



BALADNA Q.P.S.C.

Q2 2023

Financial Results Presentation

10 August 2023

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Key Messages



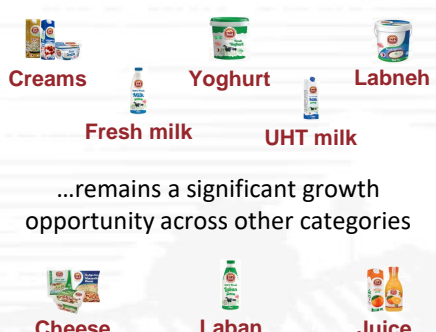
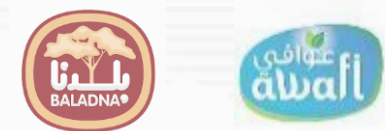




Key Messages



- During the second quarter of 2023, Baladna achieved a revenue of QAR 262 million and net profit of QAR 22 million. **This represents a revenue and net profit growth of 7% and 3% respectively, compared to the second quarter of 2022**
- Additionally, Baladna achieved a revenue of QAR 517 million in the first half of 2023 which corresponds to a revenue growth of 7% compared to the first half of last year. Baladna recorded a net profit of QAR 42m for the six-month period ended 30 June 2023, reduced by 11% compared to the same period last year
- Gross profit margins have improved over the six-month period ended 30 June 2023, however the decrease in net profit is mainly attributed to the increase in finance cost for the first of half of 2023, when compared to the same period last year
- To compensate the higher impact of finance cost, Baladna is currently working towards a potential reduction in finance cost, which if successfully completed, is expected to have a positive impact on profitability margins and net profit in the second half of 2023
- Baladna is continuously assessing opportunities to enhance its product mix by developing new innovative products and optimizing its product portfolio. During H1 2023, Baladna managed to introduce 9 new SKUs and delisted lower performing products to optimize and enhance its product portfolio
- Baladna's management continues to focus on increasing operational efficiencies throughout the entire value chain, capitalizing on the improved market dynamics and implementing stringent overhead cost controls
- Baladna continues to explore new business growth avenues, including international expansion opportunities and partnerships. Baladna's acquisition of a 15% shareholding in the listed company Juhayna Food Industries in Egypt underscores this strategic focus
- Baladna continues to be committed to its vision and mission by delivering superior products and expanding its dairy and juice portfolio to become the most trusted brand of nutritional foods and healthy beverages in Qatar, as well as delivering shareholder value

Key Messages

Key investment highlights

Leader in the Dairy and Beverages sector in Qatar	Excellent product innovation and consumer insights	Strong financial performance and position	Strategic shareholder support	Identified growth enablers								
<p>Leading market position across 5 out of 8 product categories...</p> <p>Number 1 position across 5 categories...</p>  <p>...remains a significant growth opportunity across other categories</p>	<p>Continuously enhancing product portfolio & innovative marketing...</p> <p>Highly appreciated brand names created</p>  <p>Diverse range of product offerings</p> <p>SKUs 259</p>	<p>Revenue and EBITDA increased due to an increase in sales volumes...</p> <p>Revenue <i>QARm</i></p> <table border="1"> <tr> <td>H1 2022</td> <td>484</td> <td>H1 2023</td> <td>517</td> </tr> </table> <p>EBITDA</p> <table border="1"> <tr> <td>H1 2022</td> <td>138</td> <td>H1 2023</td> <td>158</td> </tr> </table>	H1 2022	484	H1 2023	517	H1 2022	138	H1 2023	158	<p>Strategic & founding shareholders account for 49% of shareholding...</p> <p>Strategic shareholders</p>  <p>Strengthening food security and self-sufficiency in Qatar, backed by Government support</p>	<p>Potential for growth beyond the local market...</p> <ul style="list-style-type: none"> ✓ Identification of opportunities beyond Qatar through signing MOUs with strategic partners ✓ Feasibility studies are ongoing to assess opportunities on a case-by-case basis ✓ Baladna increased its stake in Juhayna Food Industries in Egypt to a substantial 15%
H1 2022	484	H1 2023	517									
H1 2022	138	H1 2023	158									
<p>... complemented with additional expansion plans</p>	<p>...complemented by an excellent reach of retail and Horeca clients</p>	<p>...based on strong financial position and solid balance sheet</p>	<p>...supporting Baladna to continue its growth</p>	<p>...with potential for increasing efficiencies through integration</p>								
<p>Diversification initiatives</p> <p>Commencement of operations at the E-life Detergent Factory</p>  <p>Diversification initiatives</p> <p>Agreement with "The Bel Group" to start producing The Laughing Cow® jars cheese</p> 	<p>No. of sales routes 139</p> <p>No. of customers 3,646</p> 	<ul style="list-style-type: none"> ▪ Strong asset base primarily funded by equity – Net debt to total capital 45% ▪ Access to external funding as required 	<p>Growth at the heart of Baladna's management</p> <ul style="list-style-type: none"> ▪ Continuously assessing horizontal or vertical expansion ▪ Unwavering dedication to visions and mission 	<ul style="list-style-type: none"> ▪ Assessment of strategic integration opportunities to have own feed farms to meet internal demand ▪ Potential to further support self sufficiency and the certainty of the supply and quality of feed 								






Operational and
Commercial Update



Operational and Commercial Update

Key operational highlights

June 2022 June 2023 YoY growth

	June 2022	June 2023	YoY growth	
1 Overall market share 	50.3%	51.4%	▲ 1%	<ul style="list-style-type: none"> ▪ Increase in market share driven by a growth in sale volumes across the majority of product categories
<i>Source: AC Nielsen</i>		<i>Market share reflects MAT 12 months</i>		
2 Total no. of SKUs 	246	259	▲ 5%	<ul style="list-style-type: none"> ▪ Portfolio efficiency provides platforms for profitable growth. Baladna introduced 9 SKUs in H1 2023 ▪ The rationalization program continues to review product portfolio to maximise returns
3 No. of sales routes 	137	139	▲ 1%	<ul style="list-style-type: none"> ▪ Focus is on enhancing relationships with existing clients and attracting new customers ▪ Increased focus on HORECA customers

Operational and Commercial Update

Market Segmentation (1/3)



Fresh milk

94%

Market share



Q2 22



Q2 23

- YoY market share growth: **+5%**
- Retained #1 position



UHT milk

85%

Market share



Q2 22



Q2 23

- YoY market share growth: **+2%**
- Retained #1 position



Laban

49%

Market share



Q 22



Q2 23

- YoY market share growth: **+2%**
- Remains a significant growth opportunity

Operational and Commercial Update

Market Segmentation (2/3)



Yoghurt
46%
Market share



Q2 22



Q2 23

- YoY market share growth: **+2%**
- Remained the market leader



Labneh
46%
Market share



Q2 22



Q2 23

- YoY market share growth: **-4%**
- Remained the market leader



Cheese
24%
Market share



Q2 22



Q2 23

- YoY market share growth: **-3%**
- Remains a significant growth opportunity

Operational and Commercial Update

Market Segmentation (3/3)



Creams

60%

Market share



Q2 22



Q2 23

- YoY market share growth: **+13%**
- Achieved a market leading position



Juice

20.2%

Market share



Q2 22



Q2 23

- YoY market share growth: **+0.5%**
- Remains a significant growth opportunity

Operational and Commercial Update

Introduction of 9 new SKUs over H1 2023



- Baladna is constantly looking to enhance its product mix by adding additional products and optimizing its portfolio
- Over the course of H1 2023, Baladna has introduced 9 new products and further optimized its product portfolio by delisting lower performing products







Financial Performance



H1 2023 Financial Performance




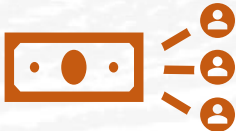
Key Financial Highlights

	H1 2022	H1 2023	YoY growth		
1	Revenue 	QAR 484m	QAR 517m	▲ 7%	Baladna achieved higher sale volumes and recorded a YoY revenue growth of 7% due to market share gains across product categories
2	Gross Profit 	QAR 100m <i>GP margin</i> 20.6%	QAR 110m 21.4%	▲ 11%	Increase in sales volumes coupled with previously received approvals for price increases for selected categories led to a growth in gross profit of 11% and slight improvement in the gross profit margin
3	Net profit* 	QAR 48m	QAR 42m	▼ -11%	Decrease in the net profit is mainly due to the increase in finance cost
4	EPS 	QAR 0.025	QAR 0.022	▼ -11%	Decline in net profit resulted in a subsequent decrease in Earnings Per Share

*Net profit excludes the non-controlling interest

Q2 2023 Financial Performance

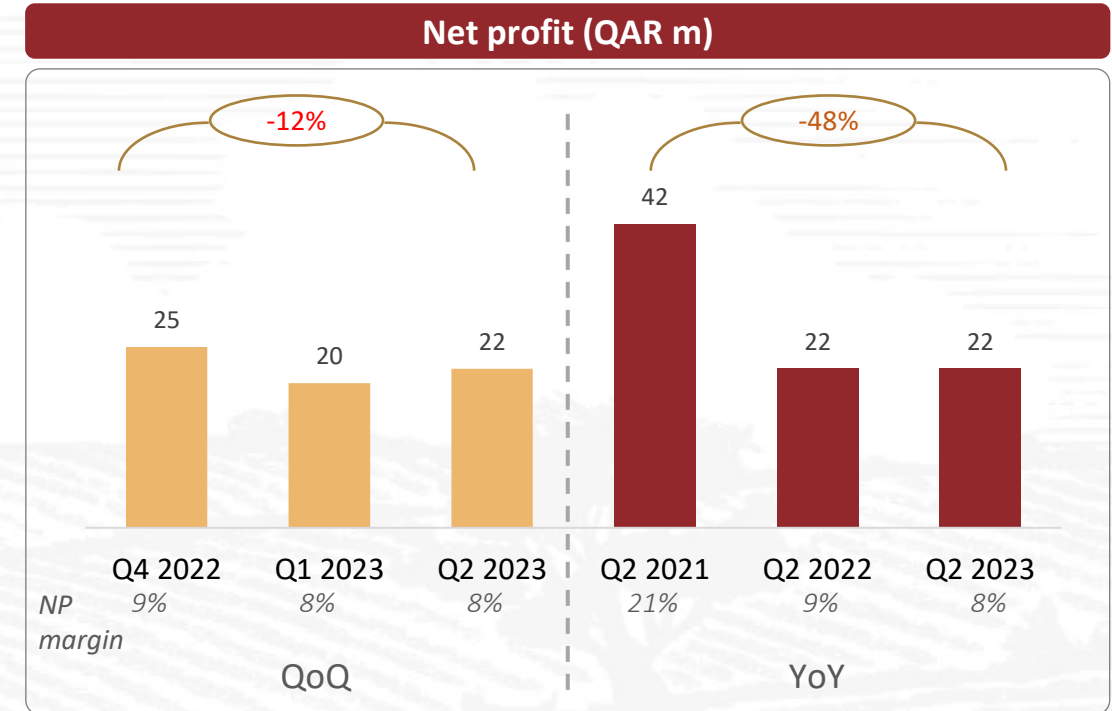
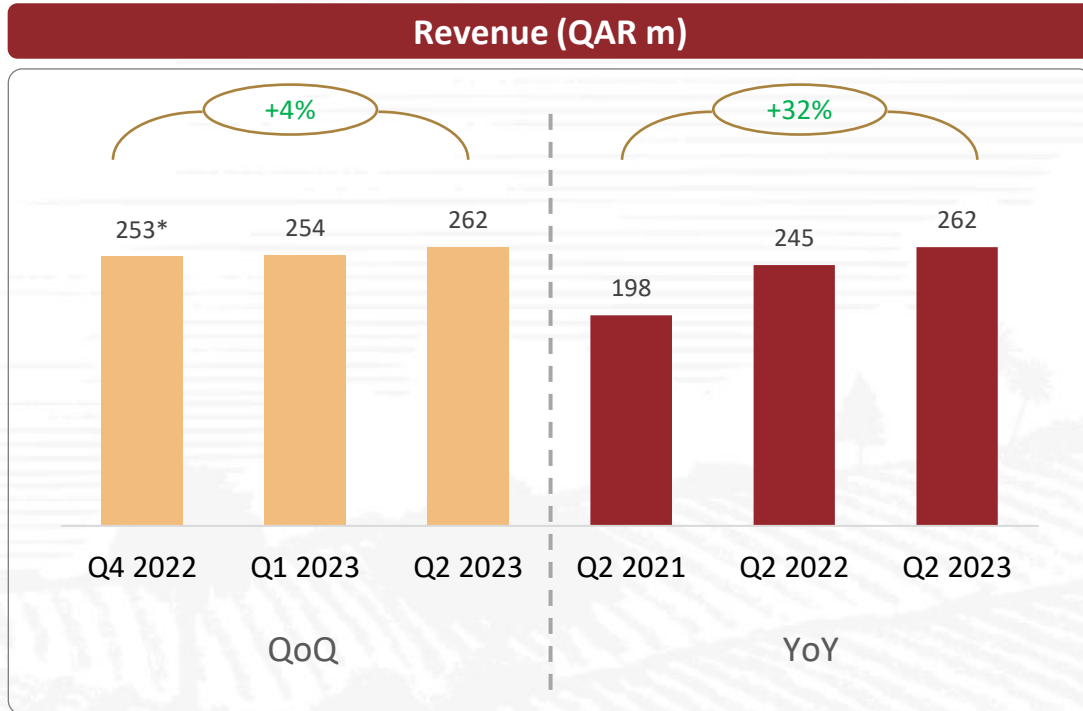
Key Financial Highlights

	Q2 2022	Q2 2023	YoY growth		
1	Revenue 	QAR 245m	QAR 262m	▲ 7%	Baladna achieved higher sale volumes and recorded a YoY revenue growth of 7% due to market share gains across product categories
2	Gross Profit 	QAR 48m <i>GP margin</i> 19.7%	QAR 56m 21.4%	▲ 17%	Increase in sales volumes coupled with previously received approvals for price increases for selected categories led to a growth in gross profit of 17% and slight improvement in the gross profit margin
3	Net profit* 	QAR 22m	QAR 22m	▲ 3%	Despite the increase in finance costs, Baladna has been able to sustain its net profit due to the positive impact from gross profit margin
4	EPS 	QAR 0.011	QAR 0.012	▲ 3%	The growth in net profit resulted in a subsequent increase in Earnings Per Share

*Net profit excludes the non-controlling interest

Financial Performance

Financial performance development



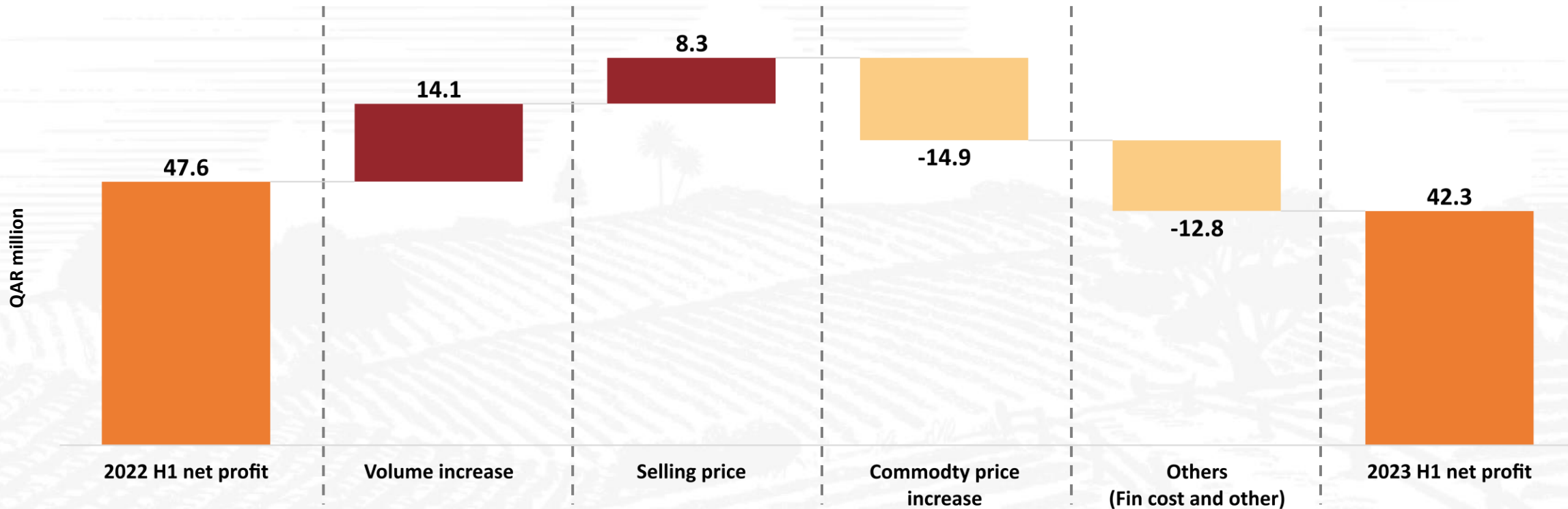
- Strong YoY and QoQ revenue growth mainly driven by the consistent growth in market share across product categories
- Net profit impacted due to an increase in the cost of animal feed, raw materials, packaging materials, fuel and logistics
- Increase in bank profit rates resulted in an increase in finance cost compared to previous periods, finance costs have increased by 94% compared to Q2 2022
- Strong control on overheads resulted in a comparatively lower increase in operational expenses compared to the revenue increase

*Q4 2022 revenue has been adjusted for one-time impact of the FIFA world cup

Net profit bridge for H1 2023

Growth in the top line did not result in an increase in net profit due to the increase in commodity prices and increased finance cost

Net profit bridge – H1 2023

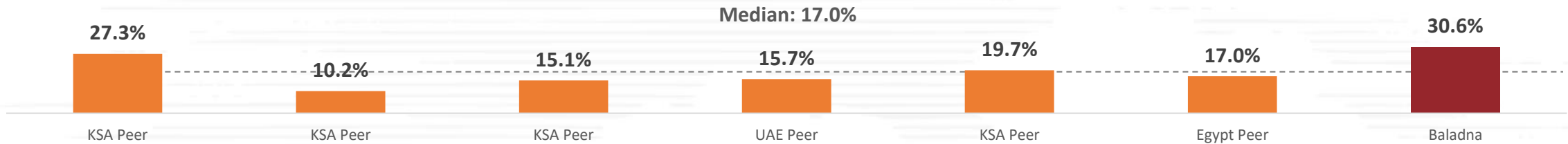


Higher material costs resulted in decreased profitability margins

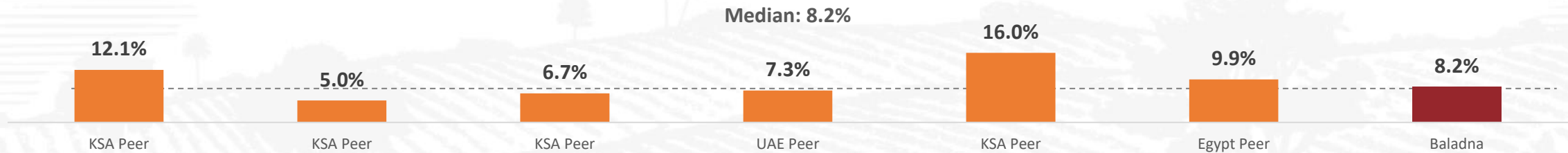


Margins positioning compared to regional peers

H1 2023 EBITDA margin (For the period from 01 January 2023 to 30 June 2023)



H1 2023 net profit margin (For the period from 01 January 2023 to 30 June 2023)



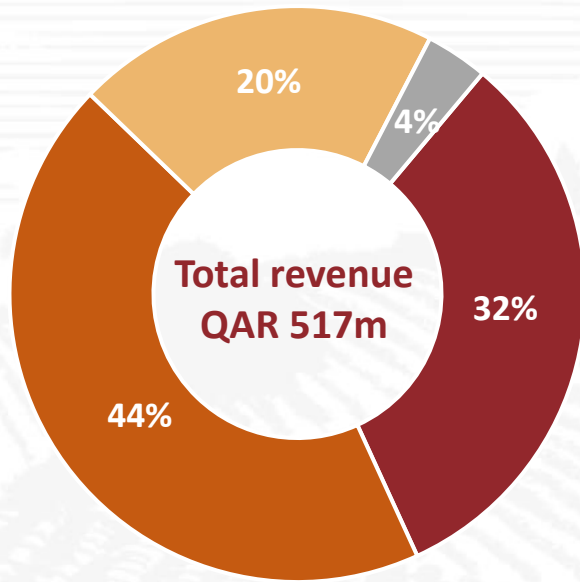
- Baladna achieved an EBITDA margin of 30.6% for the H1 2023 period, which remains industry leading among regional peers
- Baladna recorded a net profit margin of 8.2% which is lower than the major regional peers mainly affected from higher finance cost

Revenue by channel

Growth recorded in all channels

Contribution by Channel (H1 2023)

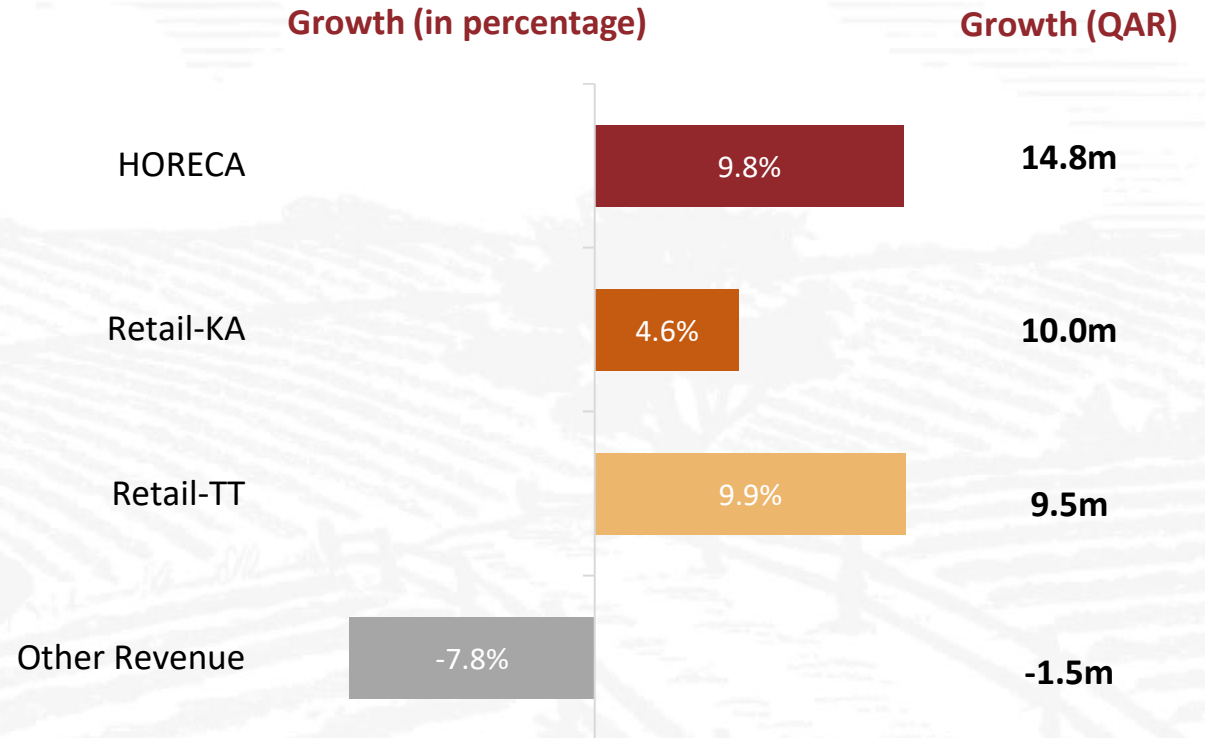
Channel wise revenue contribution (in percentage)



■ HORECA ■ Retail-KA ■ Retail-TT ■ Other Revenue

Growth by Channel

H1 2023 channel wise growth (vs H1 2022)

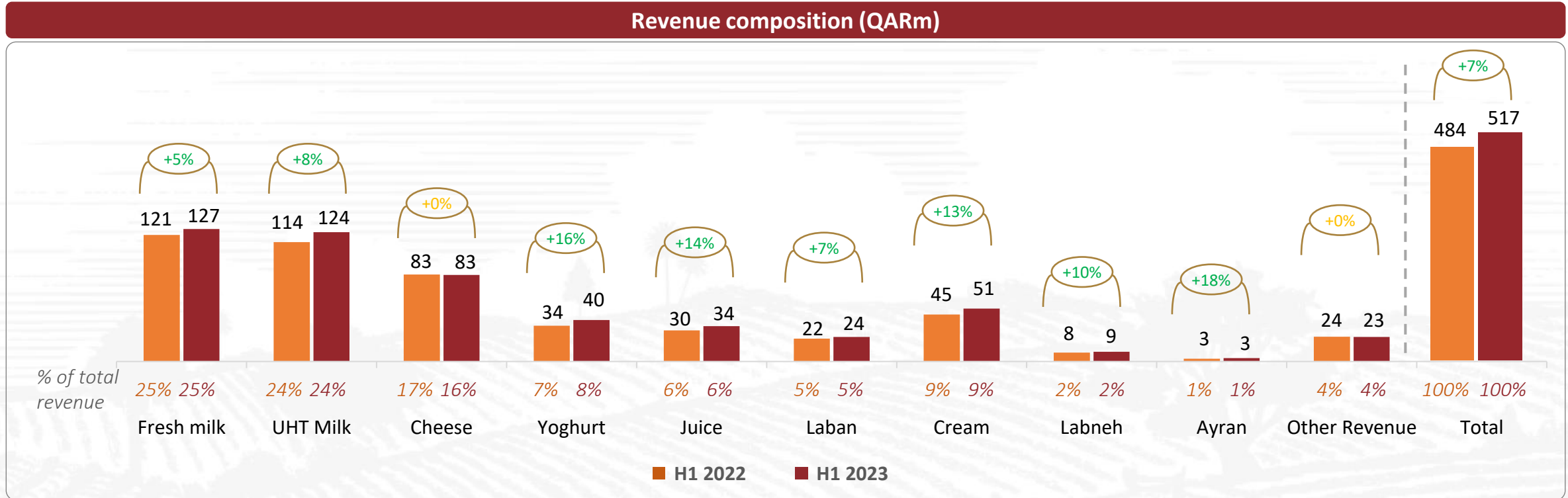


Note: "Other revenue" includes livestock sales, compost and manure sales, plastic sales, feed and other sales

Financial Performance



Revenue composition and growth – Year-on-year



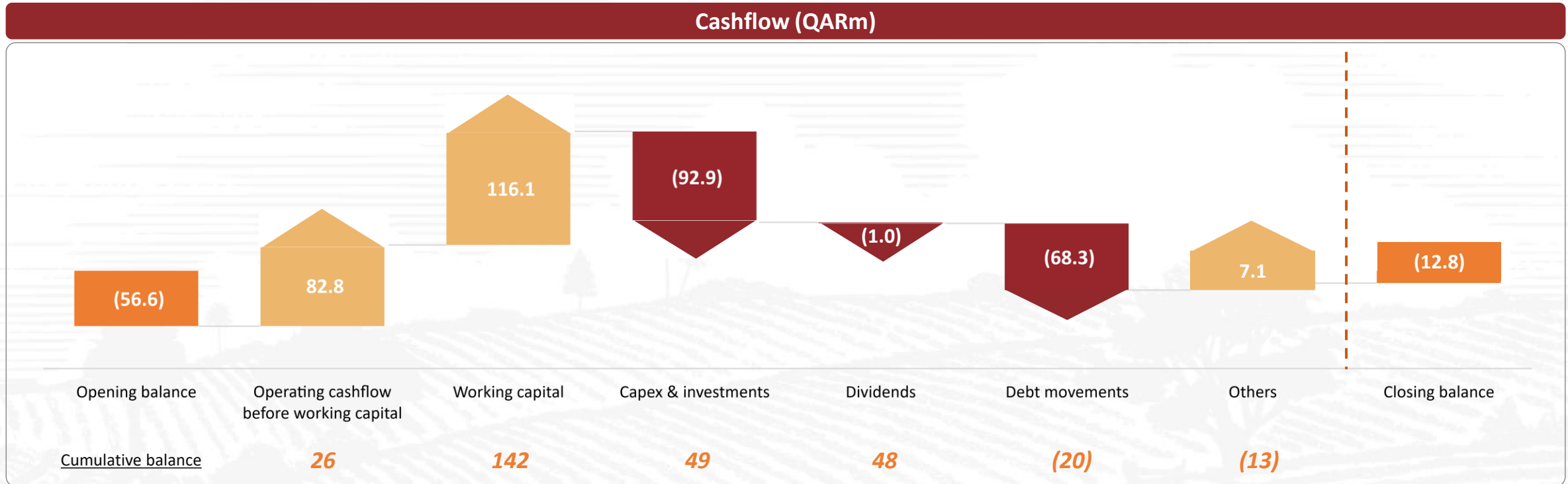
- Revenue growth across all product categories with the exception to cheese
- Continuing to enhance existing client relationships while targeting new customers in all channels
- Considerable revenue growth within Yoghurt (**16%**), Juice (**14%**) and Cream (**13%**) categories

Note: "Other revenue" includes other dairy (i.e. desserts, custard, ghee, livestock sales, compost and manure sales, plastic sales, feed and other sales, etc.).

Financial Performance



Cashflow management for the H1 2023 period



- Baladna continues to generate robust cash from operations as a result of the growth in revenues
- Efficient working capital management, mainly in the form of inventory management has contributed to the strong operating cash flow during H1 2023
- Borrowings decreased by QAR 68 million in H1 2023

Financial Performance

Financial position as at 30 June 2023

Total assets (QAR million)

	Jun-23	Dec-22	Growth
Fixed Assets	3,201	3,128	▲ 2%
Biological Assets	204	220	▼ -7%
Investment In Shares	201	218	▼ -8%
Other Non-Current Assets	28	27	▬ 0%
Total Non-Current Assets	3,633	3,594	▲ 1%
Trade & other debit balances	298	308	▼ -3%
Inventories	344	443	▼ -22%
Cash and Bank Balances	42	62	▼ -33%
Other Current Assets	30	32	▼ -5%
Total Current Assets	714	845	▼ -16%
Total Assets	4,347	4,438	▼ -2%

Total shareholders' equity and liabilities (QAR million)

	Jun-23	Dec-22	Growth
Islamic financing	1,597	1,634	▼ -2%
Other Non-Current Liabilities	24	22	▲ 6%
Total Non-Current Liabilities	1,622	1,657	▼ -2%
Trade and other credit balances	229	240	▼ -5%
Bank Facilities	192	274	▼ -30%
Other Current Liabilities	11	19	▼ -42%
Total Current Liabilities	432	533	▼ -19%
Shareholders Equity	2,294	2,249	▲ 2%
Total Equity & Liabilities	4,347	4,438	▼ -2%

- Repayment of Islamic financing facilities started in March 2023
- Healthy Current Ratio of 1.7x
- Net Debt to total capital employed (D+E) ratio stands at 45%
- Strong asset base mainly funded by equity, expansions are mainly funded through debt

Shareholder Information





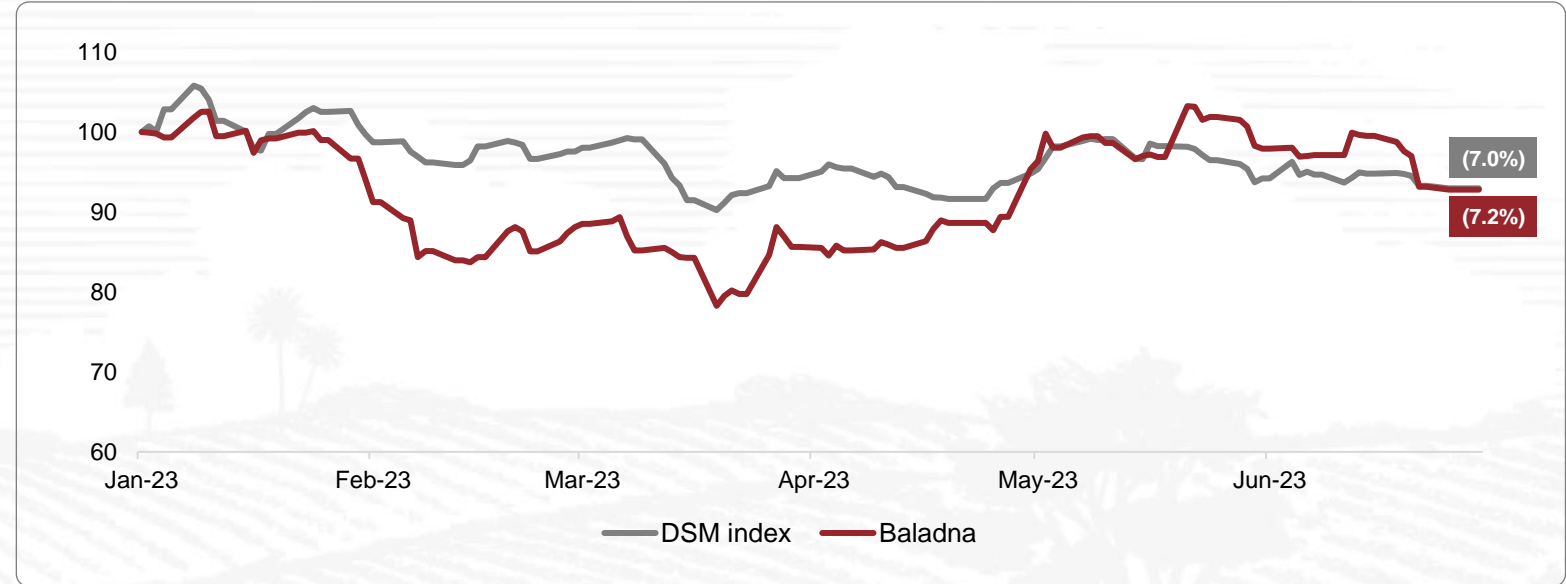
Shareholder Information

Shareholder information (as at 30 June 2023)

General information

- **Company name** Baladna Q.P.S.C.
- **Ticker (QE)** BLDN
- **Market cap:** QAR 2.7b
- **Common shares outstanding** 1.9b

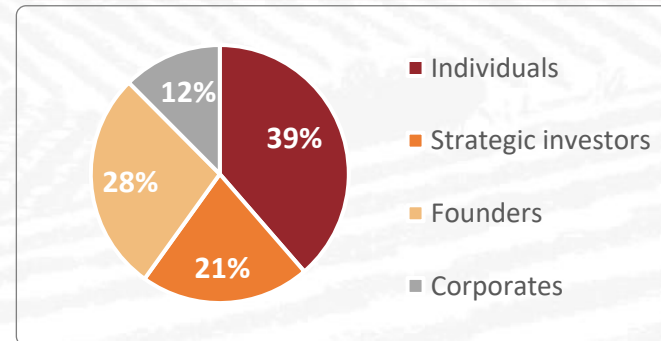
Share price versus DSM 1 January 2023 to 30 June 2023 (rebased to 100)



Company key stats

- **Spot price:** QAR 1.43
- **YTD % change:** -7.2%
- **Value creation for IPO investors** (Capital appreciation & dividends) +55.7%

Shareholding structure



Investor relations contact

For all IR inquiries, please contact:

ir@baladna.com

For more information please visit our website:

www.baladna.com



Management
Outlook 2023



Management Outlook

Management outlook for H2 2023



Product development

Bringing new products to the market is at the heart of Baladna's strategy as the company aims to continue its product innovation and introduce new products to capture greater market share



Market environment & major events

Positive indications of cost inflation normalization, increasing efficiency gains resulting from Baladna's operational excellence and an overall growth in the local population present a promising outlook for a more robust outcome for the rest of 2023

Baladna is currently working towards a potential reduction in finance cost, which if successfully completed, is expected to have a positive impact on profitability margins and net profit in the second half of 2023



Expansion opportunities

International expansion opportunities are key for long-term growth and remain a focus area for Baladna. Opportunities are evaluated on a case-by-case basis, with feasibility studies currently underway

Baladna is also assessing value accretive options for backward integration to support self-sufficiency and the certainty of the supply and quality of feed



Strong financial position

Having a strong financial position, Baladna is well placed to invest in large-scale projects while expanding the current business into new categories and investing in growth opportunities which have the potential to provide incremental returns



Appendix



Appendix

Profit and loss statement – H1 2023

<i>QAR m</i>	H1 2023		H1 2022		Change
Revenue	516.7	100%	484.0	100%	7%
Cost of revenue	(406.3)	-79%	(384.4)	-79%	6%
Gross profit	110.3	21%	99.5	21%	11%
Other income	58.9	11%	58.6	12%	1%
(Loss)/Income from Investment Securities	2.2	-	(10.5)	-2%	-
Dividend income	2.3	-	11.4	2%	-80%
Selling and distribution expenses	(39.0)	-8%	(45.7)	-9%	-15%
General and administrative expenses	(48.2)	-9%	(42.7)	-9%	13%
Operating profit for period	86.5	17%	70.5	15%	23%
Finance costs and bank charges	(44.2)	-9%	(22.3)	-5%	98%
Profit before income tax	42.3	8%	48.3	10%	-12%
Income tax expense	(0.2)	-	(0.7)	-	-66%
Profit after tax for the period	42.1	8%	47.6	10%	-12%
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	42.1	8%	47.6	10%	-12%
Non-controlling interest	(0.2)	-	-	-	-
Total comprehensive income attributed to the parent	42.3	8%	47.6	10%	-11%
Basic and diluted earnings per share (QAR per share)	0.022		0.025		-11%

Appendix

Profit and loss statement – Q2 2023

<i>QAR m</i>	Q2 2023		Q2 2022		Change
Revenue	262.2	100%	244.7	100%	7%
Cost of revenue	(206.1)	-79%	(196.5)	-80%	5%
Gross profit	56.2	21%	48.1	20%	17%
Other income	28.9	11%	29.0	12%	-
(Loss)/Income from Investment Securities	1.7	1%	(5.4)	-2%	-
Dividend income	2.3	1%	6.3	3%	-64%
Selling and distribution expenses	(20.2)	-8%	(23.1)	-9%	-13%
General and administrative expenses	(24.1)	-9%	(21.1)	-9%	14%
Operating profit for period	44.7	17%	33.8	14%	32%
Finance costs and bank charges	(22.5)	-9%	(11.6)	-5%	94%
Profit before income tax	22.2	8%	22.2	9%	-
Income tax expense	(0.1)	-	(0.5)	-	-84%
Profit after tax for the period	22.1	8%	21.7	9%	2%
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	22.1	8%	21.7	9%	2%
Non-controlling interest	(0.2)	-	-	-	-
Total comprehensive income attributed to the parent	22.3	8%	21.7	9%	3%
Basic and diluted earnings per share (QAR per share)	0.012		0.011		3%

Appendix

Company Profile

Our purpose

To ensure healthy, natural food and beverages that delight our customers and contribute to the food security of Qatar.

Who we are

Established in 2014, Baladna is Qatar's leading dairy and beverage company, with a diversified product offering, world-class facilities and a self-sufficient farm with breeding capabilities to accelerate future growth.

What we do

Baladna is an integrated dairy and beverage company, with two large-scale farms, state-of-the-art production lines, processing and packaging facilities, and its own distribution network that delivers over 250 dairy and juice products to customers across Qatar and beyond every day.

Vision

To be the most trusted brand of nutritional foods and healthy beverages in Qatar and to expand to new markets.

Mission

To ensure consumers' wellness by providing natural, nutritious and tasty foods and beverages, while maintaining the most rigorous food safety and biosecurity protocols.

Product range



Success story

+3,500
Points of sale

51.4%
Overall market share

259
Products available

+2,000
Employees

Appendix

BoD Members



Moutaz Al-Khayyat
Chairman



Mohammed Badr Al Sada
Vice Chairman



Ramez Al-Khayyat
Managing Director



**His Excellency Sheik Faleh Bin
Nasser Bin Ahmad Al-Thani**
(Minister of Environment and Climate
Change) *Board Member*



**Hamad Bin Abdullah Bin
Khalid Al-Attiya**
Board Member



Mazen Alsbeti
Board Member



Aidan Tynan
Independent Board Member

Appendix

Senior Management Team



Ramez Al-Khayyat
Managing Director



Malcolm Jordan
Chief Executive Officer



Saifullah Khan
Chief Financial Officer



Paul Kenny
GM - Sales



David Stuart
GM - Manufacturing



Julian Marcolini
GM - Quality



Nasser Al Maslamani
Group HR Director



Firas Khalil
Information Technology Director



Francis Higgins
Head of Sustainability and Communications

Appendix

Glossary



EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EPS	Earnings Per Share
HORECA	Hotels, Restaurants and Catering
NP	Net Profit
NPD	New Product Development
SKU	Stock Keeping Unit
UHT	Ultra-High Temperature



Q & A





THANK YOU