



BALADNA Q.P.S.C.

FY 2022

Financial Results Presentation

19 March 2023

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Key Messages



Key Messages

- During the twelve months period ended 31 December 2022, Baladna managed to effectively grow its top line and achieved a revenue of QAR 986 million compared to QAR 773 million for the previous year, representing a revenue growth of 28%. This was achieved through an **increase in sales volumes and capturing a greater market share across all product categories**. Net profit declined to QAR 81 million in FY 2022, mainly due to an increase in the cost of animal feed, raw materials, packaging materials, fuel, logistics and finance costs
- Baladna recorded an improved revenue performance in Q4 2022, as its top line increased by 32% to reach QAR 277 million. This increase was **driven by management initiatives** to capitalize on the improving market dynamics during the FIFA 2022 World Cup
- Due to a continuing volatility in commodity prices and global inflation, **Baladna focused on optimizing the product portfolio and increasing sale volumes through capturing greater market share, which it achieved across all existing product categories**. Further efficiencies obtained through reduction in sales wastages, reducing production losses, increasing operational efficiencies as well as controlling operational overheads.
- Despite the challenging temperature and humidity conditions, **Baladna enhanced operational efficiencies**, in particular, managing its herd, **to have a milk yield per cow of 36.7 liters per day in FY 2022**
- Baladna is continuously assessing opportunities to enhance its product mix by developing new innovative products and optimizing its product portfolio. During the year 2022, Baladna managed to introduce 15 new SKUs to optimize and enhance its product portfolio
- International expansion opportunities and partnerships are key for long-term growth and remain a focus area for Baladna. **Opportunities beyond the local market are being evaluated on a case-by-case basis**, with feasibility studies currently underway
- Towards the end of 2022, positive indications of cost inflation normalization and increasing efficiency gains resulting from Baladna's operational excellence present a favorable outlook for a more promising outcome in 2023
- Given the challenging macroeconomic conditions, Baladna has determined to propose to not distribute any dividend for FY 2022 and deploy the cash to continue Baladna's expansion and growth strategy
- 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	Identified growth enablers	Excellent product innovation and consumer insights	Strong financial performance and position	Strategic shareholder support						
<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>Potential for growth beyond the local market...</p> <ul style="list-style-type: none"> ✓ Identification of growth opportunities beyond Qatar through signing MOUs with strategic partners ✓ Feasibility studies are underway to assess individual opportunities on a case-by-case basis 	<p>Continuously enhancing product portfolio & innovative marketing...</p> <p>Highly appreciated brand names created</p>  <p>Diverse range of product offerings</p> <p>SKUs 254</p>	<p>EBITDA decreased due to an increase in commodity prices...</p> <p>EBITDA (QARm)</p> <table border="1"> <tr> <td>297</td> <td>283</td> </tr> <tr> <td>Year 2021</td> <td>Year 2022</td> </tr> </table> <p>EBITDA margin</p> <table border="1"> <tr> <td>38.4%</td> <td>28.7%</td> </tr> </table>	297	283	Year 2021	Year 2022	38.4%	28.7%	<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>
297	283									
Year 2021	Year 2022									
38.4%	28.7%									
<p>... complemented with additional expansion plans</p>	<p>...with potential for increasing efficiencies through integration</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>Diversification initiatives</p> <p>Acquisition of a 75% stake in E-life Detergent Factory, as part of diversification efforts</p>  <p>Diversification initiatives</p> <p>Agreement with "The Bel Group" to start producing The Laughing Cow® jars cheese</p> 	<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 	<p>No. of sales routes 139</p> <p>No. of customers 3,568</p> 	<ul style="list-style-type: none"> ▪ Strong asset base primarily funded by equity – Net debt to total capital 47% ▪ Excellent and immediate 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 						



Operational and
Commercial Update



Operational and Commercial Update

Key operational highlights

		FY 2021	FY 2022	YoY growth	
1	Total herd size 	23,581	25,016	▲ 6%	<ul style="list-style-type: none"> Optimising total herd size for existing operations and production levels
2	Av. daily yield/cow 	36.6	36.7	▲ 0.2%	<ul style="list-style-type: none"> Managed a higher milk yield in a tough environment
3	Total no. of SKUs 	268	254	▼ -5%	<ul style="list-style-type: none"> Portfolio efficiency provides platforms for profitable growth The rationalization program continues to review product portfolio to maximise returns
4	No. of sales routes 	135	139	▲ 3%	<ul style="list-style-type: none"> Focus is on enhancing quality of existing client relationships and attracting new customers Increased focus on HORECA customers

Operational and Commercial Update

Market Segmentation (1/3)



Fresh milk
92.5%
Market share

86.9%

FY21

92.5%

FY22

- YoY market share growth: **+5.6%**
- Retained #1 position



UHT milk
84.2%
Market share

79.0%

FY21

84.2%

FY22

- YoY market share growth: **+5.2%**
- Retained #1 position



Laban
47.8%
Market share

46.6%

FY21

47.8%

FY22

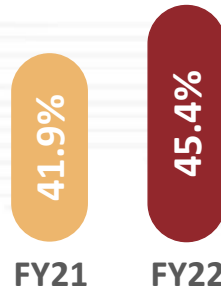
- YoY market share growth: **+1.2%**
- Remains a significant growth opportunity

Operational and Commercial Update

Market Segmentation (2/3)



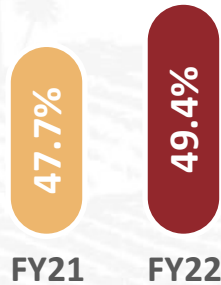
Yoghurt
45.4%
Market share



- YoY market share growth: **+3.5%**
- Remained the market leader



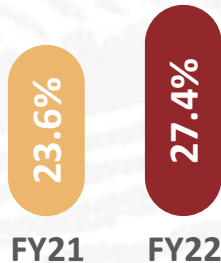
Labneh
49.4%
Market share



- YoY market share growth: **+1.7%**
- Remained the market leader



Cheese
27.4%
Market share



- YoY market share growth: **+3.8%**
- Remains a significant growth opportunity

Operational and Commercial Update

Market Segmentation (3/3)



Creams

60.3%

Market share

26.4%

FY21

60.3%

FY22

- YoY market share growth: **+33.9%**
- Achieved a market leading position



Juice

19.4%

Market share

18.8%

FY21

19.4%

FY22

- YoY market share growth: **+0.6%**
- Remains a significant growth opportunity

Operational and Commercial Update

Introduction of new SKUs over FY 2022



Retail Pack

HORECA Pack

- Baladna is constantly looking to enhance its product mix by adding additional products and optimizing its portfolio
- Over the course of FY 2022, Baladna has introduced new products and further optimized its product portfolio by delisting lower performing products







Financial Performance



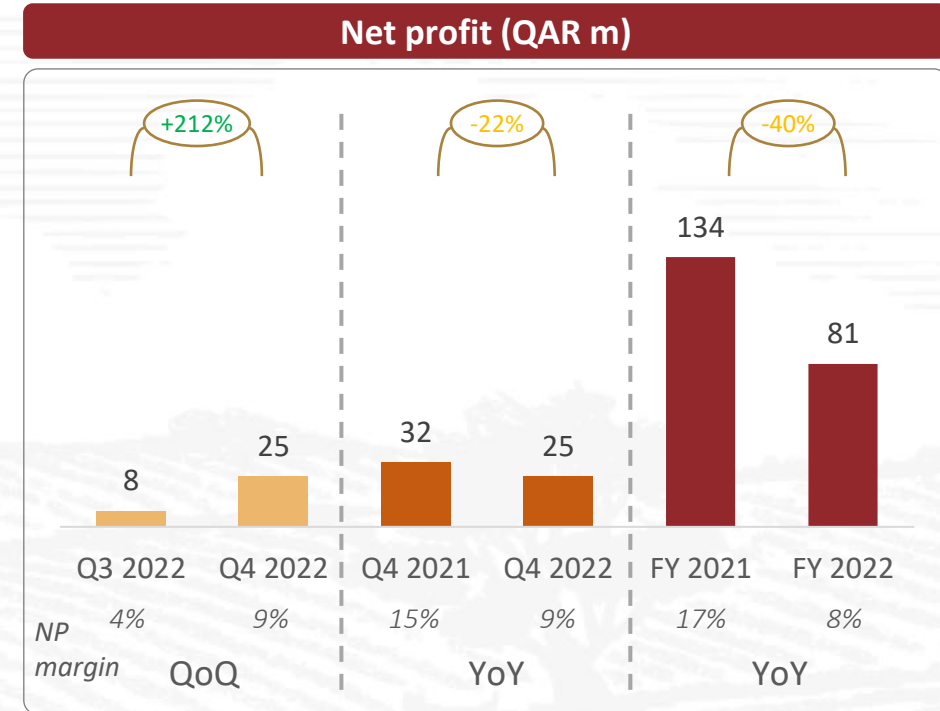
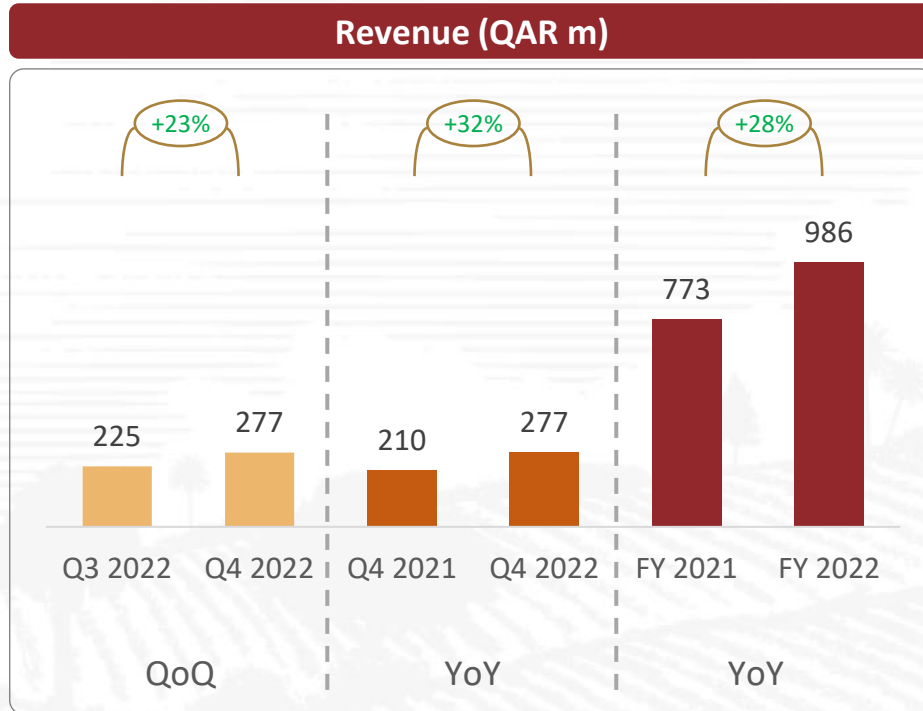
FY 2022 Financial Performance

Key Financial Highlights

	FY 2021	FY 2022	YoY growth		
1	Revenue 	QAR 773m	QAR 986m	▲ 28%	Factors including higher sale volumes across all the product categories and positive impact from the 2022 FIFA World Cup resulted in a YoY revenue growth of 28%
2	Gross Profit 	QAR 197m	QAR 210m	▲ 7%	Increase in sale volumes led to a growth in gross profit of 7% in FY 2022, gross margin decreased due to higher material costs specially feed, raw material and packaging materials
3	Net profit 	QAR 134m	QAR 81m	▼ -40%	Decrease in the net profit margin due to a greater volatility in cost and inflation and higher finance costs
4	EPS 	QAR 0.070	QAR 0.042	▼ -40%	Decline in net profit resulted in a subsequent decrease in Earnings Per Share

Financial Performance

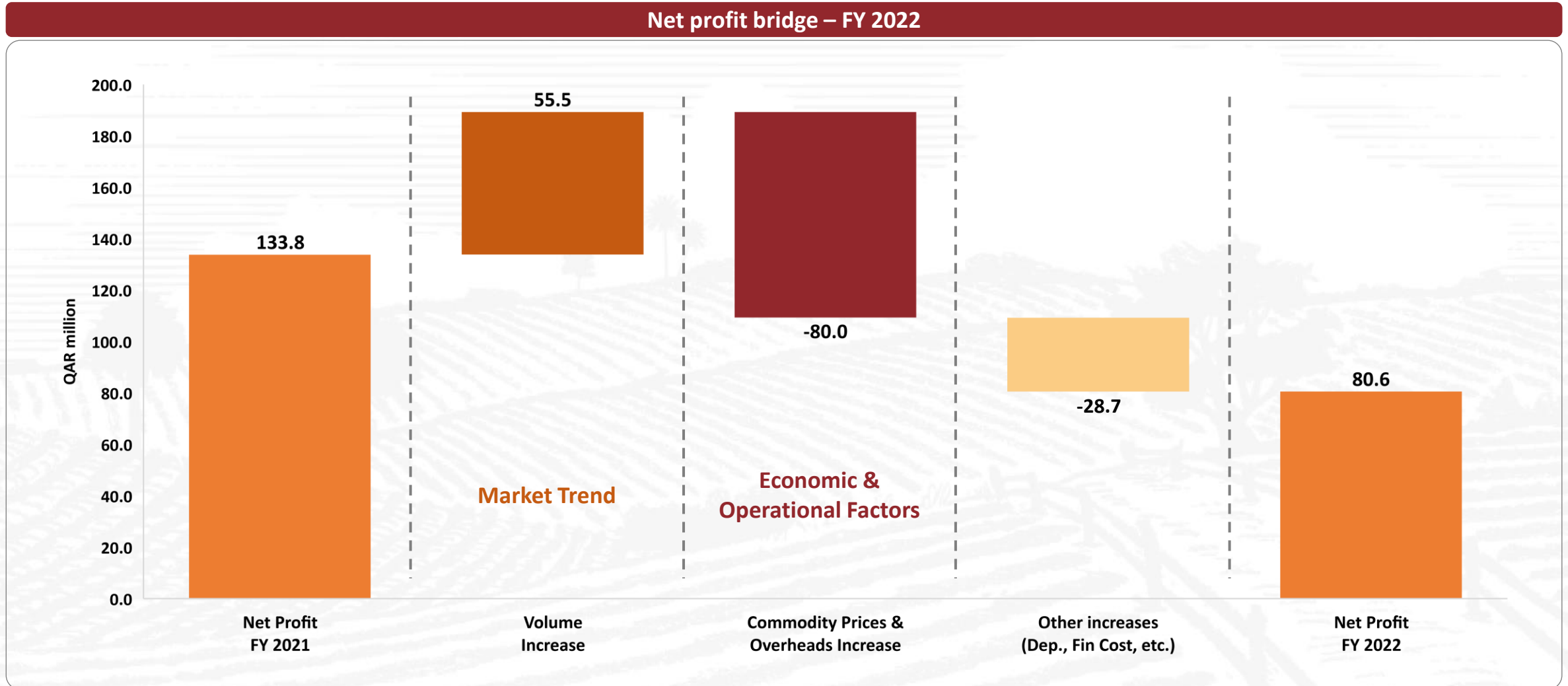
Financial performance development



- Strong YoY revenue growth mainly driven by the consistent growth in market share across all product categories
- Net profit decreasing YoY predominantly due to an increase in the cost of animal feed, raw materials, packaging materials, fuel, logistics and finance costs. However, quarter performance improved due to greater sales volumes
- Increase in bank profit rates resulted in an increase in finance cost compared to previous periods
- Strong overhead cost controls resulted in revenues growing at a greater rate compared to operating expenses

Net profit bridge for FY 2022

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

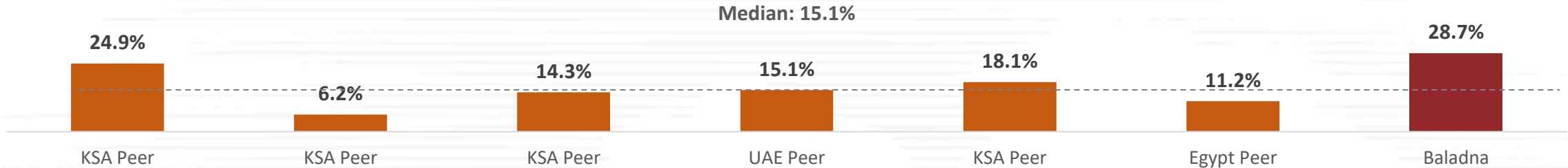


Higher material costs resulted in decreased profitability margins

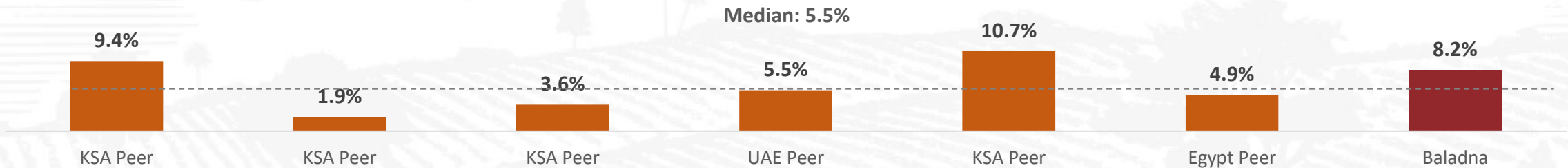


Margins positioning compared to regional peers

FY 2022 EBITDA margin (For the period from 01 January 2022 to 31 December 2022)



FY 2022 net profit margin (For the period from 01 January 2022 to 31 December 2022)



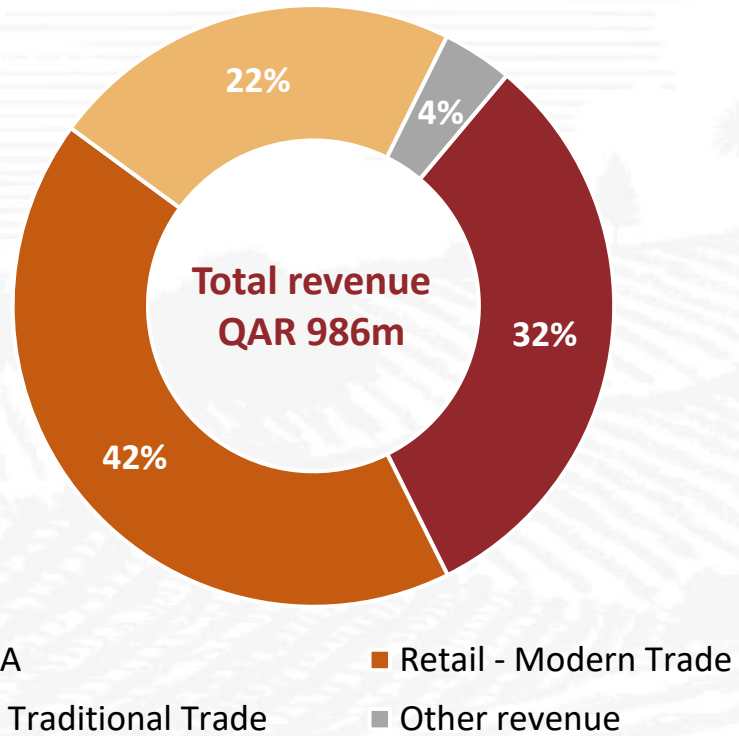
- Baladna achieved an EBITDA margin of 28.7% for the FY 2022 period, which remains industry leading among regional peers
- Baladna recorded a net profit margin of 8.2% over the FY 2022 period, which represents a decrease compared to the previous year, mainly due to an increase in the cost of animal feed, raw materials, packaging materials, fuel, logistics and finance costs

Revenue by channel

Growth recorded in all channels

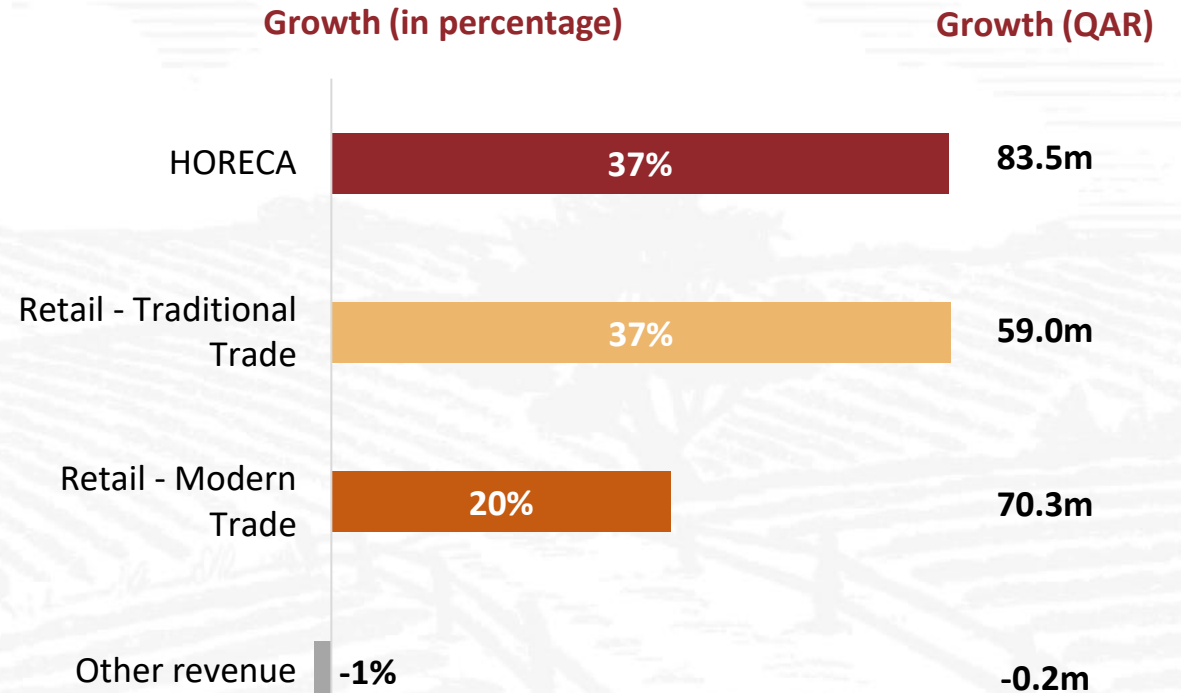
Contribution by Channel (FY 2022)

Channel wise revenue contribution (in percentage)



Growth by Channel

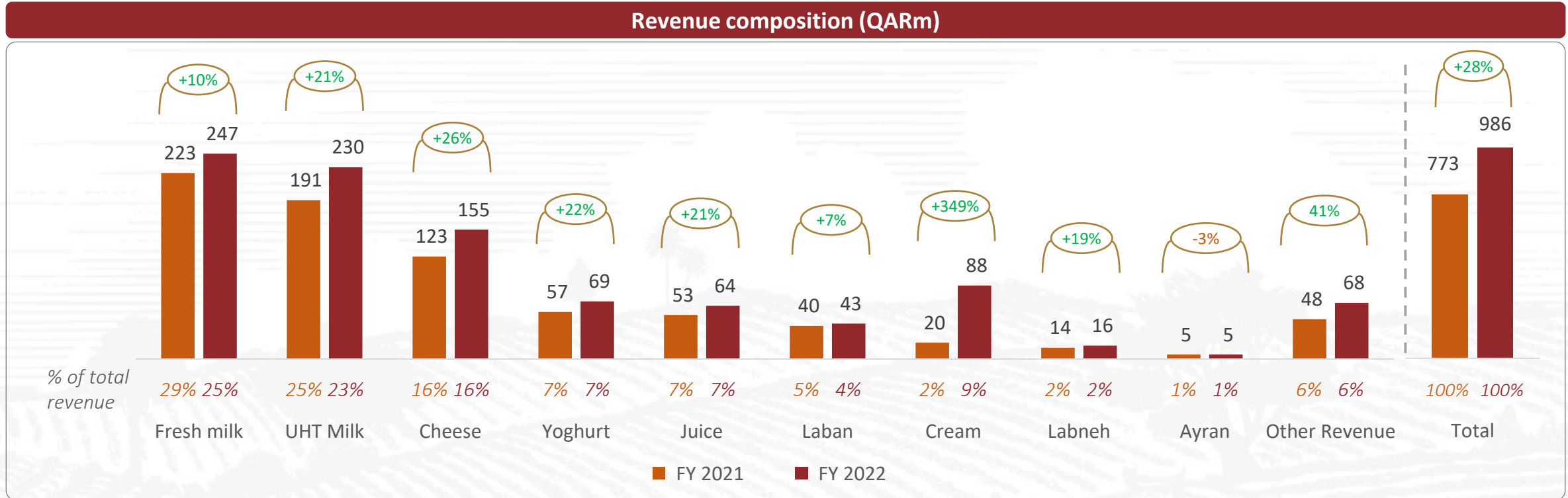
FY 2022 channel wise growth (vs 12-months period ended Dec 2021)



Financial Performance



Revenue composition and growth – Year-on-year

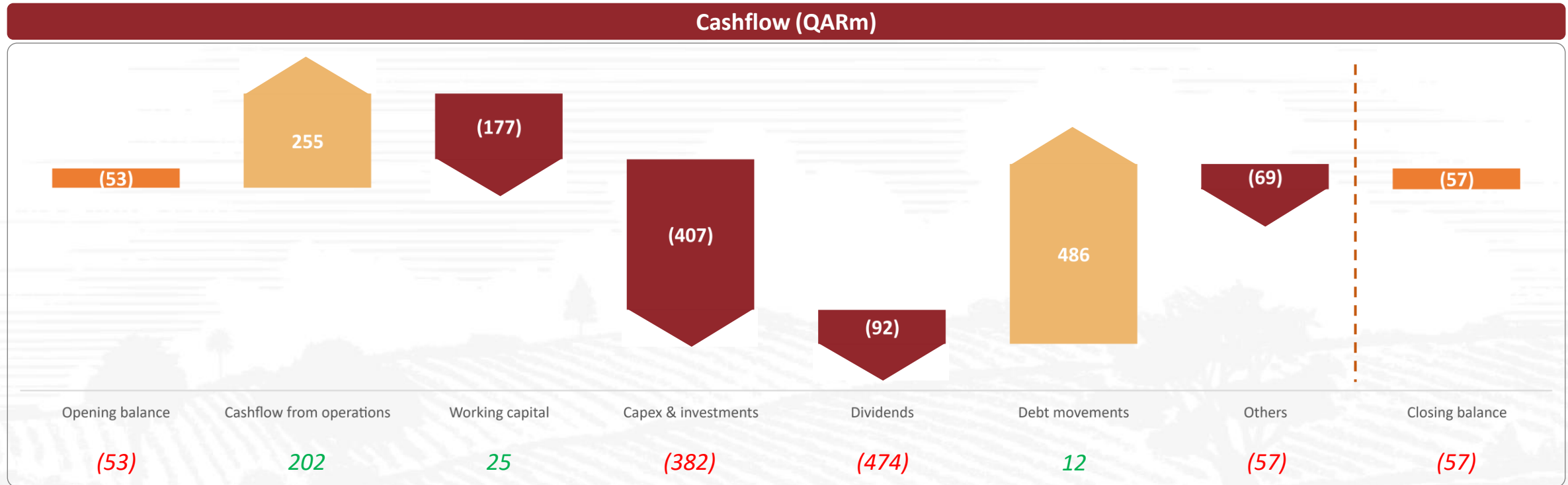


- Increase in the market share across all product categories by optimizing the product portfolio
- Continuing to enhance existing client relationships while targeting new customers in all channels
- Significant YoY growth within creams (+349%), cheese (+26%) and yoghurt (+22%)

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 FY 2022 period



- Baladna generated positive cashflows from operations, which was used to enhance strategic stocks, and inventory levels to support the FIFA 2022 World Cup requirements
- Capex and investments correspond to the evaporated milk factory, sustainability initiatives (Waste Water Treatment plant), improvements in facilities and infrastructures and investments in shares
- Baladna increased borrowings over the FY 2022 period to support the company's expansion plans
- Investors in Baladna have collected QAR 92m in dividends in FY 2022

Financial Performance

Financial position as at 31 December 2022

Total assets (QAR million)

	Dec-22	Dec-21	Growth
Fixed Assets	3,128	2,908	▲ 8%
Biological Assets	220	198	▲ 11%
Investment In Shares	218	144	▲ 51%
Other Non-Current Assets	27	46	▼ -40%
Total Non-Current Assets	3,594	3,295	▲ 9%
Trade & other debit balances	308	277	▲ 11%
Inventories	443	272	▲ 63%
Cash and Bank Balances	62	52	▲ 19%
Other Current Assets	32	16	▲ 98%
Total Current Assets	845	617	▲ 37%
Total Assets	4,438	3,912	▲ 13%

Total shareholders' equity and liabilities (QAR million)

	Dec-22	Dec-21	Growth
Islamic financing	1,634	1,193	▲ 37%
Other Non-Current Liabilities	22	39	▼ -43%
Total Non-Current Liabilities	1,657	1,232	▲ 34%
Trade and other credit balances	240	177	▲ 35%
Bank Facilities	274	203	▲ 35%
Other Current Liabilities	19	29	▼ -32%
Total Current Liabilities	533	409	▲ 30%
Shareholders Equity	2,249	2,271	▼ -1%
Total Equity & Liabilities	4,438	3,912	▲ 13%

- The increase in working capital (Inventories) was to support higher sale volumes and to maintain strategic inventories to support the FIFA 2022 World Cup requirements, which is expected to reduce over time
- Healthy Current Ratio of 1.6x
- Net Debt to total capital employed (D+E) ratio stands at 47%
- Strong asset base mainly funded by equity, expansions are mainly funded through debt

Shareholder Information





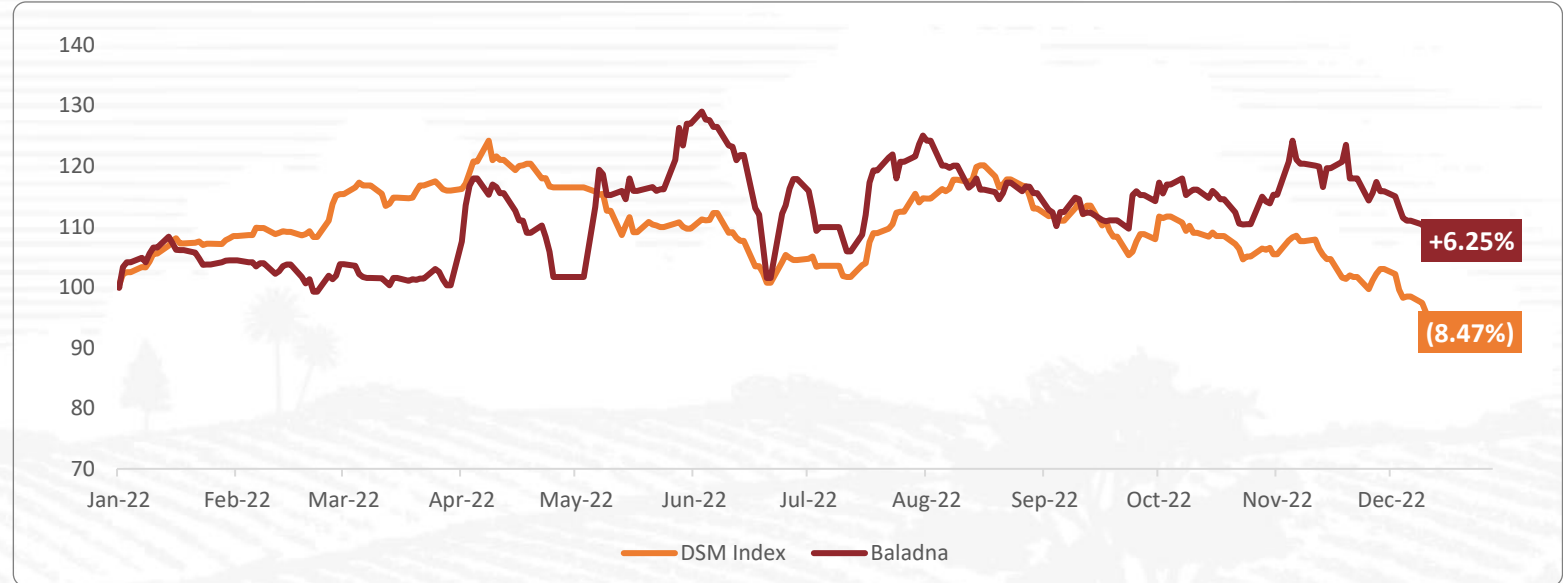
Shareholder Information

Shareholder information (as at 31 December 2022)

General information

- **Company name** Baladna Q.P.S.C.
- **Ticker (QE)** BLDN
- **Market cap:** QAR 2.9b
- **Common shares outstanding** 1.9b

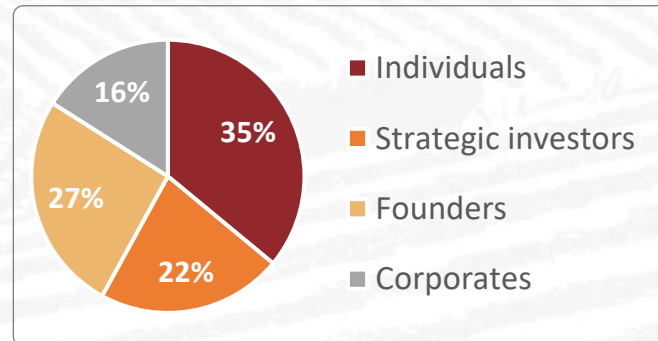
Share price versus DSM 1 January 2022 to 31 December 2022 (rebased to 100)



Company key stats

- **Spot price:** QAR 1.531
- **YTD % change:** +6.25%
- **Value creation for IPO investors** (Capital appreciation & dividends) +65.8%

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 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

The construction of the evaporated milk factory is progressing well and is expected to be completed by the end of Q1 2023. The factory's commercial operations are expected to launch in Q2 2023



Market environment & major events

Towards the end of the 2022 fiscal year, positive indications of cost inflation normalization and increasing efficiency gains resulting from Baladna's operational excellence present a promising outlook for a more robust outcome in 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

The recent acquisition of a Qatari detergent processing factory called E-Life (75% stake), is expected to further diversify revenue streams and start generating revenues for the company in 2023

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



Robust 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 – FY 2022

QAR m

	FY 2022		FY 2021		Change
Revenue	985.6	100%	773.0	100%	28%
Cost of revenue	(775.7)	(79%)	(576.3)	(75%)	(35%)
Gross profit	209.9	21%	196.7	25%	7%
Other income	117.4	12%	127.9	17%	(8%)
(Loss)/Income from Investment Securities	(23.2)	(2%)	10.8	1%	(315%)
Dividend income	11.5	1%	-	-	-
Selling and distribution expenses	(87.1)	(9%)	(83.5)	(11%)	(4%)
General and administrative expenses	(86.6)	(9%)	(81.1)	(10%)	(7%)
Operating profit for period	141.9	14%	170.9	22%	(17%)
Finance costs and bank charges	(60.3)	(6%)	(36.4)	(5%)	(66%)
Profit before income tax	81.6	8%	134.5	17%	(39%)
Income tax expense	(1.0)	(0.1%)	(0.6)	(0.1%)	(62%)
Profit after tax for the period	80.6	8%	133.8	17%	(40%)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	80.6	8%	133.8	17%	(40%)
Basic and diluted earnings per share (QAR per share)	0.042		0.070		

Source: FY 2022 financial statements

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

25,016
Herd size

254
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



Talal Madi
GM - Marketing



Vedavyas Vemuri
GM – Supply Chain



Imad Baker Saleh
GM - Farms



David Stuart
GM - Manufacturing



Julian Marcolini
GM - Quality



Nasser Al Maslamani
Group HR Director



Omar Marar
Project Management / Engineering 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