved dramatically, procurement efficiency is increasing, and the customer base has grown and expanded via Almarai's regional distribution network.

Looking ahead, Premier Chef will be marketed to Almarai's customer base to achieve geographical expansion, profitable growth, massive footprint expansion and improved cost efficiencies.

Production capacity will also increase over the coming years. We will look to achieve over 30% volume growth in 2023 compared to 2022. Then, when a new factory becomes operational by the end of 2024, production will rise 200% from current full capacity of 7,100/MT to a projected 21,000MT/year, creating the foundation for continued value creation for Almarai and its shareholders.

