



BALADNA Q.P.S.C.

Q2 2021 Financial Results Presentation

18 August 2021



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Key messages

- Baladna recorded revenue of QAR 381 million and net profit of QAR 86 million in H1 2021 (compared to QAR 386 million and QAR 73 million in H1 2020, respectively). Revenue in Q2 2021 decreased marginally by 3% year on year during a continued volatile market, and net profit achieved in Q2 2021 was QAR 42 million
- Despite the continuation of a weakening retail market in Q2 2021, Baladna presented its resilience and agility by gaining further market share in the retail sector and shifting its new customer acquisition efforts on the HORECA sector. These key initiatives led to several new high profile corporate contracts and as a result, Baladna increased its portfolio penetration by 25% across its customer base
- Product portfolio management remains a key strategic pillar of Baladna's success. Identifying products which are value accretive and in-line with the market requirements, having the R&D capabilities to create innovative products and the ability to bring products successfully to market in a very short period of time. Therefore, Baladna managed despite a temporarily overall lower market demand in Q2 2021, to grow its market share across 5 of its 8 core categories, while at the same time successfully launching 9 SKUs (net of delisted), growing the total product portfolio by 9% compared to the beginning of the year
- Previously announced plans to establish an evaporated milk facility (evaporated milk and sterilized creams) and butter expansion facility are progressing well and are expected to be completed on time – additional potential identified within the evaporated milk facility by reallocating shredded cheese and processed jar cheese to improve manufacturing efficiencies
- Baladna has signed a Memorandum of Collaboration ('MoC') with Malaysia's state-owned FELCRA Berhad and FGV Holdings to assess the feasibility of establishing an integrated dairy farm in Malaysia, housing 10,000 cows and producing the majority of dairy products consumed in Malaysia to reduce the country's dependency on imports
- Baladna continues to explore further opportunities within Malaysia, including the production of animal feed and developing small cattle fattening farms and animal feed farms
- Baladna remains 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 investment highlights

#1 leader in dairy and beverages in Qatar	Excellent product innovation and consumer insights program	Integrated value chain	Strong financial performance and position	Strong shareholder support and growth opportunities																								
<p>Strong #1 market share across 5 out of 8 categories...</p> <p>By volume</p> <p>By value</p>	<p>Best understanding of the local markets through research...</p> <ul style="list-style-type: none"> ✓ Identification of market trends and value accretive products ✓ Product optimization through two-way customer interaction ✓ Creating quality brand and fulfilling customer preferences 	<p>Efficient supply management and operations...</p> <p>Proximity to suppliers and clients ensures continuity</p> <p>Increased customer confidence</p> <p>State-of-the-art technology</p> <p>Uninterrupted supply chain and high efficiencies</p> <p>International best practice quality control processes</p> <p>Optimization of operations</p>	<p>Industry leading net profit margins and cash generation...</p> <p>Net profit (QARm)</p> <table border="1"> <tr> <td>Q1 2020</td> <td>Q2 2020</td> <td>Q3 2020</td> <td>Q4 2020</td> <td>Q1 2021</td> <td>Q2 2021</td> </tr> <tr> <td>29</td> <td>44</td> <td>29</td> <td>39</td> <td>44</td> <td>42</td> </tr> </table> <p>Net profit margins</p> <table border="1"> <tr> <td>Q1 2020</td> <td>Q2 2020</td> <td>Q3 2020</td> <td>Q4 2020</td> <td>Q1 2021</td> <td>Q2 2021</td> </tr> <tr> <td>16%</td> <td>22%</td> <td>16%</td> <td>21%</td> <td>24%</td> <td>21%</td> </tr> </table>	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	29	44	29	39	44	42	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	16%	22%	16%	21%	24%	21%	<p>Strategic & founding shareholders account for 53% of base...</p> <p>Founding members</p> <p>Strengthening food security and self-sufficiency in Qatar, backed by Government support</p>
Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021																							
29	44	29	39	44	42																							
Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021																							
16%	22%	16%	21%	24%	21%																							
<p>...driven by significant and highly efficient size of operations</p> <table border="1"> <tr> <td>Farm size</td> <td>2.4 million sqm</td> </tr> <tr> <td>Total herd size</td> <td>22,264</td> </tr> <tr> <td>Daily yield per cow</td> <td>38.3 Liters</td> </tr> </table>	Farm size	2.4 million sqm	Total herd size	22,264	Daily yield per cow	38.3 Liters	<p>...continuously enhancing product portfolio & innovative marketing</p> <table border="1"> <tr> <td>SKUs</td> <td>256</td> </tr> </table> <p>Highly appreciated brand names created</p> <p>Premium Affordable</p>	SKUs	256	<p>...resulting in excellent reach of Retail and HORECA clients</p> <table border="1"> <tr> <td>No. of sales routes</td> <td>126</td> </tr> <tr> <td>No. of customers</td> <td>3,805</td> </tr> </table>	No. of sales routes	126	No. of customers	3,805	<p>...based on strong financial position and solid balance sheet</p> <ul style="list-style-type: none"> ▪ Strong asset base primarily funded by equity – Net debt to total capital 33% ▪ Conservative leverage deployed focuses on value creation for shareholders ▪ Excellent and immediate access to external funding, as required 	<p>...supporting Baladna to continue its growth</p> <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 vision and mission ▪ Excellent track record 												
Farm size	2.4 million sqm																											
Total herd size	22,264																											
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Key operational highlights

	H1 2020	H1 2021	YoY growth		
1	Total herd size 	20,336	22,264	▲ 9%	<ul style="list-style-type: none">Optimising total herd size for existing operations and production levels
2	Av. daily yield/cow 	38.4	38.3	◀▶ 0%	<ul style="list-style-type: none">Herd management efficiencies have maintained average daily milk yield despite higher humidity levels in 2021
3	Total no. of SKUs 	210	256	▲ 22%	<ul style="list-style-type: none">Portfolio efficiency provides platform for profitable growthThe rationalization program continues to review the product portfolio to maximise returns
4	No. of sales routes 	118	126	▲ 7%	<ul style="list-style-type: none">Focus is on enhancing quality of existing client relationships and attracting new customersMore focus on HORECA customers going forward



Market segmentation (1/3)



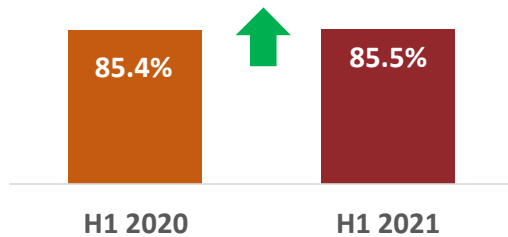
Fresh milk
85.5%
Market share

Strong #1 position

Market size
QAR 216m

3M growth
-20%

Baladna market share



Key growth drivers

- Optimized distribution
- Launch of 360ml



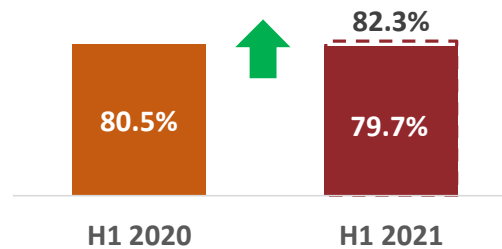
UHT milk
79.7%
Market share

Strong #1 position

Market size
QAR 143m

3M growth
-25%

Baladna market share Includes private label co-packing



Key growth drivers

- Execution of Awafi brand
- Flavoured UHT promotional activation
- Launch of 125ml



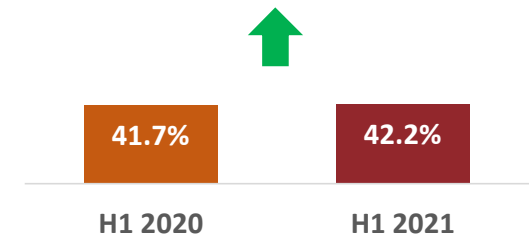
Laban milk
42.2%
Market share

Strong #1 position (value share)

Market size
QAR 104m

3M growth
-11%

Baladna market share



Key growth drivers

- Optimized distribution
- Launch of 360ml



Market segmentation (2/3)



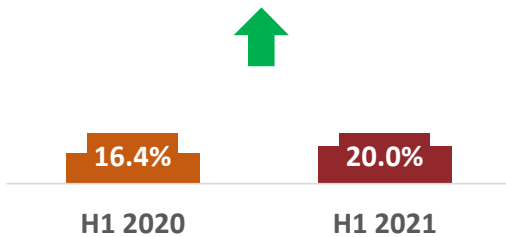
Juice
20.0%
Market share

Strong #2 position

Market size
QAR 240m

3M growth
-23%

Baladna market share



Key growth drivers

- Optimized shelf space
- Introduction of new flavours
- Launch of 900ml



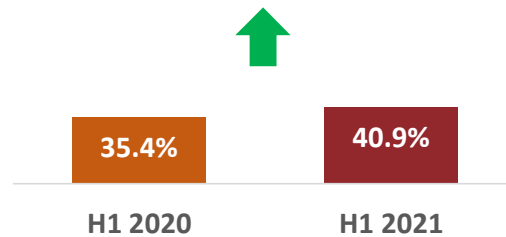
Yoghurt
40.9%
Market share

Strong #1 position (value share)

Market size
QAR 100m

3M growth
-18%

Baladna market share



Key growth drivers

- Optimized distribution and shelf space
- Execution of Awafi brand
- Launch of Greek yoghurt



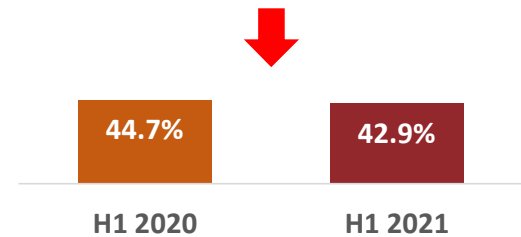
Labneh
42.9%
Market share

Strong #1 position

Market size
QAR 20m

3M growth
-29%

Baladna market share



Key growth drivers

- Improved product quality
- Optimized shelf space



Market segmentation (3/3)

Cheese



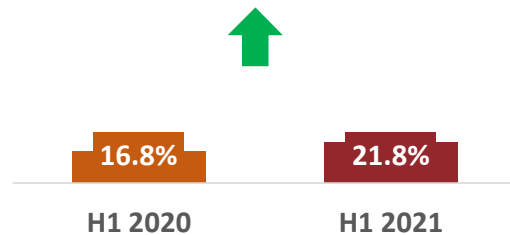
21.8%
Market share

Strong #2 position

Market size
QAR 221m

3M growth
-39%

Baladna market share



Key growth drivers

- Portfolio expansion into pizza cheese, jar cheese, mozzarella lite, mozzarella/cheddar mix, shredded cheddar

Creams



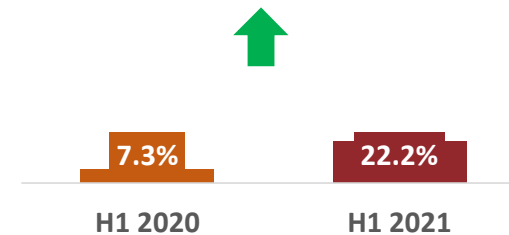
22.2%
Market share

Strong #2 position

Market size
QAR 52m

3M growth
-30%

Baladna market share



Key growth drivers

- Entrance into whipping cream and cooking cream sector






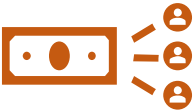
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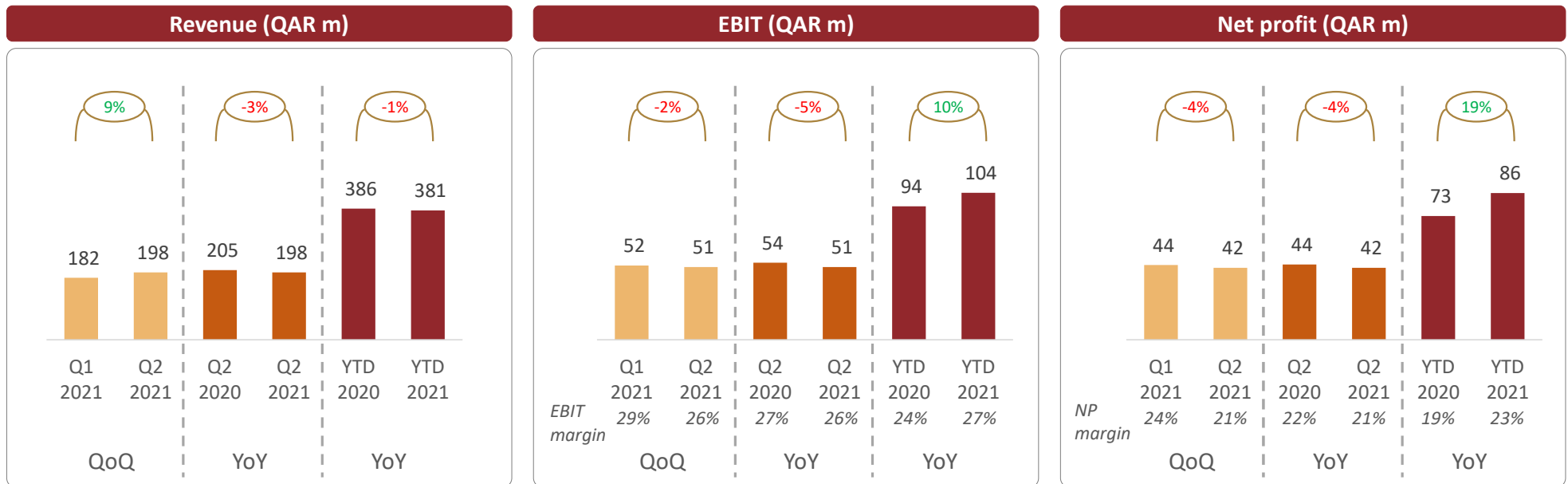
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Key financial highlights

	Q2 2020	Q2 2021	YoY growth		
1	Revenue 	QAR 205m	QAR 198m	▼ -3%	Unfavourable market conditions lead to a decline in YoY revenue in Q2 2021; however revenue has increased QoQ by 9%
2	EBIT 	QAR 54m	QAR 51m	▼ -5%	Strong EBIT margin of 26% for Q2 2021 as a result of Baladna's efficient operations despite a reduction in compensation by QAR 11 million
3	Net profit 	QAR 44m	QAR 42m	▼ -4%	Strong net profit margin of 21% reflects Baladna's resilience despite unfavourable market conditions
4	EPS 	QAR 0.023	QAR 0.022	▼ -4%	Strong margins leading to high Earnings Per Share

Financial performance development

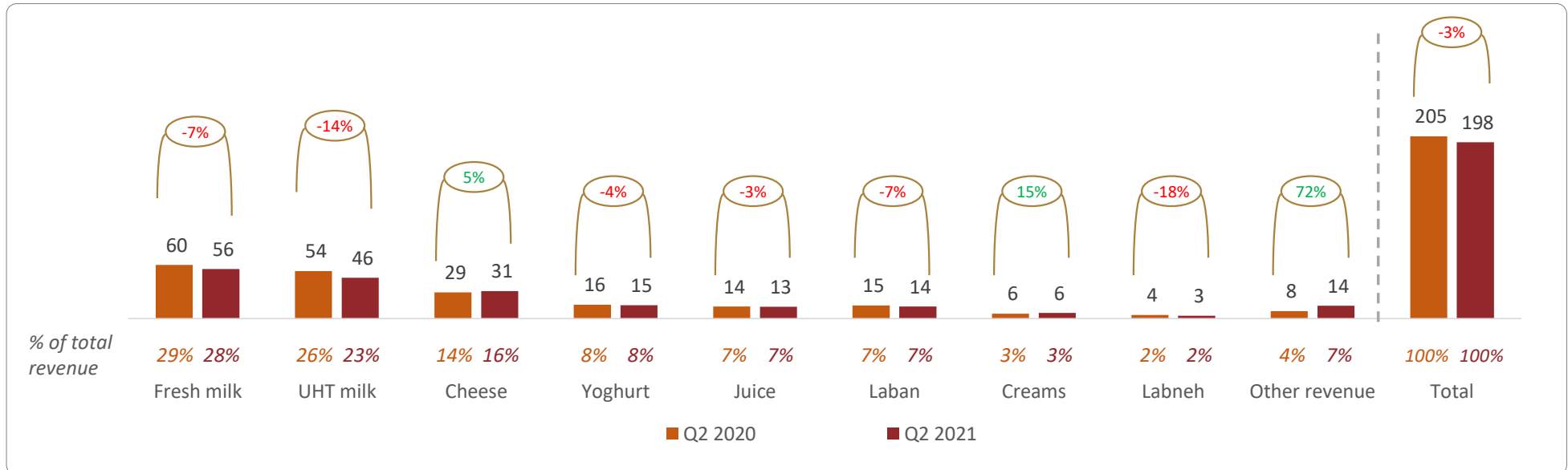


- Lower revenue due to a reduction in retail market size by 22% which compensated by increase market share and new products launch - key contributors to revenue include fresh milk, UHT milk, and cheese
- Margins improved due to efficiencies across the value chain despite reduction in revenue and other income
- Lower finance costs for Islamic financing were secured by management; profit rates were reduced from 3.5% in 2020 to 3.0% in 2021
- Quarterly net profit margin remains above 20% and YTD margin is higher than the corresponding period in 2020



Revenue composition and growth – Year-on-year

Revenue composition (QARm)

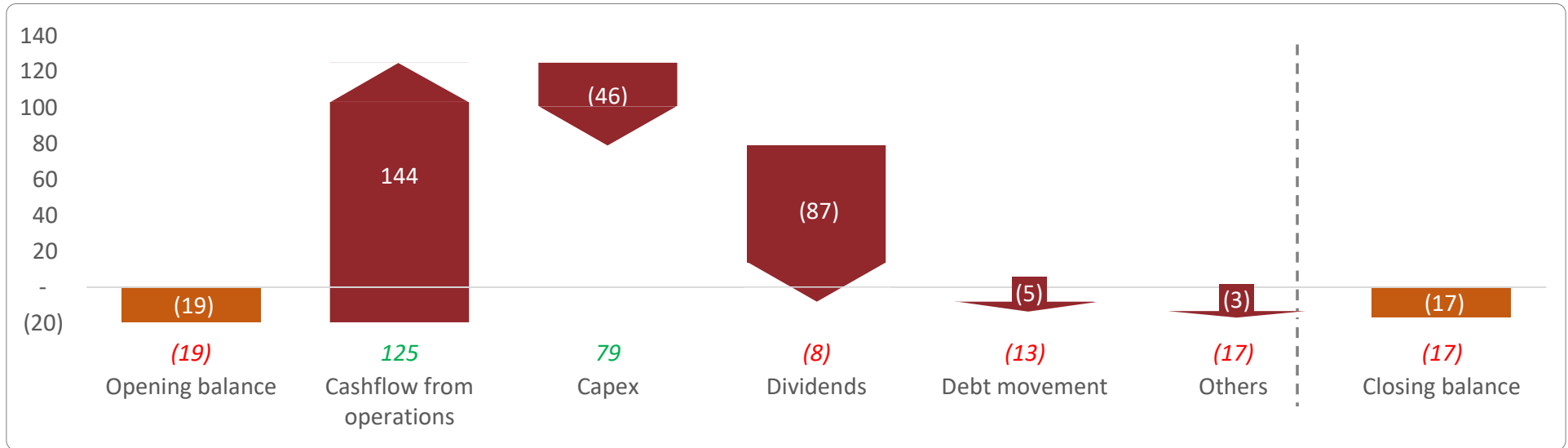


- Increase in product portfolio from 247 products in Q1 2021 to 256, fuelled by robust NPD program
- Refocused on increasing HORECA channels amidst a softening retail market
- Continuing to enhancing existing client relationships while targeting new customers
- Significant YoY growth within creams (15%) and other revenue (72%)



Cashflow management for Q2 2021

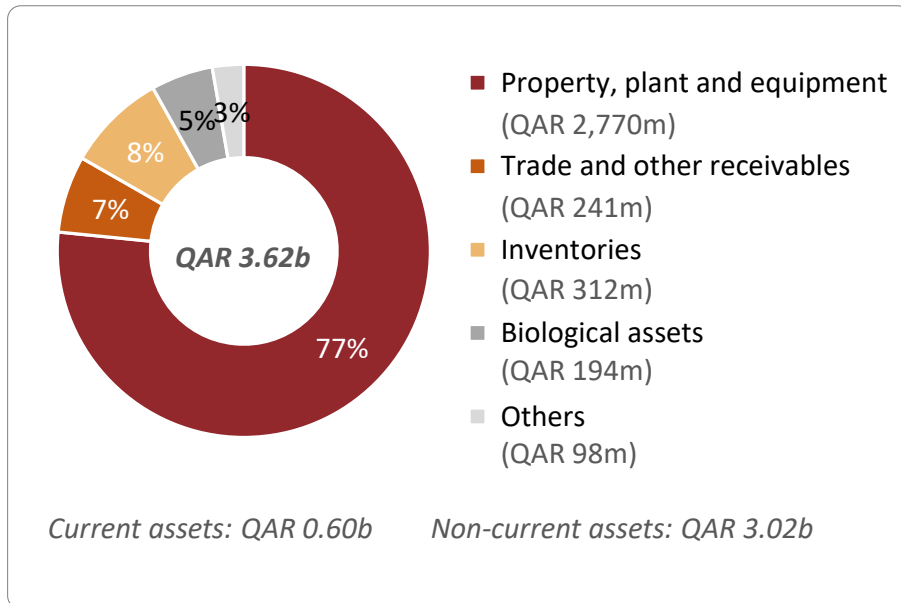
Cashflow (QAR m)



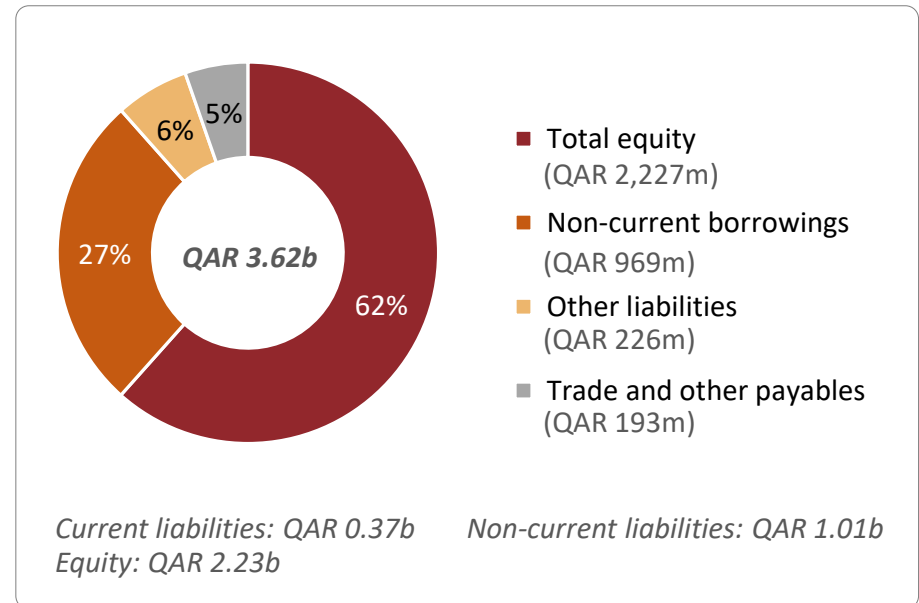
- Baladna continues to generate healthy cash from operations a result of strong revenues, efficient working capital management and Government support
- Additions in capex represent business continuity and continuous improvements in facilities and infrastructures
- Of the interim and final dividend declared for the year 2020 (QAR 141 million), QAR 22 million remains outstanding

Financial position as at 30 June 2021

Total assets



Total shareholders' equity and liabilities



- Strong assets base primarily funded by equity
- Healthy current ratio due to efficient working capital management
- Net debt to total capital ratio stands at 33% which shows the sound equity base of the company
- Equity includes QAR 201 million acquisition reserve



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Shareholder information (as at 30 June 2021)

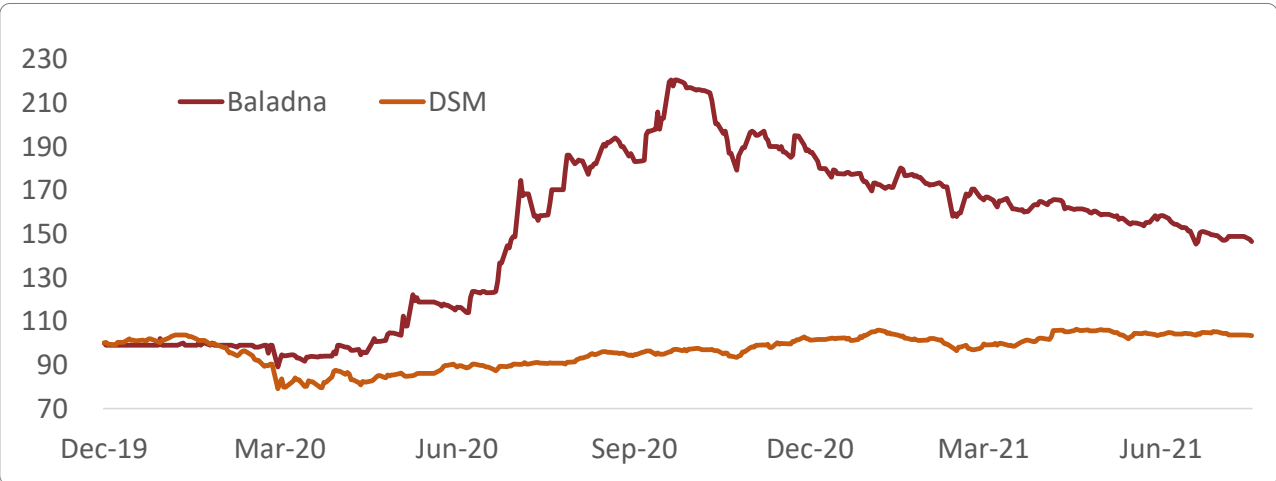
General information

- **Company name** Baladna Q.P.S.C.
- **Ticker (QE)** BLDN
- **Market cap:** QAR 2.9b
- **Free float:** 75%
- **Common shares outstanding** 1.9b

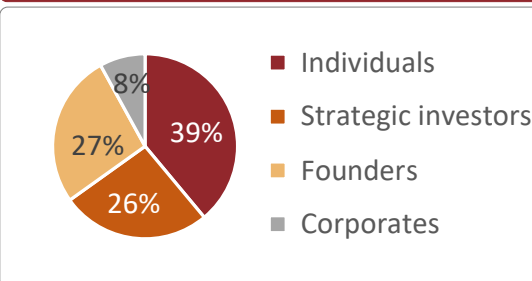
Company key stats

- **Spot price:** QAR 1.519
- **52w high/low:** QAR 2.228 / 1.248
- **Y-o-Y % change:** 21.7%
- **YTD % change:** -15.1%

Share price versus DSM 11 December 2019 to 30 June 2021



Shareholding structure



Investor relations contact

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For more information please visit our website:

www.baladna.com



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Management outlook 2021

Next quarter

- A continuation of a softer retail market – easing of COVID restrictions to revitalize growth opportunities towards the end of the year
- Assess further opportunities to drive efficiencies and further optimize value chain
- Continue with NPD program to identify value accretive products and categories

Fourth quarter

- Explore potential opportunities derived from back-to-school season and the FIFA Arab World Cup scheduled in December 2021
- Assess further opportunities to drive efficiencies and further optimize value chain
- Continue with NPD program to identify value accretive products and categories
- Explore opportunities across the retail and HORECA channels to improve our product portfolio and produce quality and innovative products

Long term

- Continuously assess growth opportunities within Qatar and abroad – leverage on our existing asset base to:
 - expand the export business
 - transfer our experience, knowledge and business model to South Asia and other strategically selected locations



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Profit and loss statement – Q2 2021

<i>QAR m</i>	<i>For the three-month period ended 30 June 2021</i>	<i>For the three-month period ended 30 June 2020</i>
Revenue	198.3	205.0
Cost of revenue	(139.6)	(142.9)
Gross profit	58.7	62.1
Other income	31.8	37.0
Selling and distribution expenses	(19.1)	(22.9)
General and administrative expenses	(20.0)	(21.9)
Operating profit for the period	51.4	54.4
Finance costs and bank charges	(9.0)	(10.1)
Profit before income tax	42.4	44.2
Income tax expense	0.0	0.0
Profit after tax for the period	42.4	44.2
Other comprehensive income	0.0	0.0
Total comprehensive income for the period	42.4	44.2
Basic and diluted earnings per share (QAR per share)	0.022	0.023



Profit and loss statement – H1 2021

<i>QAR m</i>	<i>For the six-month period ended 30 June 2021</i>	<i>For the period from Establishment Date to June 2020</i>
Revenue	380.6	441.9
Cost of revenue	(263.2)	(315.9)
Gross profit	117.4	126.0
Other income	64.2	97.6
Selling and distribution expenses	(37.9)	(49.3)
General and administrative expenses	(39.8)	(71.7)
Operating profit for the period	103.9	102.6
Finance costs and bank charges	(17.4)	(18.7)
Profit before income tax	86.4	83.9
Income tax expense	0.0	0.0
Profit after tax for the period	86.4	83.9
Other comprehensive income	0.0	0.0
Total comprehensive income for the period	86.4	83.9
Basic and diluted earnings per share (QAR per share)	0.045	0.046



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

+3,000
Points of sale

22,264
Herd size

256
Products available

+1,700
Employees



Baladna senior management team

Ramez Al-Khayyat
Managing Director



- Mr. Ramez Al-Khayyat is a well-known entrepreneur and a proven leader who brings a wealth of experience in operations, risk management, and business development
- Mr. Al-Khayyat is Vice Chairman and Group CEO of Urbacon Trading & Contracting (UCC). UCC has become a synonym for vision, creativity, expertise, quality, and delivery. UCC has successfully delivered some of the most prestigious, visionary, and technically challenging projects and developments in Qatar, the Middle East, North Africa, and Europe
- Mr. Ramez Al-Khayyat is Vice Chairman and Group CEO of “Power International Holding” a conglomerate of Real Estate Development and Investment, Industrial, F&B, Retail, Dairy Farming, and Service firms



Piet Hilarides
Chief Executive Officer

- Mr. Piet Hilarides has more than 30 years of experience in the FMCG with his latest role being President APAC for a global leader in the confectionery industry; in addition to holding board member positions
- Mr. Hilarides has extensive experience across various regions including Europe, Africa, and Asia in both B2C and B2B; and specializes in developing and implementing strategies



Saifullah Khan
Chief Financial Officer

- Mr. Saifullah Khan holds the position of Chief Financial Officer of Baladna
- As CFO, Mr. Khan is responsible for the strategic management of Baladna’s financial functions. He has considerable experience in scaling financial operations and organizational restructuring, and has a strong track record in delivering improved financial performance, productivity and governance
- Mr. Khan’s career has spanned a range of sectors including construction, manufacturing and dairy, and he has served in senior-level financial positions with a range of multinational companies such as NLC Pakistan and Qatar Power Construction
- Mr. Khan holds a Bachelor’s degree in Accounting, a Master’s degree in Finance and CPA certification.



Glossary

EBIT	Earnings Before Interest, and Tax
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