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Manufacturing drives non-oil growth

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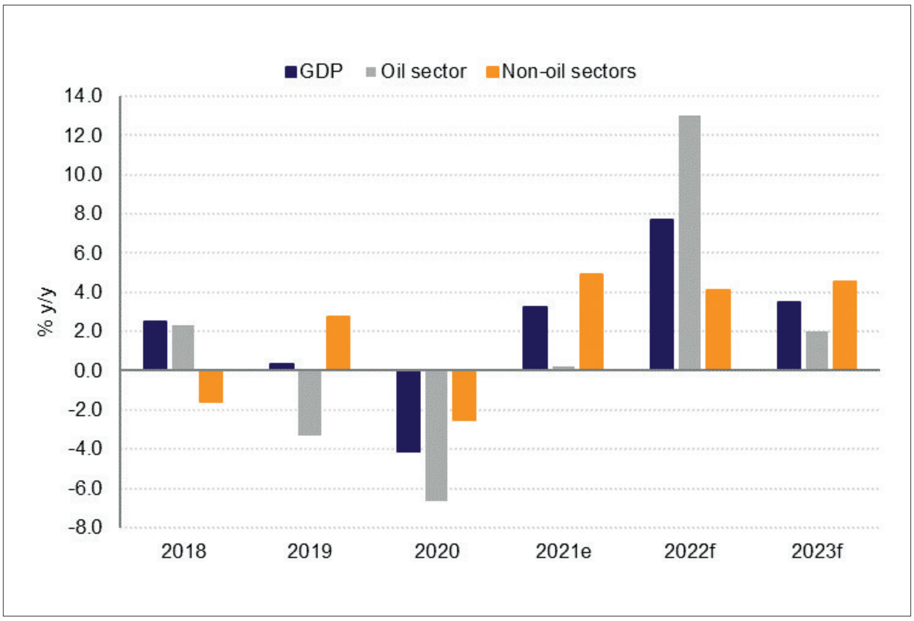
Manufacturing drives non-oil growth

Saudi Arabia's non-oil private sector expanded output and purchasing at the fastest pace in over four years



Growth of oil and non-oil sectors in Saudi economy

Amidst a challenging investment climate and geopolitical tensions that are dampening growth elsewhere, the Arab world's largest economy, Saudi Arabia, is experiencing positive momentum.

Even though oil remains the dominant growth driver, much of the growth in 2021 has come from non-oil activity led by manufacturing, as shown by the official data.

In 2021, Saudi Arabia's GDP grew 3.2 per cent – highest in seven years, rising 6.7 per cent in the fourth quarter of 2021, compared to the same period in 2020. The growth on the year was due to both the oil and non-oil sectors, and the latter increased 5.1 per cent in the fourth quarter of 2021, the Saudi General Authority for Statistics said in a report.

"Saudi Arabia's growth surprised on the upside in 2021," said Khatija Haque, Head of Research & Chief Economist, Emirates NBD Research said in her latest report. Validating her statement with more statistics, she said: "Saudi Arabia's economy grew 3.2 per cent in 2021, faster than expected. Mining & quarrying, the component measuring oil and gas output, was a drag on growth at -1.1 per cent year on year (yoy) despite recovering in half year (H2) 2021. However, the official estimate for total oil GDP was higher at 0.2 per cent yoy. The non-oil (private) sector grew 6.1 per cent yoy, while value added by government services grew 1.5 per cent yoy. Overall non-oil GDP grew 4.9 per cent, in line with our 5 per cent forecast."

FASTEST GROWING SECTOR

According to her, the fastest growing sector last year was manufacturing at 11.6 per cent yoy, more than offsetting the contraction of -9.0 per cent yoy in 2020 as both oil and non-oil manufacturing recovered sharply from the pandemic. Wholesale and retail trade and hospitality grew 8.7 per cent yoy, also fully rebounding from the contraction in 2020. Financial services (5.8 per cent) and transport, storage & communications (3.8 per cent) also contributed to the overall non-oil sector recovery, as did utilities and construction.

On the expenditure breakdown of GDP, private consumption (which contracted -6.3 per cent yoy in 2020) was the main engine of growth in 2021 rising 9.7 per cent in real terms, the fastest rate since 2012. This was likely due to Covid-related travel restrictions on Saudi nationals limiting their travel abroad as well as increased opportunities and avenues for leisure and entertainment spending in the kingdom in recent years.

The other main driver of growth in 2021 was gross fixed capital formation, which rose 10.1 per cent yoy after contracting almost -12 per cent in 2020. This was driven by private sector investment, according to the official statistics, with public investment declining for the third year in a row. This is consistent with declining capital spending in the government's budget from 2018-2021 and suggests that sovereign wealth fund investment may be classified as "private".

NON-OIL ACTIVITY EXPANDS

The good part is that the growth story is continuing through March despite ongoing global tensions and challenges. Saudi Arabia's non-oil private sector expanded output and purchasing at the fastest pace in over four years but cost pressures, partly due to the war in Ukraine, added to the firms' expenses, a business survey showed.

The seasonally adjusted IHS Markit Saudi Arabia Purchasing Managers' Index (PMI) rose to 56.8 in March, rising from 56.2 in February and staying above the 50 mark that separates growth from contraction.

The reading was also the highest recorded since November last year to signal a sharp improvement in business conditions across the non-oil private sector economy.

David Owen, Economist at S&P Global, said: "The Saudi Arabia PMI continued to signal strong growth in the non-oil economy in March, as new business and activity rose sharply in line with recovering client demand."

Supply chains also displayed strength, he said, with lead times shortening to the most in three years. Companies raised their purchasing at the fastest rate since December 2017, supporting higher capacity levels.

Three of the five sub-indices of the PMI

"The fastest growing sector last year was manufacturing at 11.6 per cent yoy, more than offsetting the contraction of -9 per cent yoy in 2020 as both oil and non-oil manufacturing recovered sharply from the pandemic

rose over the latest survey period, most notably the Output Index which rose to its highest level since December 2017. Approximately 28 per cent of panelists found that output had risen from the previous month, often relating this to an increase in new orders and project work.

With output and new orders rising sharply, firms raised their input purchases. The expansion in input buying was the fastest registered since December 2017 and resulted in a sharp and quicker uplift in inventory levels.

The improved supply of inputs cut the outstanding work, continuing the trend seen since February 2020. Although the decline in backlogs was only marginal, some firms sought to reduce their labour capacity, leading to the first drop in employment for a year.

Firms remained upbeat in their outlook for the future, albeit slightly less so compared to February. While some expected a rise in output over the next 12 months, the level of sentiment remained weak compared to the historical trend, S&P Global said in its report. ■

A production line of Dammam-based Saudi Arabia Packaging Industries (Sapin)

Saudi ports' throughput volumes up in March

SAUDI PORTS AUTHORITY (Mawani) has announced that the country's ports have recorded new throughput volumes in March, as the number of tonnes increased by 0.09 per cent, reaching a total of 25 million tonnes, while the container throughput surged by 2.5 per cent over last year hitting 865,000 containers.

As per statistics issued by Mawani, these ports have recorded an increase in performance indicators as well, including the number of container transshipment that increased by 17 per cent, which is a total of 503,000 containers.

The number of passengers too increased by 84.2 per cent to hit 98,000 passengers, stated Mawani adding that the number of cars too increased by 15.5 per cent to 78,000.

On the other hand, Saudi ports have recorded a decrease in the number of imported livestock which fell by 73.4 per cent with a total of 105,000 head of livestock, as well as the number of vessels which decreased by 1.27 per cent with a total of 1,091 vessels, as a result of the current challenges facing the maritime transport and global supply chains.

On its future plans, Mawani said it aims to continue the journey of developing a sustainable and prosperous maritime transport sector, and work on achieving the socioeconomic ambitions by implementing its corporate strategy objectives, which contribute to reinforcing Saudi Arabia's position as a global logistics hub.

This comes in line with the objectives of the National Transport and Logistics Strategy as well as Saudi Vision 2030, it added. ■

Buoyant industrial sector gets fresh boost

The Saudi AMHUB plan will pave the way for the Kingdom's industrial sector to implement the advanced mechanisms and practices of leading industrial experiences around the world

Saudi Arabia's Minister of Industry and Mineral Resources Bandar bin Ibrahim Al-Khorayef

Saudi Arabia's industrial sector which has done particularly well in 2021 attracting trillion dollar investments, received a fillip as the kingdom launched a new strategy with the World Economic Forum (WEF) to promote industrial innovation and advanced manufacturing in the country.

Last month, Saudi Arabia's Minister of Industry and Mineral Resources and Chairman of the Saudi Industrial Development Fund (SIDF) Bandar bin Ibrahim Al-Khorayef launched the Saudi Advanced Manufacturing Hub, or Saudi AMHUB strategy, aiming at positioning Saudi Arabia at the global forefront of industrial innovation and advanced manufacturing.

This will pave the way for Saudi's industrial sector to implement the advanced mechanisms and practices of leading industrial experiences around the world, said Al-Khorayef, during the launch ceremony held in Riyadh, last month.

Led by SIDF, Saudi AMHUB will have 24 core members from the public, private and academic sectors, and it will promote the Kingdom's industrial sector towards adopting advanced manufacturing. SIDF joined the WEF in January 2021, in a move to adopt advanced industrial practices in the Kingdom.

"In addition to that, it will be strengthening links between investors and providers of advanced technologies globally and enabling the local industrial sector to use such advanced technologies," said SIDF CEO Ibrahim bin Saad Al-Mojel in a press statement.

The strategy's main aim is to provide practical solutions to the country's industrial sector while raising the operational and financial efficiency of factories.

$21BN INVESTMENT IN 2021

In 2021, Saudi Arabia attracted SR81 billion ($21.6 billion) of investments in the industrial sector for both the private sector and joint ventures with government entities, the Saudi industry minister said.

"This industrial sector in general is really growing. I mean, we have seen 2021... We achieved more than SR81 billion of new investments coming during the year," Al-Khorayef told *Reuters* on the sidelines of the kingdom's inaugural arms fair, the World Defense Show.

A series of joint ventures between Saudi firms and top global aerospace and defence manufacturers were announced in recent years as part of that strategy to localise some industrial capabilities.

Riyadh plans to invest SR12 trillion by 2030 to help refocus the economy away from oil, while giving foreign firms until the end of 2023 to set up headquarters or risk losing out on government contracts as it competes with regional heavyweights, especially the UAE, for foreign capital and talent.

Saudi authorities say much of the plan is still in its initial phase and money will increasingly start pouring into the kingdom over the next few years.

The minister said the kingdom is ready to work with Western companies or others, regardless of their origins, as long as they "share a long-term view" and "have the right technology needed in the kingdom".

Al-Khorayef said he was not able to comment on the government's position on doing business with Russian companies as the West imposes sanctions on Moscow over its invasion of Ukraine.

INVESTMENTS ACCUMULATE

The total volume of investments in Saudi Arabia's industrial sector accumulated to SR1.33 trillion ($354 billion) by the end of January, official data showed.

In its official bulletin, the Ministry of Industry and Mineral Resources said investments worth SR1.8 billion were recorded in January.

Seventy-nine industrial licenses were issued in January and 106 new industrial units began operations while 72 industrial licenses were issued during February 2022, with investments amounting to over SR1.1 billion ($293 million).

The number of licenses in the mining sector reached 1,989 with 67 licenses issued during January, the bulletin showed.

During the month of February, the volume of licensed labour amounted to 2,339 workers. This has brought the total number of factories in Saudi Arabia to 10,397, while the volume of licensed labour reached 1,038 million workers, the statement showed citing a report by the National Center for Industrial and Mining Information.

It showed that the biggest share of the new industrial licenses was for the food production industry with 12 licenses followed by the rubber and plastic products with nine and seven licenses were issued for the manufacture of non-metallic minerals.

RIYADH LEADS

Meanwhile, Riyadh led the Saudi industrial sector with 40 per cent of Kingdom's factories. Saudi Arabia's industrial sector comprised 10,138 factories as of the end of July 2021, 40 per cent of which were in the capital Riyadh, the Ministry of Industry and Mineral Resources said.

Riyadh accounted for most of the new licenses according to the geographical distribution information with 25, and then the Eastern Region with 17 and 10 licenses in the Makkah region.

The Kingdom's industrial economy covers 16 strategic sectors and is distributed over 13 administrative regions throughout the country, according to the report from the ministry's National Center for Industrial and Mining Information.

Riyadh is home to the largest number of factors, at 4,079. The Eastern Province recorded 2,206 factories, Makkah has 1,911, and Al-Qassim region 428, followed by Al Madinah with 416 factories, the report showed.

The strategic sectors in the Kingdom include metals, food and plastic products, machinery and equipment, the specialised chemical industry, basic and medium chemicals, automobile factories, refined oil products, pharmaceuticals, medical supplies, renewable energy, marine and aviation, military, and building materials.

Building materials dominate the Kingdom industrial sector with 2,016 factories, followed by 1,705 working in the production of metals, 1,445 food factories, 1,317 for plastic and rubber products and 571 machinery and equipment factories.

There were 571 specialised chemical factories in the Kingdom, 399 for basic and medium chemical factories, 169 manufacturing automobiles and parts and 122 oil refining products factories. Rounding out the list are p75 pharmaceutical factories, 49 for medical supplies, and nine in the area of renewable energy. ■

The total volume of investments in Saudi Arabia's industrial sector accumulated to $354 billion by the end of January

Saudi start-ups emerge star attractions

With 58 per cent of overall funding in the wider region going towards Saudi Arabia, it is no surprise that headcount has grown by 20 per cent within the kingdom's start-ups over the past 12 months, says a report

Start-ups from across the Middle East and North Africa (Mena) had raised nearly $375 million with Saudi firms taking a sizeable chunk of the pie, netting $219 million across 23 investment deals in February, according to a report.

With 58 per cent of overall funding in the wider region going towards Saudi Arabia, it is no surprise to hear that headcount has grown by 20 per cent within the kingdom's start-ups over the past 12 months, said the report by leading recruitment consultancy Robert Walters Group, adding that this figure is expected to grow further this year as the government continues to create the ideal environment for start-up growth and international investment.

The competitive recruitment landscape between big corporates and start-ups continues to grow, with approximately three times the number of jobs posted vs available talent.

Faisal Saqallah, the Consultant from Robert Walters Saudi Arabia, shares his thoughts on why start-ups are winning the race on talent.

THE CAREER ACCELERATOR

With relatively flat structures and hands-on founders and CEOs - new starters can find themselves lining up into the senior leadership team from day one, explained Saqallah.

By taking on several different responsibilities and working closely with senior members of the team, start-up environments enable you to prove your worth early on, as well providing an opportunity for your work to be recognised if it has had a direct impact on the business, he stated.

Unlike within corporate structures, leaders will be able to clearly see your involvement in a project's initial stages to completion, and as a result, the rate of advancement at start-ups tends to be much faster.

Faisal Saqallah

According to the Robert Walters Report – Act Like a Start-Up and Win the War on Talent – 50 per cent of professionals in Saudi Arabia are interested in working for a start-up for their next career move.

"This is not surprising therefore to see that our survey found that over half of professionals (52 per cent) would be willing to take a pay cut and join a start-up if they saw an opportunity to progress much quicker than they would do within a corporate set-up," stated Saqallah.

"After any period of economic change, we typically see a wave of entrepreneurial or start-up activity – and so it doesn't surprise me to hear of the success of this sector, so much so that Saudi Arabia now ranks sixth in global entrepreneurial competitiveness," he stated.

"But what is most interesting is how these relatively-new 10-30 person companies are managing to draw some of the county's top talent away from established firms who typically offer much higher levels of job security," noted Saqallah.

"Post pandemic we have seen a significant shift in what professionals want from their employer – with purpose, culture, and people, rated above competitive pay and the well mapped-out corporate ladder," he added.

The top 16 upcoming start-ups in Saudi Arabia are:

• **Sary** - A B2B, e-commerce marketplace with $37.1 million in funding and a headcount of 251 to 500;
• **Tamara** - A financial services, fintech and mobile payments group - $116 million- 51-100 headcount;
• **Red Sea Farms** - An agriculture, agtech, farming group ($14,348,00) and headcount of 10;
• **Gathern** - A customer services company ($6 million) with a headcount of 11-50;
• **unifonic** - An IT, messaging, PaaS, SaaS and SMS firm ($21 million) with 101-500 headcount;
• **Nana** - An e-commerce, groceries and internet firm ($28.9 million) with 101-250 headcount;
• **Salla** - An e-commerce, IT, internet company ($8.5 million) with 11 to 50 headcount;
• **Jahez** - Food delivery ($36.5 million) with 11 to 50 headcount;
• **PayTabs** - An e-commerce, financial services, fintech and mobile firm ($2.53 million) with 51 to 100 headcount;
• **Zid** - E-commerce, internet, retail ($8.9 million) with 101 to 250 headcount;
• **Nearpay** - FinTech, mobile payments, software ($2.7 million); 1 to 10 headcount;
• **Fordeal** - An e-commerce company ($20 million) with 51 to 100 headcount;
• **Lendo** - A finance and FinTech firm ($7.2 million) with 11 to 50 headcount;
• **Acwa Power** - A renewable energy firm ($239 million) with 1001-5000 headcount;
• **Lean Technologies** - Developer platform, finance, IT, mobile apps, software ($3.5 million) with 1 to 10 headcount and
• **FalconViz** - Architecture, Drones - ($1.76 million) with 11 to 50 headcount.

SCALE-UP MENTALITY

Start-ups are designed to have high growth potential – and so it is not surprising to see that on average decisions are processed 4x quicker in a start-up than within a large firm (250+). The changing and fast-paced nature of a start-up will keep employees on their toes, encouraging them to develop new skills as they go, and push boundaries beyond the initial job description. ■

‘Procurement jobs will be obsolete in 10 years’

In an interview with Pummy Kaul, Riyadh-based start-up firm Lawazem’s Co-founder and CEO Abdulhakim Albeshir, says it is all geared up to push the boundaries and paint the picture of B2B ecommerce in the kingdom’s market

Abdulhakim Albeshir, Co-founder and CEO, Lawazem

Saudi Arabia-based start-up firm Lawazem, an operational procurement company which raised $1.3 million in its seed-funding round last month, is confident to propel the nascent business to business (B2B) ecommerce market in the kingdom to greater heights.

Founded in 2020 by Abdulhakim Albisher and Nasser Alshaya, Lawazem calls itself a ‘one-stop-shop’, offering a range of services ranging from VIP guest services to procuring office stationery and thereby, decreasing the time, effort and costs of reactive operational procurement.

The new round was led by Merak Capital, a technology investment firm licensed by the Capital Market Authority of Saudi Arabia, with participation from Merced, a Saudi VC company that covers a variety of sectors across the Middle East.

This investment round, the founders said, has come at an early stage of Lawazem’s journey, and will be used to develop its technology as well as establish the needed infrastructure and increase its products and services.

“We believe change is coming, and we just now planted its first seed. We will continue pushing the boundaries and clearly paint the picture of how B2B ecommerce has a big place in the market,” Abdulhakim Albeshir, Co-founder and CEO of Lawazem, told the Gulf Industry, in an exclusive interview.

In less than 12 months, the start-up company claims to have acquired more than 100 clients, driving more than 1,000 orders per month for their different operational needs. It now aims to become the “leading platform” for all operational procurement needs in the kingdom and the wider region.

“We believe we have introduced to the world the first operational procurement eCommerce platform. This puts us in an advantage, given the vast experience the team has in this sector, and the technology that backs this experience. Thus, we are definitely going global in the near future utilising our local and international partners with whom we already have strong bonds, and this is planned to be the result of the coming funding rounds,”Albeshir said while laying out his ambitious plans.

Giving his outlook for the segment, he said: “10 years from now, I believe procurement jobs will be obsolete where entities directly integrate with platforms such as Lawazem and their business units place orders and monitor their spend in an automated AI-driven manners.”

Excerpts from the interview:

Can you tell us about Lawazem’s presence in Saudi Arabia / the Middle East and what prompted you to enter procurement, contracts management market, last year? Do you have plans to expand your domain beyond procurement, say, into manufacturing or any other areas?

The inception of Lawazem came from a pain that we experienced, Nasser and myself, throughout our career and we agreed on the existence of the problem and absence of a minimal solution for it, and the problem intensified by how companies and government entities handled their day-to-day purchases.

Through our research, we noticed that less than 1 per cent of entities around the Kingdom and the region do actually differentiate the policies and procedures of operational procurement from strategic procurement, which resulted in those entities spending more than 75 per cent of their procurement staff time on operational procurement which does not have significant impact on the entity’s goals, while leaving 25 per cent of the time to source, evaluate and contract those strategic procurement transactions which have highest and most critical impact on the company’s service and continuity.

Moreover, also through our research, we found that the operational procurement

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spend amounts to less than 5 per cent of the entities' total spend, while 95 per cent is actually spent on strategic procurement, this clearly draws the picture of the problem where entities spending 75 per cent of their time on less than 5 per cent of total spend, which is logically wrong.

What is your business model and how is it different from many other B2B platforms in the region?

Lawazem is an eCommerce marketplace designed specifically to fit business clients' needs rather than consumers. What further set us apart is the variety of products and services we maintain rigorously on a daily basis and handpick specifically for our business clients. This has made our clients' pain with operational procurement simply vanish with a click. Further to that, we knew business clients face issues when it comes to payment methods where majority rely on purchase orders and frame agreements rather than simply pay using credit cards. Thus, we came up with perfect payment plans that made our clients' lives easier.

Nasser Alshaya, Lawazem Co-founder (left) with Abdulhakim Albisher

Can you give us an idea about your clientele in this region? How big is your network? What is the number of transactions you process per month?

In less than 12 months, we have acquired more than 100 long-term clients with agreements to be their sole operational procurement partner ranging from one to three years. Our clients range from small and medium enterprises (SMEs) to private and semi-government companies, non-profit, and government entities. Those clients drive more than 1,000 orders per month for their different daily operational needs.

The B2B startup sector is still nascent and has not yet matured in the Mena region. Why do you think B2B ecommerce has not taken a strong foothold as fast as B2C?

If you look back 12 years ago, the region's adoption of B2C eCommerce was very low and consumers were hesitant to order and pay online. Compare that to today, where almost everything is shopped online.

The same goes today for local businesses which are still stuck on traditional procurement policies and procedures that focus on decreasing the direct spend on unit items, while the cost is significantly higher indirectly through processing cost, absence of innovation and lots of lost opportunities of improvement just to satisfy outdated policies and procedures.

We believe change is coming, and we have just now planted its first seed, we will continue pushing the boundaries and clearly paint the picture of how B2B ecommerce has a big place in the market.

Globally, manufacturers have been reeling from disrupted supplies, high shipping costs, and the inflation resulting from their combination. How can Lawazem help reduce these problems?

In Lawazem, data is everything. We utilise our artificial intelligence (AI)-driven Business Intelligence to capture the problem beforehand, making our clients less affected by those issues. Additionally, our clients know their operation is not 'stuck with one product, brand, or manufacturer'. Our variation of products and services allows our clients to shift easily brands and end up with the same result to run the day-to-day operations with minimal impact.

What future trends and predictions do you foresee in the global/regional B2B e-commerce space? What is your outlook for B2B e-commerce segment?

In the near future, say five years from now, it is clear that manufacturers will open up to B2B eCommerce to be their main distribution channels. But 10 years from now, I believe, procurement jobs will be obsolete with entities directly integrating with platforms such as Lawazem and letting their business units place orders and monitor their spend in an automated AI-driven manner.

What are your future plans for this market? Other than Saudi Arabia, which other countries in the GCC are you planning to enter? How do you plan to capture a larger market share? Are you looking at raising more funds?

We believe we have introduced to the world the first operational procurement eCommerce platform. This has put us in an advantage given the vast experience the team has in this sector, and the technology that backs this experience. Thus, we are definitely going global in the near future, utilising our local and international partners with who already have strong bonds and this is planned to be the result of the coming funding rounds. ■

Almarai: new milestone

Almarai is world's first to get NSF standard

The Saudi Arabia-based dairy giant achieved GAWS certification for its dairy and live poultry operations, the two product categories which have also led to the company's higher revenues in the first quarter of 2022

Riyadh-headquartered Almarai, the largest dairy in the Middle East, is the first in the world to achieve NSF's innovative Global Animal Wellness Standards (GAWS) for animal welfare management Systems and dairy production.

GAWS establishes practices for management systems to help ensure animal welfare, health, feed, housing, and husbandry is the first of their kind in the industry.

Almarai achieved GAWS certification for its dairy and live poultry operations.

Almarai officals at the company's Annual General Meeting

It is the first company to be certified for dairy production in the world and the first company to be certified for poultry hatchery, meat poultry production and poultry production and poultry transportation in the Middle East.

NSF, is a leading global public health and safety organisation. Launched in 2019, the innovative NSF GAWS is the first system in the food agriculture industry that establishes a universal approach to animal health and wellness.

For the first time, GAWS offers industry producers and buyers an outcome-based solution that addresses the entire lifecycle of all key species. It establishes best practices for how animals are kept, raised, and responsibly managed and, most importantly, addresses animal management systems.

NSF Global Animal Wellness Standards enable the food industry to shift away from traditional prescriptive approaches to animal welfare schemes, to one focused on systems management and outcomes.

"Animal welfare is an issue that impacts the agricultural and food production industry globally. We are pleased that Almarai achieved GAWS certification to help ensure consistent animal wellness is instituted at every stage of their dairy and live poultry production," said Dr Elaine Vanier, technical scheme lead for Animal Wellness, NSF International.

Almarai is the Middle East's largest dairy producer and the world's largest vertically integrated dairy company. Since 2019, they have worked closely with NSF to implement animal welfare management systems on their journey to GAWS certification. GAWS aligns with Almarai's sustainability strategy, Better Every Day, which focuses on caring for consumers, protecting the environment and producing responsible products.

"Almarai is one the most trusted food companies in the region and is known for its product quality. We place great importance on animal welfare. Not only because it's the right thing to do, but also to help ensure consistent high quality and safer products. NSF has been hugely supportive throughout the whole process, which enabled us to setup up and aligned our animal welfare management system to the latest international standards," said Kevin Wonnacott, divisional QHSE manager at Almarai.

NSF GAWS establish best practices by benchmarking against global animal welfare regulations and domestic animal welfare regulatory requirements, industry standards and codes of practices. Consistent with the International Organization for Standardization (ISO) Technical Specifications 34700 and World Organisation of Animal Health (OIE) guidelines.

A facility must create, document, and implement an animal welfare management system to achieve certification. There are three levels of conformance from baseline, assurance to certification, awarded to sites that demonstrate total commitment and compliance. All levels require independent audits to verify compliance and include zero tolerance for animal abuse, mistreatment or neglect.

NSF GAWS eliminates the need for food companies with global supply chains to navigate a range of different local and regional approaches to demonstrate their commitment to animal wellness by having one common, globally applicable solution.

EYES MARKET EXPANSION

Meanwhile, the food and beverage major is planning to increase its market share by introducing new products during 2022, Argaam reported citing the firm's board report for 2021.

Proceeding with the robust growth strategy, the firm intends to implement record levels of investment in poultry by doubling supply through targeted investments over five years.

By expanding the poultry segment, it will focus on maximising the full potential of its core business lines across the Gulf Cooperation Council region and will lift the dairy market share in foods and long life milk.

Almarai also aims to grow its foodservice segment into a profitable unit and strengthen its UAE footprint as it continues to bolster operations in Egypt and Jordan.

PROFITS CLIMB 9PC TO $112M

Almarai posted strong sales across product categories in the first three months of the year as demand improved following the easing of Covid-19 restrictions in the kingdom.

The company recorded a 9-per cent increase in net profit for the three-month period ended March 31 on the back of higher revenue. Net profit rose to SR420 million ($112 million) from SR385 million, over the same period in 2021, Almarai said in a regulatory filing to the Tadawul stock exchange.

Almarai is the Middle East's largest dairy producer

Total sales/revenue for the quarter reached SR4.5 billion ($1.2 billion), up by 23.6 per cent compared to the same a year ago.

The positive performance was driven mainly by Almarai's bakery business segment, which posted a profit growth of 79.2 per cent, as well as by the dairy and juice category, which recorded a 5.9 per cent increase in profit. Profit in the poultry category also increased by 9 per cent on the back of a 20 per cent revenue growth. The top line growth was supported by the food service segment, however, profitability growth was affected by the continued increase in the cost of corn and soya during the quarter.

"Positive revenue growth was evident in all categories due to improved trading conditions post Covid-19 movement restrictions, opening of schools and higher number of visitors in the region," Almarai said.

OGM APPROVES DIVIDENDS

Meanwhile, the ordinary general meeting (OGM) of Almarai Company approved a cash dividend distribution, equivalent to 10 per cent of the company's capital, for 2021.

The cash dividend payout stands at SR 1 per share, aggregating at a total value of SR1 billion, according to a bourse filing.

It is noteworthy to mention that in 2021, the company reported a 21.21 per cent decline in its consolidated net profits after Zakat and tax to SR 1.56 billion, compared to SR 1.98 billion in 2020. ■

Almarai: new products in the pipeline