



BALADNA Q.P.S.C.

Q3 2023

Financial Results Presentation

01 November 2023

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Key Messages



Key Messages

- During the third quarter of 2023, Baladna achieved a revenue of QAR 256 million and net profit of QAR 22 million. **This represents a revenue and net profit growth of 14% and 178% respectively, compared to the third quarter of 2022**
- In the first nine months of 2023, Baladna achieved a revenue of QAR 773 million and a net profit of QAR 65m which corresponds to a revenue and net profit growth of 9% and 16% respectively, compared to the same period last year
- The growth in net profit in the first nine-month period of 2023 is mainly attributed to the increase in sales volumes, increase in retail selling prices, increase in market share, normalization of commodity prices, and savings in finance costs
- Baladna is continuously assessing opportunities to enhance its product mix by developing new innovative products and optimizing its product portfolio. During the first nine-months of 2023, Baladna managed to introduce 16 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 is pleased to announce the latest progress it made in relation to signing of a memorandum of corporation with Suez Canal Authority Egypt, targeting the establishment of cattle breeding facility, dairy production and arable farming .This project strengthens our strategic alliance in Egypt, where we hold a 15% stake in Juhayna Food Industries.
- Baladna reported a positive development in their upcoming Algerian project targeting milk production
- Committed to its vision and mission, Baladna continues to provide superior products, expands product portfolio, and deliver shareholder value through its relentless commitment to product innovation and operational excellence, both in Qatar and abroad.

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 6 out of 8 product categories...</p> <p>Number 1 position across 6 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 255</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>YTD Sept. 2022</td> <td>709</td> <td>YTD Sept. 2023</td> <td>773</td> </tr> </table> <p>EBITDA</p> <table border="1"> <tr> <td>YTD Sept. 2022</td> <td>196</td> <td>YTD Sept. 2023</td> <td>230</td> </tr> </table>	YTD Sept. 2022	709	YTD Sept. 2023	773	YTD Sept. 2022	196	YTD Sept. 2023	230	<p>Strategic & founding shareholders account for 50% 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"> ✓ Signed MoC with Suez Canal Authority for a new dairy facility, strengthening our alliance in Egypt, holding 15% stake in Juhayna Food Industries ✓ Positive advancement in the upcoming Algerian project targeting milk production facilities
YTD Sept. 2022	709	YTD Sept. 2023	773									
YTD Sept. 2022	196	YTD Sept. 2023	230									
<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>Started producing The Laughing Cow® spreadable cheese for Bel Group</p>	<p>No. of sales routes 139</p> <p>No. of customers 3,540</p>	<ul style="list-style-type: none"> ▪ Strong asset base primarily funded by equity – Net debt to total capital 46% ▪ 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

Q3 2022 Q3 2023 YoY growth

	Q3 2022	Q3 2023	YoY growth	
1 <div style="border: 1px solid #8B4513; padding: 5px; margin-top: 5px;"> Overall market share  </div>	51.0%	51.5%	▲ 0.5%	<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 <div style="border: 1px solid #8B4513; padding: 5px; margin-top: 5px;"> Total no. of SKUs  </div>	248	255	▲ 3%	<ul style="list-style-type: none"> Portfolio efficiency provides platforms for profitable growth. Baladna introduced 16 SKUs in the first nine-months 2023 The rationalization program continues to review product portfolio to maximise returns
3 <div style="border: 1px solid #8B4513; padding: 5px; margin-top: 5px;"> No. of sales routes  </div>	137	139	▲ 1.5%	<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

95%

Market share



Q3 22



Q3 23

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



UHT milk

86%

Market share



Q3 22



Q3 23

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



Laban

49%

Market share



Q3 22



Q3 23

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

Operational and Commercial Update

Market Segmentation (2/3)



Yoghurt
47%
Market share



Q3 22



Q3 23

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



Labneh
43%
Market share



Q3 22



Q3 23

- YoY market share growth: **-8%**
- Remained the market leader



Cheese
24%
Market share



Q3 22



Q3 23

- YoY market share growth: **-4%**
- Remains a significant growth opportunity

Operational and Commercial Update

Market Segmentation (3/3)



Creams

59%

Market share



Q3 22



Q3 23

- YoY market share growth: **+8%**
- Achieved a market leading position



Juice

20%

Market share



Q3 22



Q3 23

- YoY market share growth: **0%**
- Remains a significant growth opportunity

Operational and Commercial Update

Introduction of 16 new SKUs over the first nine-months of 2023



- Baladna is constantly looking to enhance its product mix by adding additional products and optimizing its portfolio
- Over the course of the first nine-months of 2023, Baladna has introduced 16 new products and further optimized its product portfolio by delisting lower performing products



Financial Performance



Financial Performance YTD September 2023

Key Financial Highlights

	YTD. 2022	YTD. 2023	YoY growth	
1	Revenue 	QAR 709m	QAR 773m ▲ 9%	Increase in sales volumes due to capitalization on favorable market conditions coupled with price increases resulted in growth of revenue by 9%
2	Gross Profit 	QAR 138m <i>GP margin</i> 19.4%	QAR 162m ▲ 18% 20.9%	In addition to the positive impact on revenue performance, normalization of commodity prices contributed the increase in gross profit by 18% and slight improvement in gross margin
3	Net profit* 	QAR 56m <i>NP margin</i> 7.8%	QAR 65m ▲ 16% 8.4%	Despite the YoY increase in finance costs, Baladna has been able to increase its net profit due to the positive impact from gross profit
4	EPS 	QAR 0.029	QAR 0.034 ▲ 16%	Increase in net profit resulted in a subsequent increase in Earnings Per Share

*Net profit excludes the non-controlling interest

Financial Performance Q3 2023

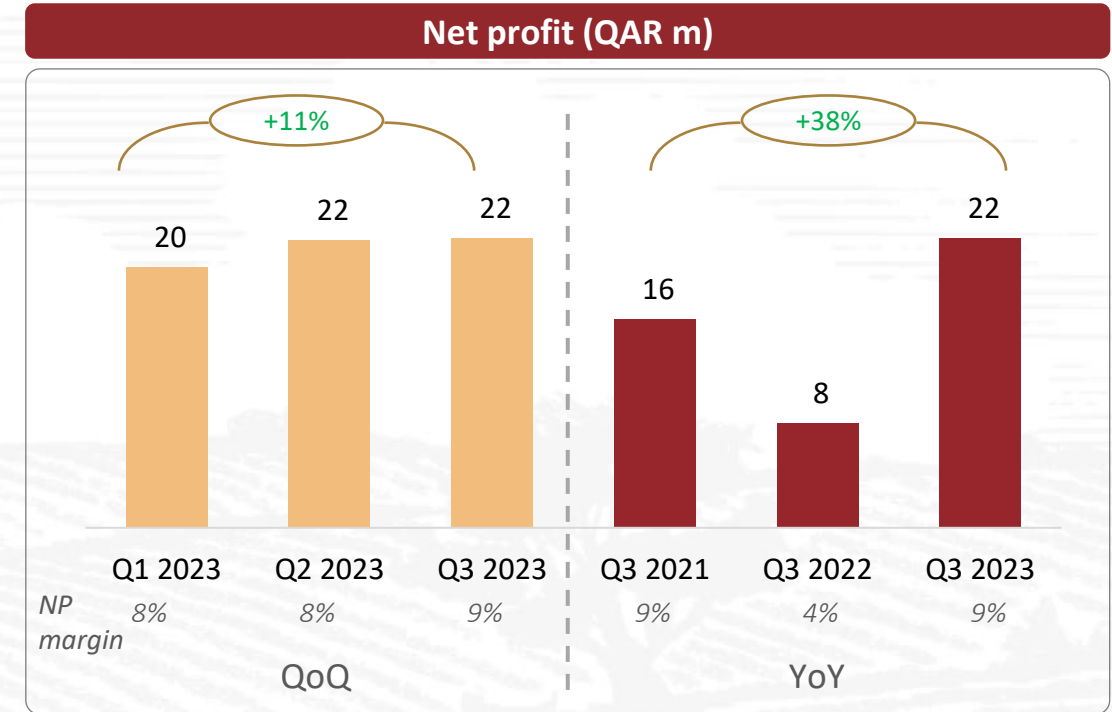
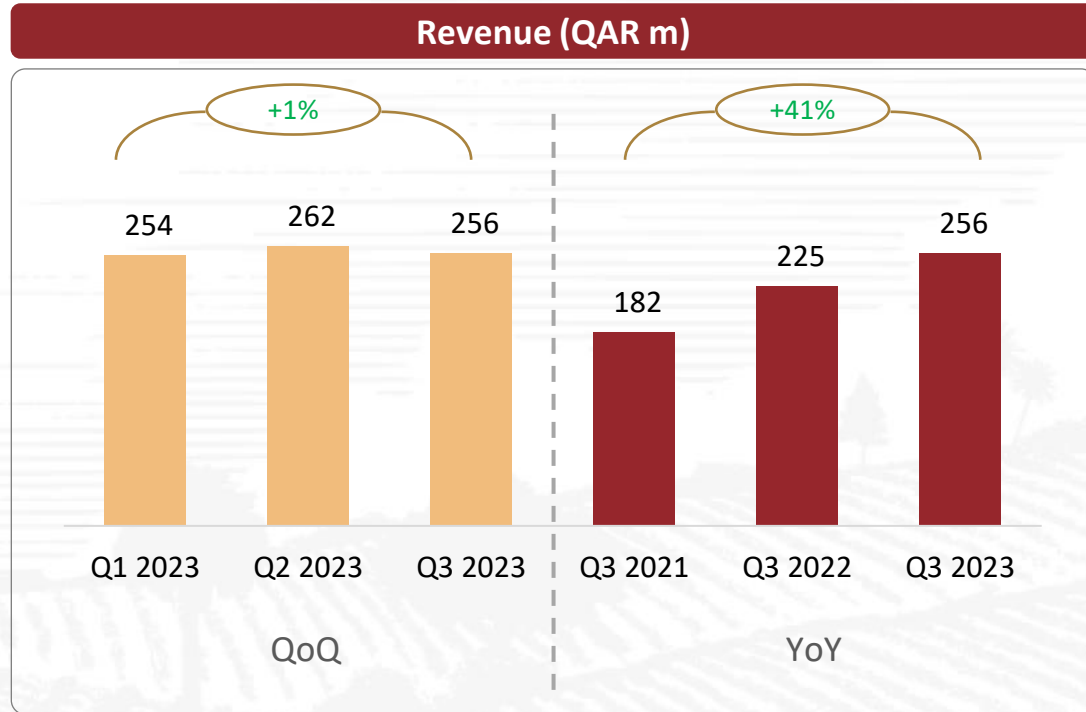
Key Financial Highlights

	Q3 2022	Q3 2023	YoY growth		
1	Revenue 	QAR 225m	QAR 256m	▲ 14%	Increase in sales volumes due to capitalization on favorable market conditions coupled with price increase resulted in revenue growth by 14%
2	Gross Profit 	QAR 38m <i>GP margin</i> 17.0%	QAR 52m 20.1%	▲ 35%	In addition to the positive impact on revenue performance, normalization of commodity prices contributed the increase in gross profit by 35% and subsequent improvement in gross margin
3	Net profit* 	QAR 8m <i>NP margin</i> 3.6%	QAR 22m 8.7%	▲ 178%	Positive impact on gross profit margin coupled with saving in finance cost contributed YoY increase of net profit by 178%
4	EPS 	QAR 0.004	QAR 0.012	▲ 178%	Increase in net profit resulted in a subsequent increase in Earnings Per Share

*Net profit excludes the non-controlling interest

Financial Performance

Financial performance development

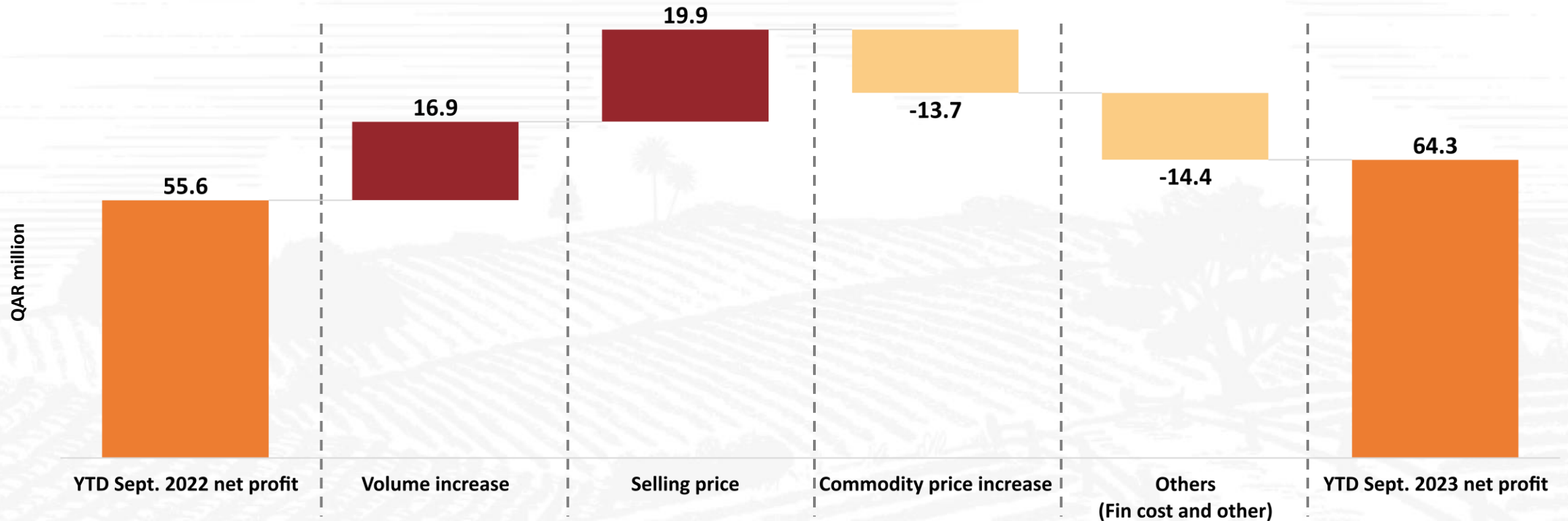


- Strong YoY and QoQ revenue growth mainly driven by the consistent volume growth coming from increased population and market share gain and increase in selling prices
- Increase in net profit YoY and QoQ mainly driven by the increase in revenues, normalization of commodity prices and stringent control on overheads

Net profit bridge YTD September 2023

The increase in selling price and volume, along with the normalization of commodity prices and finance costs resulted in an increased net profit for the first nine-months period of 2023

Net profit bridge – YTD Sept. 2023

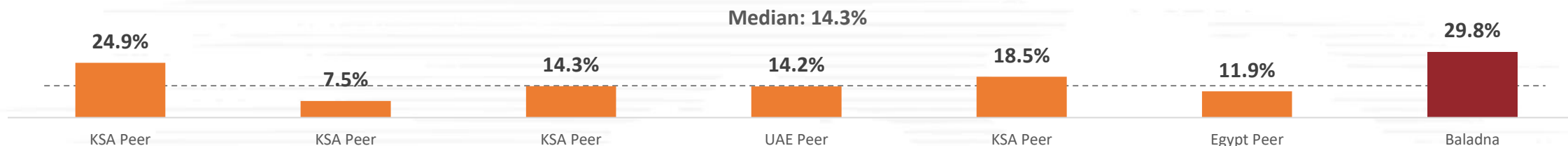


Higher finance costs and depreciation resulted in decreased profitability margins against peers

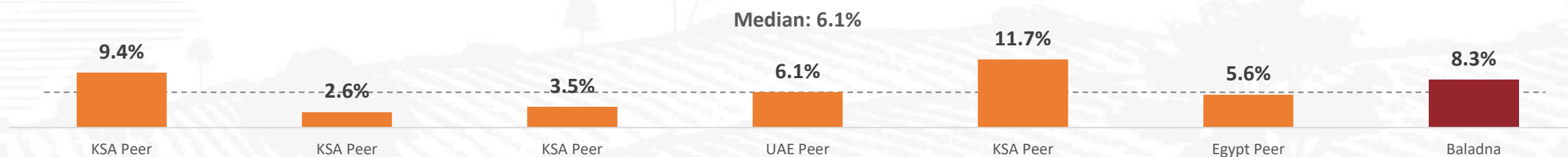


Margins positioning compared to regional peers

YTD 2023 EBITDA margin (For the period from 01 January 2023 to 30 September 2023)



YTD 2023 net profit margin (For the period from 01 January 2023 to 30 September 2023)



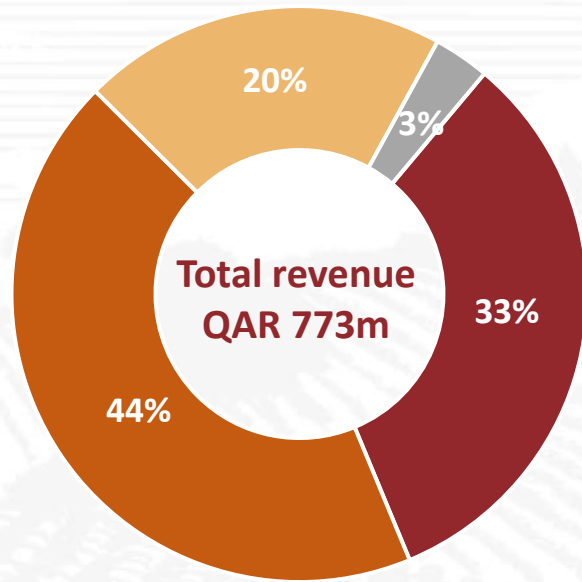
- Baladna achieved an EBITDA margin of 29.8% for the YTD 2023 period, which remains industry leading among regional peers
- Baladna recorded a net profit margin of 8.3% which is lower than the major regional peers mainly affected from higher finance cost and depreciation

Revenue by channel

Growth recorded in all channels

Contribution by Channel (YTD September 2023)

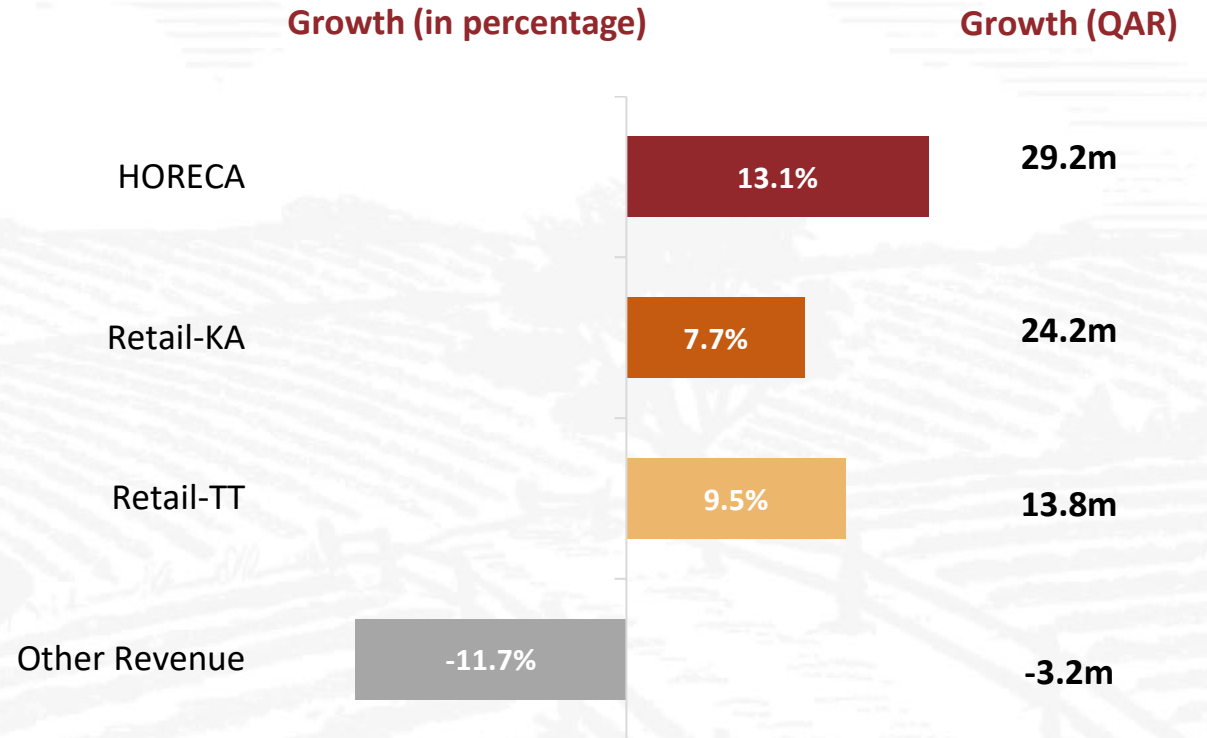
Channel wise revenue contribution (in percentage)



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

Growth by Channel

YTD Sept. 2023 channel wise growth (vs YTD Sept. 2022)

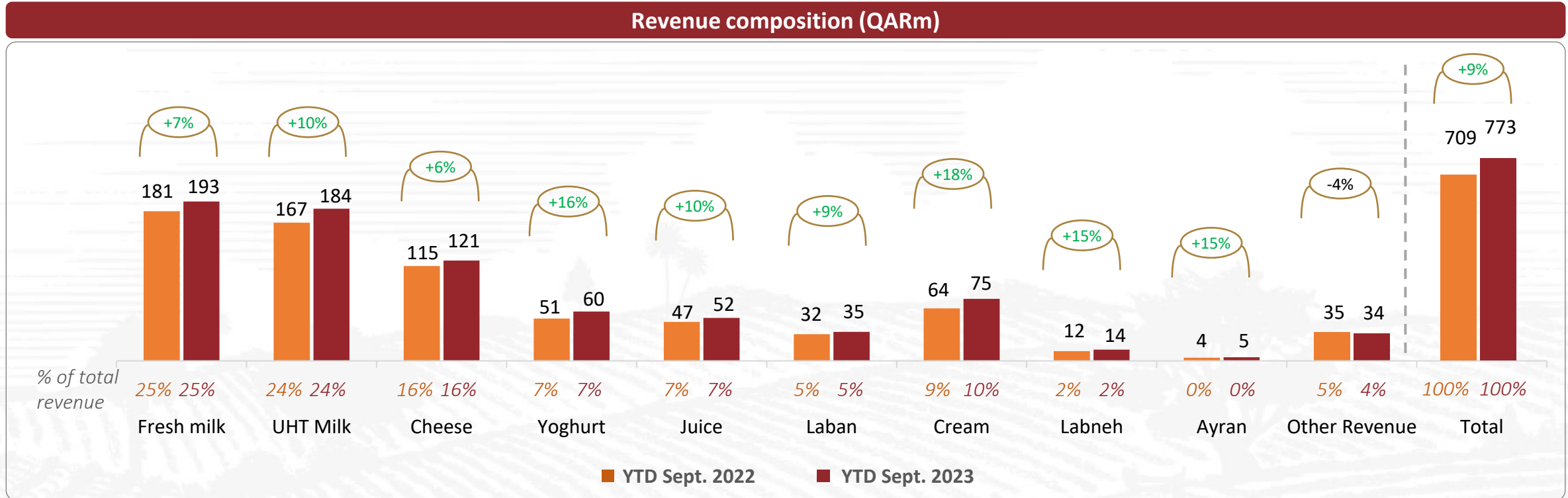


Note: "Other revenue" includes livestock sales, compost and manure sales, plastic sales, feed and other sales

Financial Performance



Revenue composition and growth – Year-on-year

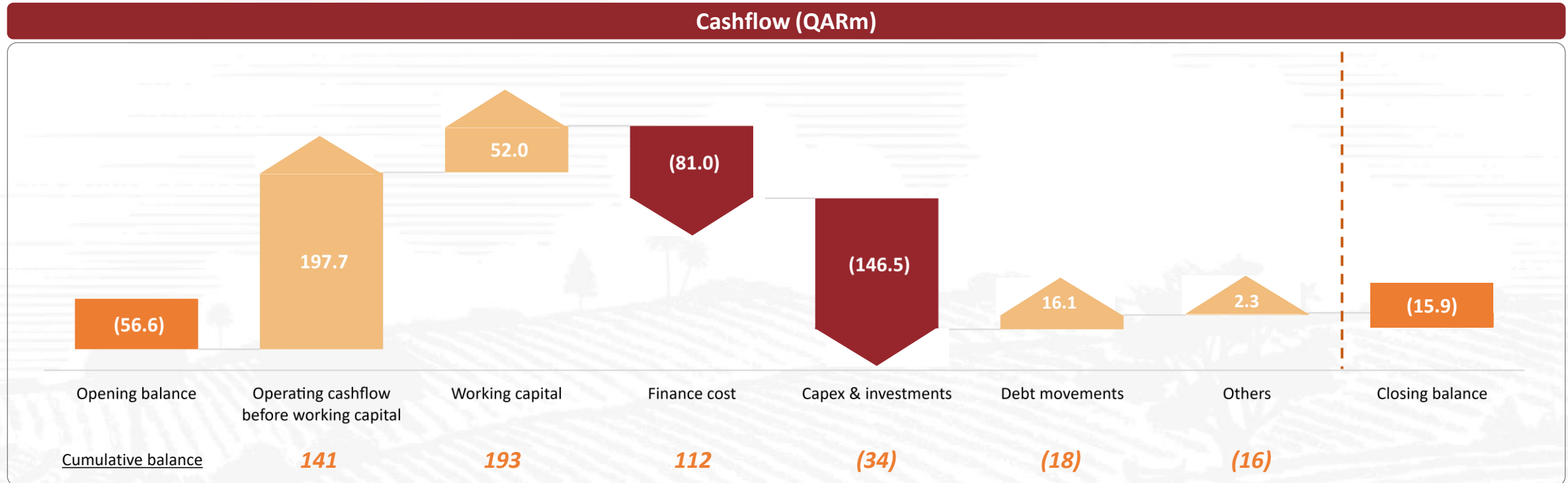


- Revenue growth across all product categories
- Continuing to enhance existing client relationships while targeting new customers in all channels
- Considerable revenue growth within Cream(**18%**), Yoghurt (**16%**), UHT Milk (**10%**), and Juice (**10%**) categories

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 first nine-months of 2023



- 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 the first nine-months of 2023

Financial Performance

Financial position as at September 30, 2023

Total assets (QAR million)

	Sept-23	Dec-22	Growth
Fixed Assets	3,199	3,128	▲ 2%
Biological Assets	205	220	▼ -7%
Investment In Shares	232	218	▲ 6%
Other Non-Current Assets	25	27	▼ -7%
Total Non-Current Assets	3,662	3,594	▲ 2%
Trade & other debit balances	369	308	▲ 20%
Inventories	383	443	▼ -14%
Cash and Bank Balances	55	62	▼ -11%
Other Current Assets	39	32	▲ 25%
Total Current Assets	847	845	■ 0%
Total Assets	4,508	4,438	▲ 2%

Total shareholders' equity and liabilities (QAR million)

	Sept-23	Dec-22	Growth
Islamic financing	1,624	1,634	▼ -1%
Other Non-Current Liabilities	25	22	▲ 10%
Total Non-Current Liabilities	1,649	1,657	■ 0%
Trade and other credit balances	271	240	▲ 13%
Bank Facilities	266	274	▼ -3%
Other Current Liabilities	7	19	▼ -63%
Total Current Liabilities	544	533	▲ 2%
Shareholders Equity	2,313	2,249	▲ 3.0%
Non-controlling interest	2	-	▲ -
Total Equity & Liabilities	4,508	4,438	▲ 2%

- Repayment of Islamic financing facilities started from March 2023
- Healthy Current Ratio of 1.6x
- Strong asset base mainly funded by equity, expansions are mainly funded through debt

Shareholder Information





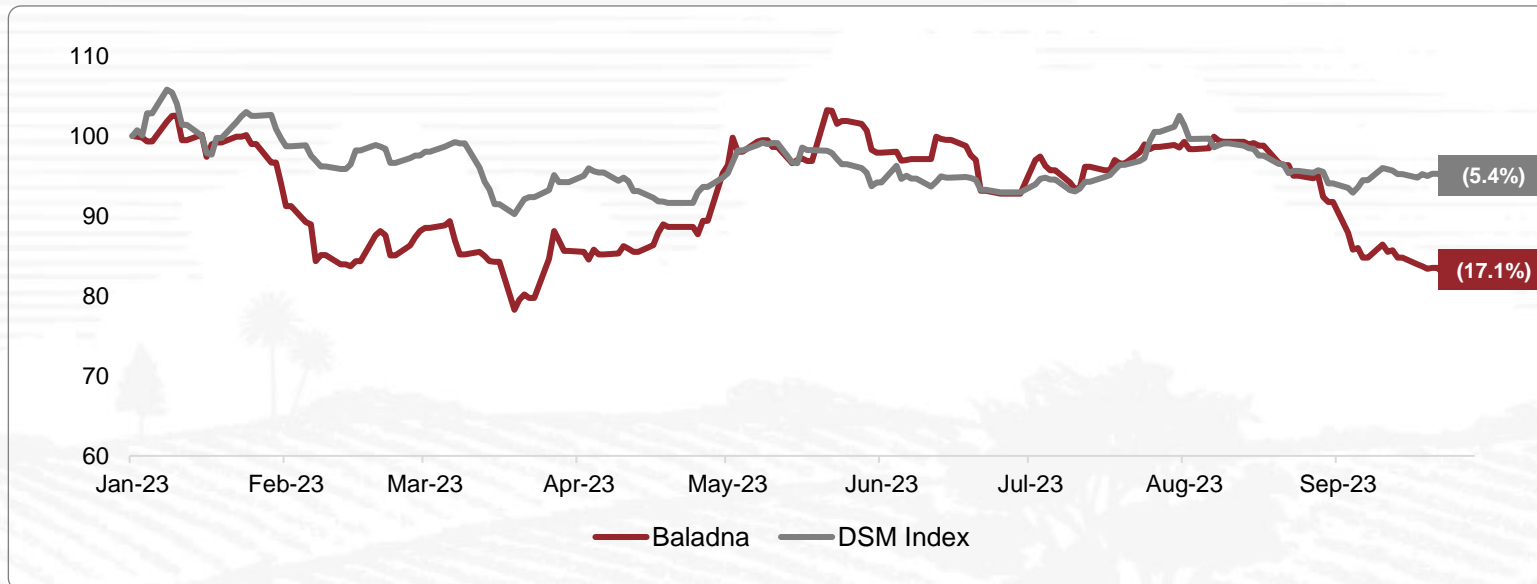
Shareholder Information

Shareholder information (as at 30 September 2023)

General information

- **Company name** Baladna Q.P.S.C.
- **Ticker (QE)** BLDN
- **Market cap:** QAR 2.4b
- **Common shares outstanding** 1.9b

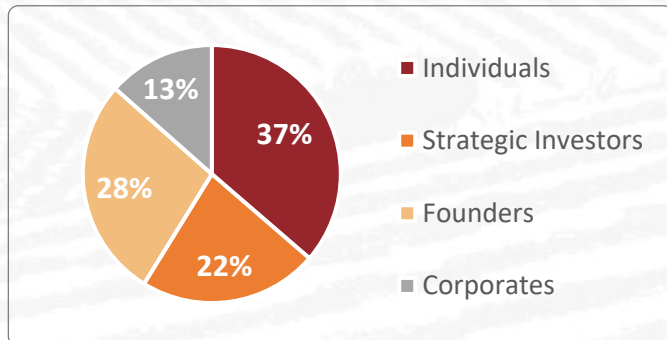
Share price versus DSM 1 January 2023 to 30 September 2023 (rebased to 100)



Company key stats

- **Spot price:** QAR 1.28
- **YTD % change:** -17.1%
- **Value creation for IPO investors** (Capital appreciation & dividends) +40.7%

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 Q4 2023



Management Outlook

Management outlook for Q4 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

Baladna continues to uphold its commitment to shareholder value creation. Noteworthy achievements include a negotiated reduction in finance rates on banking facilities, expected to boost future profitability

Positive indicators of cost inflation normalization, increasing efficiency from Baladna's operational excellence along with an overall growth in the local population presents a promising outlook for a more robust outcome for the rest of 2023



Expansion opportunities

International expansion opportunities, the key for long-term growth and remain the focus area for Baladna. Memorandum of corporation with the Suez Canal Authority in Egypt, targeting the establishment of cattle breeding facility, dairy production and arable farming , and Algerian project targeting milk production anticipating significant shareholder value creation



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 – YTD September 2023

<i>QAR m</i>	YTD Sept 2023		YTD Sept 2022		Change
Revenue	772.6	100%	708.6	100%	9%
Cost of revenue	(610.7)	-79%	(571.0)	-81%	7%
Gross profit	161.9	21%	137.6	19%	18%
Other income	87.8	11%	87.5	12%	0%
Gain/(loss) from Investment Securities	2.3	0%	(12.6)	-2%	-119%
Dividend income	2.3	0%	11.5	2%	-80%
Selling and distribution expenses	(59.9)	-8%	(66.3)	-9%	-10%
General and administrative expenses	(71.7)	-9%	(63.5)	-9%	13%
Operating profit for period	122.7	16%	94.3	13%	30%
Finance costs and bank charges	(58.0)	-8%	(37.9)	-5%	53%
Profit before income tax	64.8	8%	56.4	8%	15%
Income tax expense	(0.4)	0%	(0.8)	0%	-48%
Profit after tax for the period	64.4	8%	55.6	8%	16%
Other comprehensive income	-	0%	-	0%	-
Total comprehensive income for the period	64.4	8%	55.6	8%	16%
Non-controlling interest	(0.2)	-	-	-	-
Total comprehensive income attributed to the parent	64.6	8%	55.6	8%	16%
Basic and diluted earnings per share (QAR per share)	0.034		0.029		16%

Appendix

Profit and loss statement – Q3 2023

<i>QAR m</i>	Q3 2023		Q3 2022		Change
Revenue	255.9	100%	224.7	100%	14%
Cost of revenue	(204.4)	-80%	(186.6)	-83%	10%
Gross profit	51.6	20%	38.1	17%	35%
Other income	28.9	11%	29.0	13%	0%
Gain/(loss) from Investment Securities	0.2	0%	(2.0)	-1%	-108%
Dividend income	-	-	-	-	-
Selling and distribution expenses	(20.9)	-8%	(20.6)	-9%	1%
General and administrative expenses	(23.5)	-9%	(20.8)	-9%	13%
Operating profit for period	36.2	14%	23.6	11%	53%
Finance costs and bank charges	(13.8)	-5%	(15.5)	-7%	-11%
Profit before income tax	22.4	9%	8.1	4%	176%
Income tax expense	(0.2)	0%	(0.1)	0%	71%
Profit after tax for the period	22.2	9%	8.0	4%	177%
Other comprehensive income	-	0%	-	0%	-
Total comprehensive income for the period	22.2	9%	8.0	4%	177%
Non-controlling interest	(0.0)		-		
Total comprehensive income attributed to the parent	22.3	9%	8.0	4%	178%
Basic and diluted earnings per share (QAR per share)	0.012		0.004		178%

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

51.5%
Overall market share

255
Products available

+1,800
Employees

Appendix

BoD Members



Moutaz Al-Khayyat
Group Chairman



Mohammed Badr Al Sada
Vice Chairman



Ramez Al-Khayyat
*Board Member/
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
Board Member / Managing Director



Malcolm Jordan
Chief Executive Officer



Saifullah Khan
Chief Financial Officer



Paul Kenny
Chief Commercial Officer



Nasser Al Maslamani
Chief Corporate Services Officer



Julian Marcolini
Chief Operations Officer

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