Bakery

Our Bakery division-maintained market leadership across Saudi Arabia and the GCC, recording ⃁ 2.8 billion in revenue and 5% growth. Improved product mix, operational efficiency gains, and strong sales execution underpinned performance, reinforced by leading value share across major bakery categories and expanding reach across both retail and foodservice channels.

Value Share of Saudi Market

Category	Market Share (%)	Position
Sliced Bread	67.4	1
Burger Buns	61.3	1
Puffs	77.2	1
Croissants	83.8	1
Sandwich	82.7	1
Cakes	24.5	1

Total Bakery Revenue (⃁ million)

2025	2,789
2024	2,662
2023	2,584

2025
⃁ 2,789 million
4.8% ↑

Almarai Bakery retained its preeminence in 2025 as the leading bakery entity in the Kingdom of Saudi Arabia and the wider GCC region, steadily increasing our value share in Saudi Arabia to 56% at the close of the year. We continued to grow our market presence through traditional and modern trade channels, making our daily production of 5 million Almarai Bakery items accessible to consumers through an increasing number of retail locations. Despite a slow first quarter due to the Ramadan impact, the Bakery division maintained its five-year growth rate in 2025, recording a solid 5% revenue growth by the close of the year to surpass ⃁ 2.8 billion, thereby contributing 13% to Almarai's overall revenue. There has been substantial growth in our bottom line during the year in review, with the operating profit increasing by 12% YoY to reach ⃁ 452 million, backed by operational efficiency gains, effective marketing and promotions, and an improved sales revenue mix including a significant sales increase in the bread sub-category.

A Promising Market

The Bakery Industry in the Kingdom of Saudi Arabia and the wider GCC markets continued to experience positive growth during the year in review driven by rising disposable incomes, changing demographic preferences, and an expanding foodservices sector.

Key Market Trends and Demographic Changes

A perceptible shift in consumer preferences towards more gourmet, premium and healthier baked goods continued to shape the food landscape. This shift was driven by a rapid increase in artisanal bakeries in Saudi Arabia and the wider region to meet this demand. Alongside this, key market trends in the region included a growing consumer demand for dining out, as well as an increased focus on convenience, especially through e-Commerce apps. A significant increase in tourism in the reason, driven by global scale events backed by government vision programs has also created a high demand for a wide range of foodservice options.

In this dynamic market environment, Almarai further strengthened its leadership position by delivering on its promise to serve consumers with premium, innovative, and artisanal products, expanding our reach across the region's retail and foodservice landscape to serve our growing consumer base.

Big-Ticket Investments

As part of the overarching 5-year, ⃁ 18 billion investment strategy of Almarai, the Bakery division invested in the strategic capacity expansion of our top-performing croissant line, while also finalizing plans to set up a frozen bakery production facility, to enter the steadily expanding frozen bakery market in the region.

A Further Breakdown of Our Investments

We carried out a ⃁ 77 million capacity expansion of our croissant line in Jeddah, further strengthening our 85% croissant value share dominance in the market. In 2025, we also finalized plans for Almarai Bakery's strategic entry into the frozen bakery market by setting up a specialized manufacturing facility in Al-Kharj, located southeast of Riyadh. This investment allows Bakery to penetrate the promising market segment and address growing market demand for both convenience foods, and the foodservices channel. Frozen bakery products from the new facility are expected to be commercialized by 2027.

Increasing Portfolio Efficiencies

In 2025, we embarked on a portfolio optimization agenda rationalizing low performing, redundant or complex offerings to reduce manufacturing and supply chain complexity and cost to serve whilst focusing investment on high performance SKU's that improve margins, reduce waste, and improve overall operational efficiency.

Efficiency Gains from SKU Optimization

Bakery SKUs were analyzed across their entire product cycle, reducing wastages and improving operational efficiencies to result in margin improvements. This ongoing SKU optimization helped us achieve reduction in complexities across our production lines, from releasing capacities to optimizing man power and resource utilization. At the close of the year, Almarai Bakery had optimized around 25% of our product portfolio successfully, and will continue to rationalize the remaining products in 2026.

A Shift in Distribution Channels

The e-commerce channel growth for Bakery outpaced expectations by a wide margin in 2025, increasing its revenue by 43% YoY. To support and sustain this growth, Almarai Bakery continued to build capabilities in the e-Commerce space, aligning with our five-year strategic outlook in terms of channel development.

Our Sales Channel Mix

As a segment that is reliant on the traditional sales channel, local grocery stores and independent retailers remained crucial channels for Almarai Bakery in 2025. We continued our strong reliance on the modern trade channel, offering consumers wider product accessibility as well as promotional offers that also contributed to greater brand visibility and sales. We rounded our well-established sales channel mix by putting in place concrete actions to accelerate the emerging e-commerce channel, and expand the promising foodservices channel, equipping ourselves with the necessary infrastructure and capabilities to support the frozen bakery segment entry in 2027.

Product Innovation

During the year, Almarai successfully launched its Tortilla range, achieving a strong market entry and securing third place in a highly competitive segment within the its first year. This performance reflects the strength of our innovation pipeline, strong product positioning, and execution across key retail channels.

This innovation momentum and overall performance of the Bakery division received industry recognition during the year.

Awards won by the Bakery Division in 2025

- L'usine: First ranked Most Chosen Food Brand in Saudi Arabia, and second ranked Most Chosen Food Brand in UAE, awarded by Worldpanel
- Butter Puff: Breakthrough Innovation from NieslenIQ

Minimizing Our Environmental Impact

We remain well-aligned with Almarai's overarching sustainability pillars. In our continued commitment to minimizing our environmental impact, Almarai Bakery contributed to group-wide water and waste management efforts, and reduced energy consumption against 2018 baseline values. In terms of producing responsible products, we are actively working on ensuring accurate and more effective nutritional profiling of our Bakery products, while also meeting evolving regulatory and compliance demands of the wider food industry.

Future Outlook

Almarai Bakery will focus on sustaining our current growth momentum while accelerating our profitability further in the coming months. We will continue our SKU optimization project to increase portfolio efficiency, while introducing more value-added products to the market. 2026 will also see the establishment of our frozen bakery facility, laying a solid foundation for our entry to this new market segment in 2027. We remain committed to disciplined, value-accretive innovation, operational excellence and consistency, delivering superior value to our consumers and ensuring Almarai bakery brands remain trusted household favorites for nutritious, high-quality baked goods.