

# Strategy: Almarai 2025

To deliver on our strategic objectives, we have established where we will operate, how we will win and what the results of our strategy will be. In essence, our objectives are to realize our full potential in core GCC markets, turn around non-core businesses, and develop high-potential new businesses. The key drivers of the strategy are:

1. **Strong focus on cost reduction and asset optimization**
2. **Increased investment in innovation and marketing**
3. **Continued refinements to our operating model**
4. **Expansion into new growth areas, organically and via acquisition**
5. **Technology enhancements, with a focus on digitization**

## Where to play



### **Focus on GCC core full potential**

- Core full potential in Saudi Arabia
- Leadership in UAE
- Optimized pricing strategy



### **Turnaround/divest non-core businesses**

- Infant Nutrition
- IDJ (International Dairy & Juice)



### **Seed high-potential new business**

- Dedicated food service division
- Evaluate and selectively enter new product categories

## How to win



### **Lean costs & assets**

- Cost reduction
- Asset optimization



### **Operating model & talent**

- Role of centre
- Superstructure
- Governance
- Ways of working
- Resources
- Saudization
- Succession plan

# Case study: Fondomonte farms



## The challenge

In 2014, the Saudi government decreed that by 2018, all local green fodder production for the purpose of herd consumption would be stopped, in an effort to preserve the Kingdom's precious water resources.

## The strategy

In response, Almarai established a five year strategic plan to build a supply chain to ensure the reliable procurement of animal feed, while supporting the government's environmental mission.

The Company established strategic supply centres around the world, to produce and manage the continuous availability of green fodder for its herds.

The objective was to produce 40% of Almarai's high-grade alfalfa

requirements on its own arable farms, with 60% procured, to guarantee the inputs required for the dairy herd to run at maximum productivity.

Each of the three supply centres has been established in a different

geographic location (USA in February 2014, Argentina in January 2015, and Romania in 2019), each supplying 20-40% of the total requirement, with the capacity to increase production in case of interruption elsewhere.

## The result

Today, Almarai procures 100% of its alfalfa requirements internally and from overseas.

The most recently established farming venture – Maria Fondomonte in Romania – received Board approval to proceed as a strategic alliance with Maria Group in February 2019.



### Innovation & marketing

- Trend monitoring
- Increased speed and quality of adaption (time to market)
- Brand architecture



### Technology (digital & IT)

- E-commerce and engagement
- Complete transition of legacy systems



### Acquisitions

- Acquisition to support development of core businesses
- Strategic acquisitions to enter categories or countries

## Goals



~1.5x market growth

New adjacencies revenue share ~30%

RONA > WACC +2%

Top quartile employee satisfaction

Preferred consumer brand