



BALADNA Q.P.S.C.

Q2 2022

Financial Results Presentation

17 August 2022

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Key Messages



Key Messages



- During the second quarter of 2022, Baladna achieved a revenue of QAR 245 million and net profit of QAR 22 million. This represents a **revenue growth of 23% compared to the second quarter of 2021**. Additionally, Baladna achieved a revenue of QAR 484 million in the first half of 2022 which corresponds to a revenue growth of 27% compared to the first half of last year. Baladna recorded a net profit of QAR 48m for the six-month period ended 30 June 2022, reduced by 45% compared to the same period last year
- **Baladna's profitability has been impacted due to higher global commodity prices, especially feed, raw material and packaging material.** Additionally, Baladna had submitted a request to the Ministry in Q1 2022 for increasing its prices and is still in the process of receiving the Ministerial approval to increase selling prices
- Due to a continuing volatility in commodity prices and global inflation, **Baladna focused on increasing sale volumes through capturing greater market share, which it achieved across all existing product categories with the exception to Labneh.** The two product categories with the largest market share growth in Q2 2022 compared to last year are creams and UHT milk which grew by 24% and 7% respectively
- Baladna is continuously assessing potential value accretive opportunities for expansion. **Baladna recently announced that it has entered into a shareholder agreement in Malaysia,** to develop an integrated dairy farming business
- **Baladna enhanced operational efficiencies,** in particular, managing its herd, **resulting in a higher milk yield per cow of 38.4 liters per day in Q2 2022** compared to 38.2 liters in Q2 2021
- Going forward, **Baladna expects the retail market to gain momentum** and management plans on implementing new initiatives to capitalize on improving market dynamics
- 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

#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 market share across key product categories</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 Customer confidence</p> <p>State-of-the-art technology Uninterrupted supply chain and high efficiencies</p> <p>International best practice quality control processes Optimization of operations</p>	<p>Profitability decreased due to an increase in commodity prices...</p> <p>Net profit (QARm)</p> <p>42.4 (Q2 2021) vs 21.7 (Q2 2022)</p> <p>Net margin</p> <p>21.4% (Q2 2021) vs 8.9% (Q2 2022)</p>	<p>Strategic & founding shareholders account for 48% of base...</p> <p>Founding members</p> <p>Strengthening food security and self-sufficiency in Qatar, backed by Government support</p>
<p>...driven by significant and highly efficient size of operations</p>	<p>...continuously enhancing product portfolio & innovative marketing</p>	<p>...resulting in 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>Farm size 2.4 million sqm</p> <p>Total herd size 22,783</p> <p>Daily yield per cow 38.9 Liters in H1 2022</p>	<p>SKUs 246</p> <p>Highly appreciated brand names created</p> <p>Premium Affordable</p>	<p>No. of sales routes 137</p> <p>No. of customers 3,752</p>	<ul style="list-style-type: none"> Strong asset base primarily funded by equity – Net debt to total capital 43% Conservative leverage deployed focuses on value creation for shareholders 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 vision and mission Excellent track record



Operational and
Commercial Update



Operational and Commercial Update

Key operational highlights

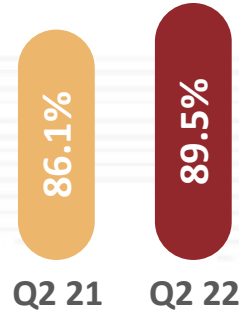
	Q2 2021	Q2 2022	YoY growth			
1	Total herd size 		22,264	22,783	▲ 2%	<ul style="list-style-type: none"> Optimising total herd size for existing operations and production levels
2	Av. daily yield/cow 		38.2	38.4	▲ 1%	<ul style="list-style-type: none"> Managed to enhance operational efficiencies by increasing milk yield in a tough environment
<i>The above figures represent quarterly averages</i>						
3	Total no. of SKUs 		256	246	▼ 4%	<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 		126	137	▲ 9%	<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
89.5%
Market share



- **Market size:** QAR 216m
- **YoY market share growth:** **+3.4%**
- Retained #1 position



UHT milk
83.2%
Market share

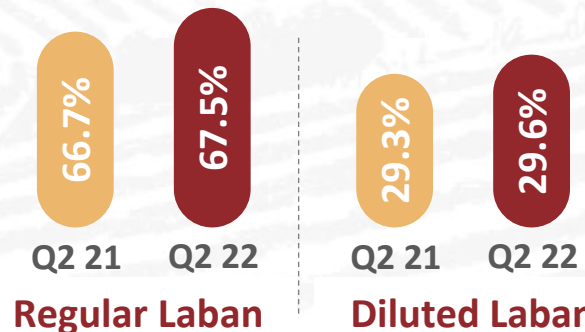


- **Market size:** QAR 159m
- **YoY market share growth:** **+7.0%**
- Retained #1 position



Regular Laban **67.5%**

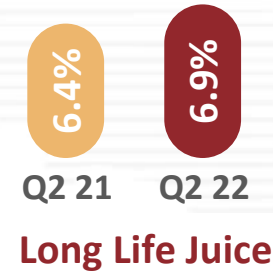
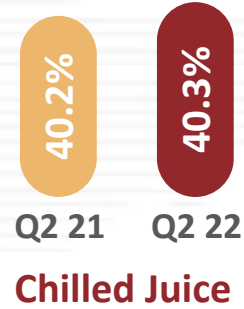
Diluted Laban **29.6%**



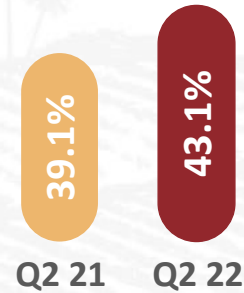
- **Market size:** QAR 90m
- **Regular Laban market share growth:** **+0.8%**
- **Diluted Laban market share growth:** **+0.3%**

Operational and Commercial Update

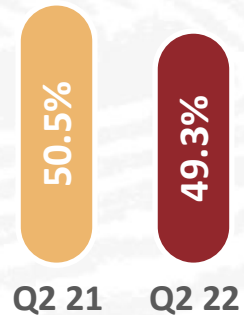
Market Segmentation (2/3)



- **Market size:** QAR 215m
- **Chilled Juice market share growth:** +0.1%
- **LL Juice market share growth:** +0.5%
- Remains a significant growth opportunity



- **Market size:** QAR 89m
- **YoY market share growth:** +4.0%
- Remains a significant growth opportunity



- **Market size:** QAR 16m
- **YoY market share growth:** -1.2%
- Remained the market leader

Operational and Commercial Update

Market Segmentation (3/3)



Cheese

27.2%

Market share

22.7%

Q2 21

27.2%

Q2 22

- **Market size:** QAR 186m
- **YoY market share growth: +4.5%**
- Remains a significant growth opportunity



Creams

46.1%

Market share

22.1%

Q2 21

46.1%

Q2 22

- **Market size:** QAR 44m
- **YoY market share growth: +24.0%**
- Remains a significant growth opportunity

Product Innovation

New Product Development



1st
Quarter



2nd
Quarter









Financial Performance






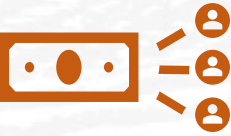
H1 Financial Performance

Key Financial Highlights

	H1 2021	H1 2022	YoY growth		
1	Revenue 	QAR 381m	QAR 484m	▲ 27%	Baladna achieved higher sale volumes and recorded a YoY revenue growth of 27% due to market share gains across all categories with the exception to Labneh
2	Gross Profit 	QAR 117m	QAR 100m	▼ 15%	Volatility in cost and inflation led to a decrease in the gross margin, especially feed, raw materials and packaging materials
3	Net profit 	QAR 86m	QAR 48m	▼ 45%	Decrease in the net profit margin as Baladna ensured that consumers did not experience price increases
4	EPS 	QAR 0.045	QAR 0.025	▼ 45%	Decline in net profits resulted in a subsequent decrease in Earnings Per Share

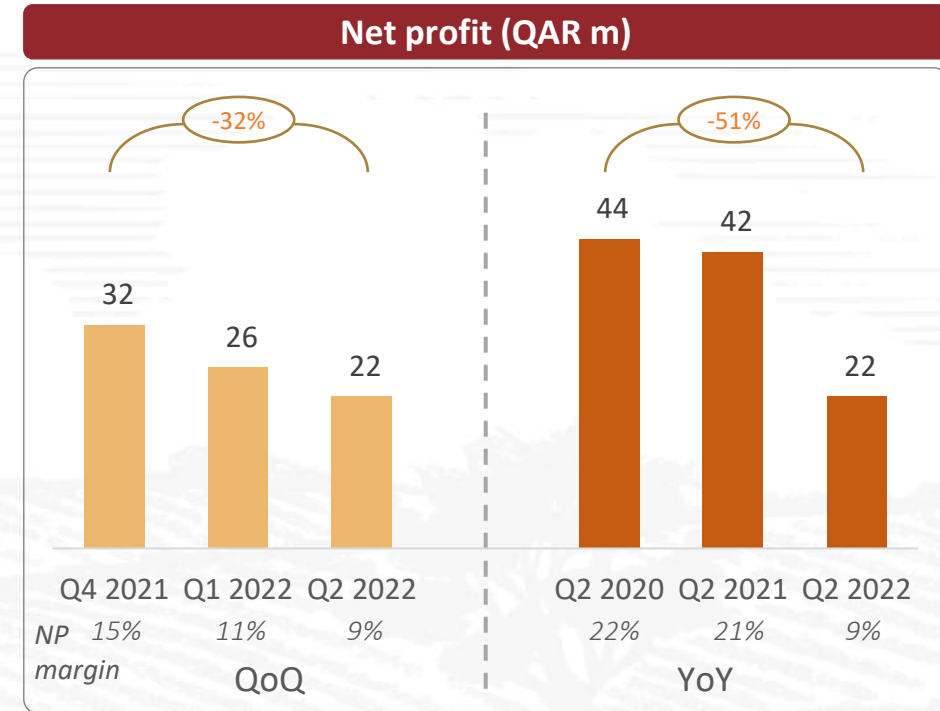
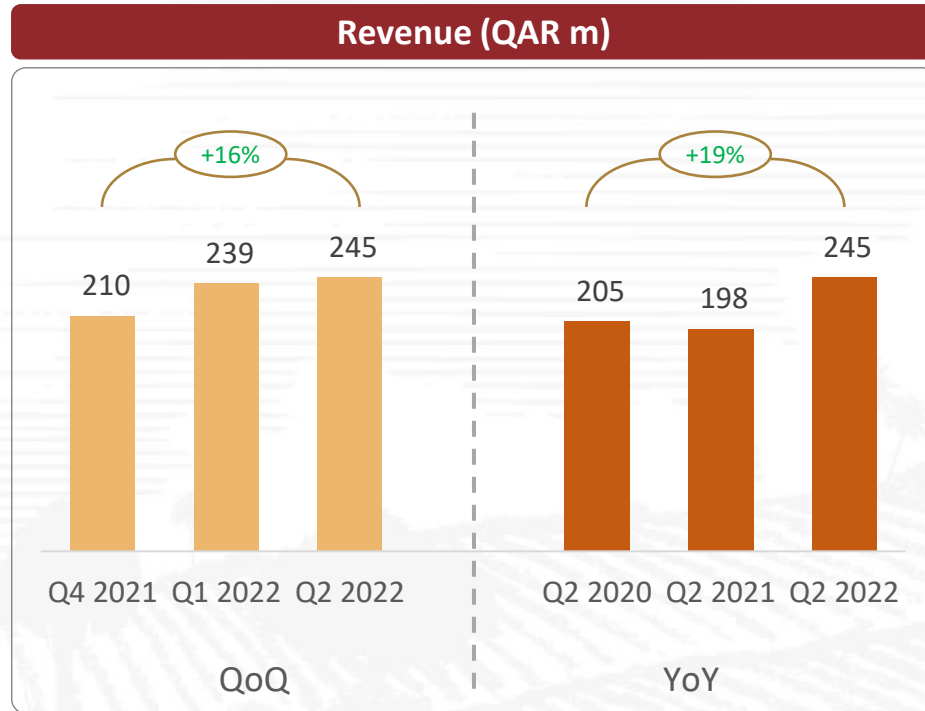
Q2 Financial Performance

Key Financial Highlights

	Q2 2021	Q2 2022	YoY growth		
1	Revenue 	QAR 198m	QAR 245m	▲ 23%	Baladna achieved higher sale volumes and recorded a YoY revenue growth of 23% due to market share gains across all categories with the exception to Labneh
2	Gross Profit 	QAR 59m	QAR 48m	▼ 18%	Volatility in cost and inflation led to a decrease in the gross margin, especially feed, raw materials and packaging materials
3	Net profit 	QAR 42m	QAR 22m	▼ 49%	Decrease in the net profit margin as Baladna ensured that consumers did not experience price increases
4	EPS 	QAR 0.022	QAR 0.011	▼ 49%	Decline in net profits resulted in a subsequent decrease in Earnings Per Share

Financial Performance

Financial performance development

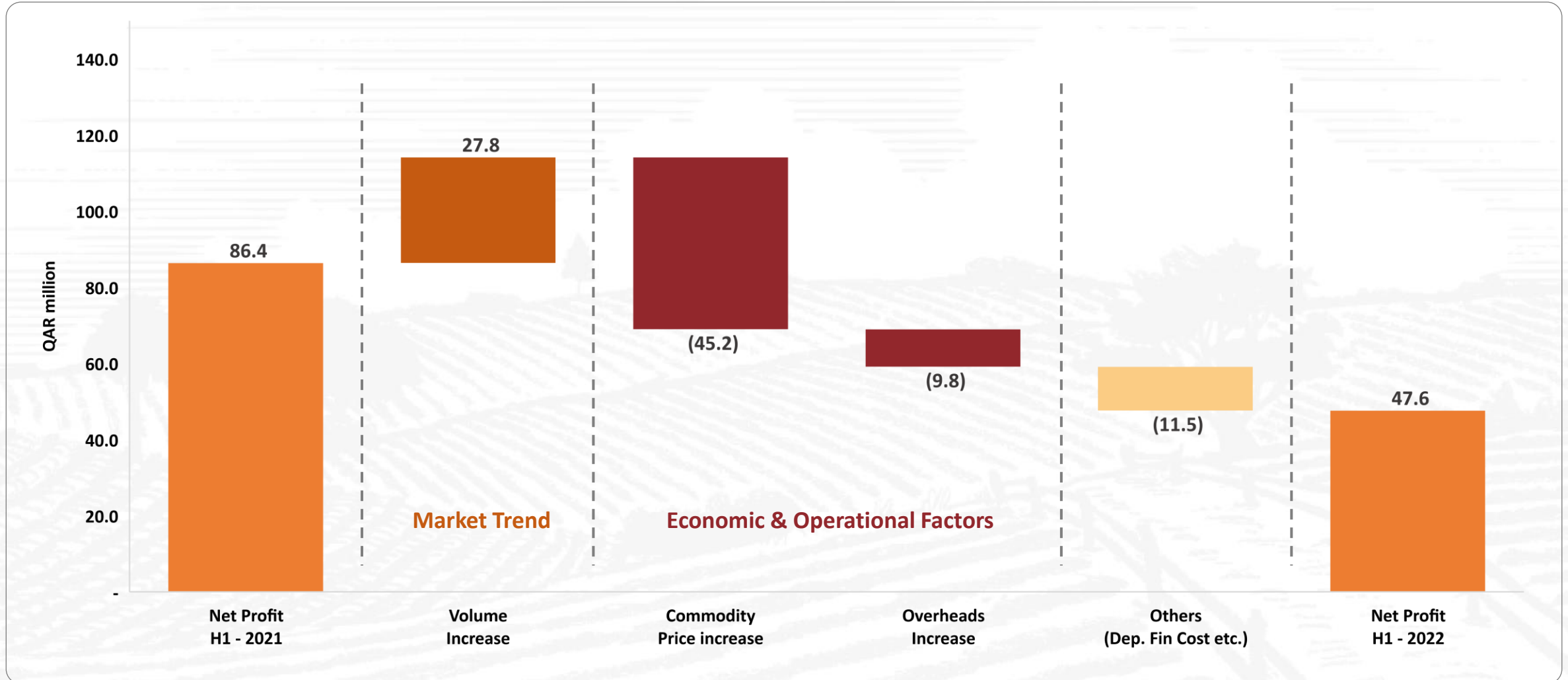


- Strong QoQ and YoY revenue growth mainly driven by the consistent growth in market share across all product categories with the exception to Labneh
- Net profit consistently decreasing QoQ predominantly due to global commodity prices
- Increase in bank profit rates resulted in an increase in finance cost compared to previous periods
- Strong overhead cost controls resulted in revenues growing at a greater rate compared to operating expenses
- Once the selling price increase is approved; it is expected that this will help Baladna to improve profitability margins to remain consistent with historical ranges

Net profit bridge for H1 2022

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

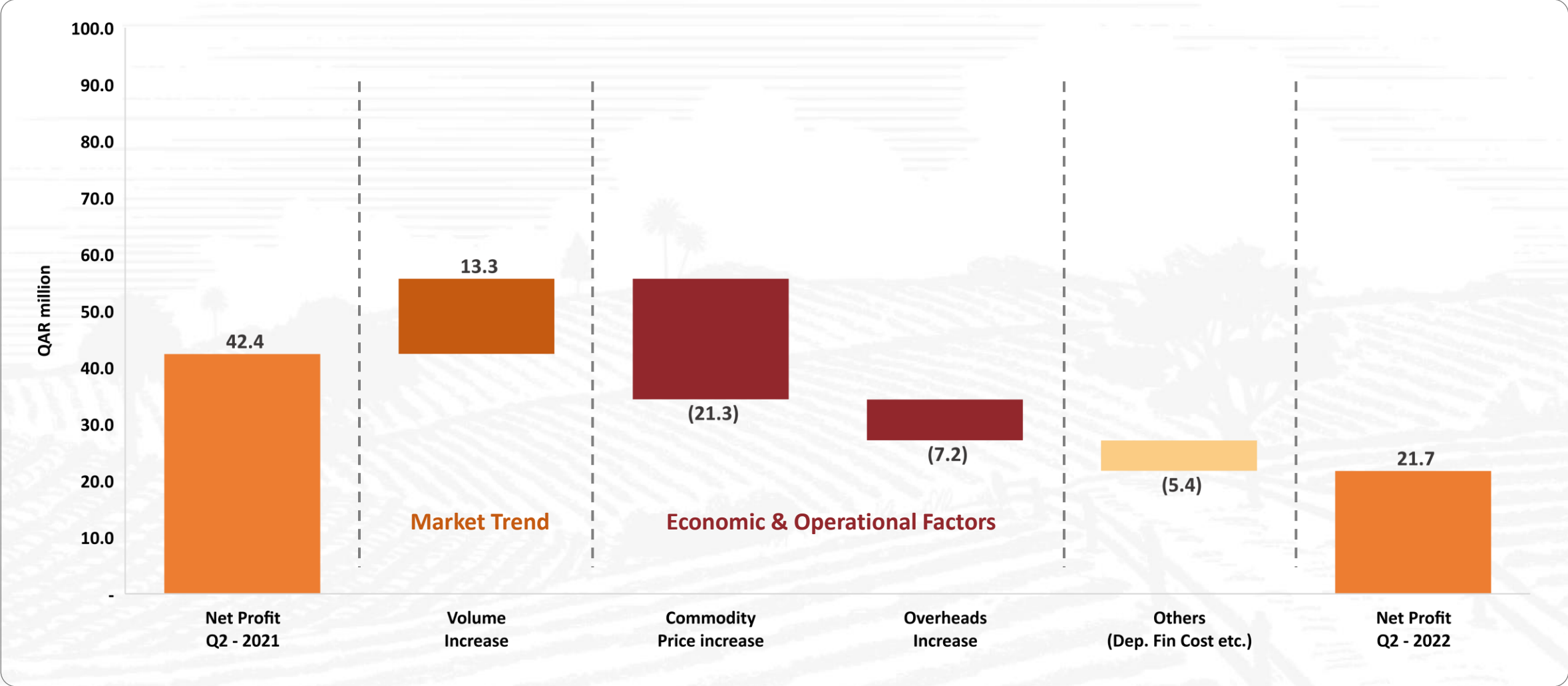
Net profit bridge – H1 2022



Net profit bridge for Q2 2022

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

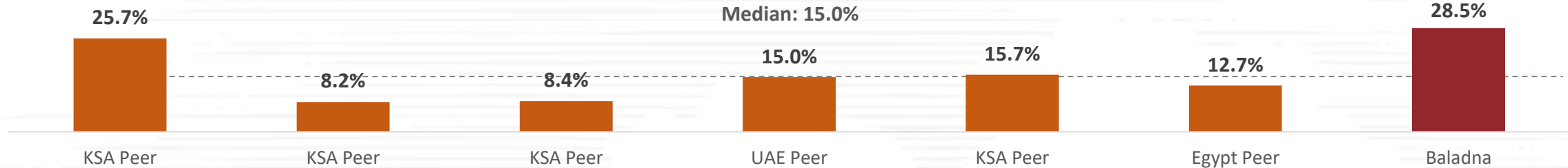
Net profit bridge – Q2 2022



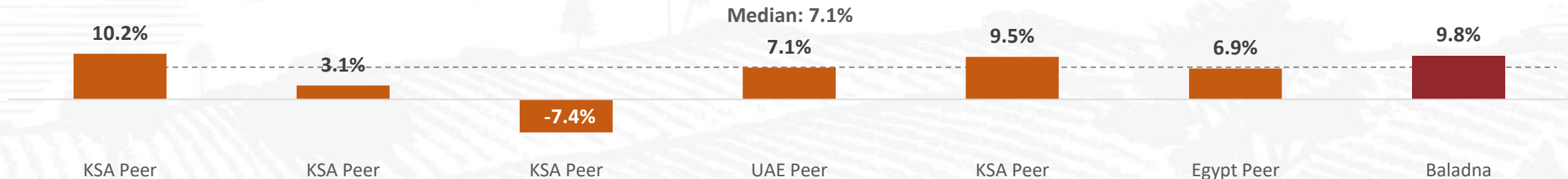
Higher material costs resulted in decreased profitability margins

Margins positioning compared to regional peers

Year-to-date EBITDA margin (For the period from 01 January 2022 to 30 June 2022)



Year-to-date Net Profit margin (For the period from 01 January 2022 to 30 June 2022)



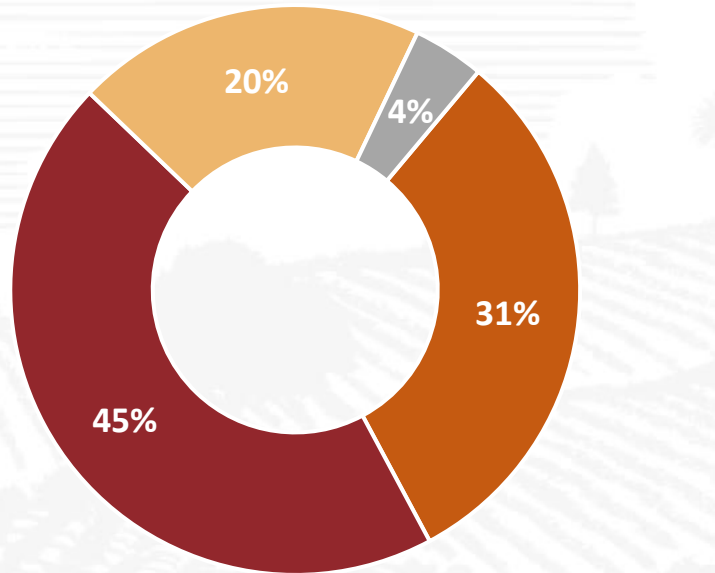
- The increase in global commodity prices and inflation resulted in decreased profitability margins for Baladna
- Baladna achieved an EBITDA margin of 28.5% for the period from 01 January 2022 to 30 June 2022, without increasing selling prices, which remains industry leading among regional peers
- Once the ministerial approval to increase selling prices is received, this will help further strengthen Baladna's margins

Revenue by channel

Growth recorded in all channels

Contribution by Channel (H1 2022)

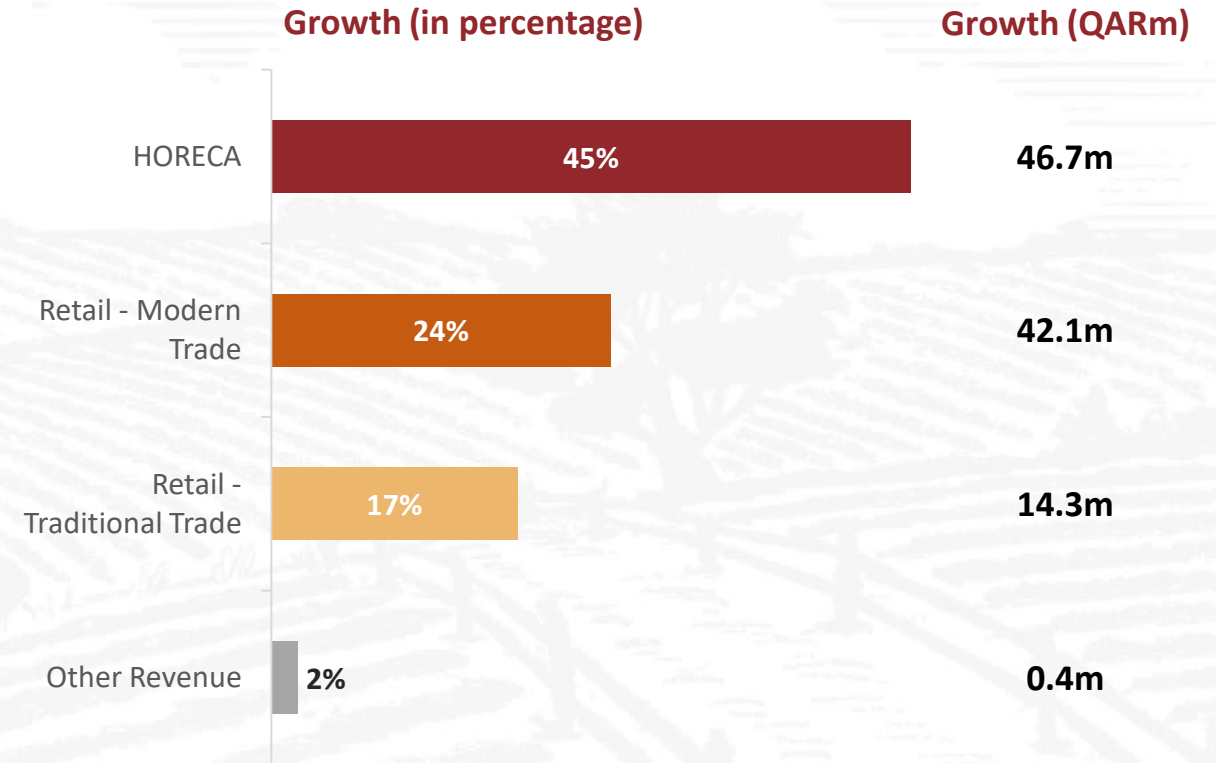
Channel wise revenue contribution (in percentage)



- HORECA
- Retail - Modern Trade
- Retail - Traditional Trade
- Other Revenue

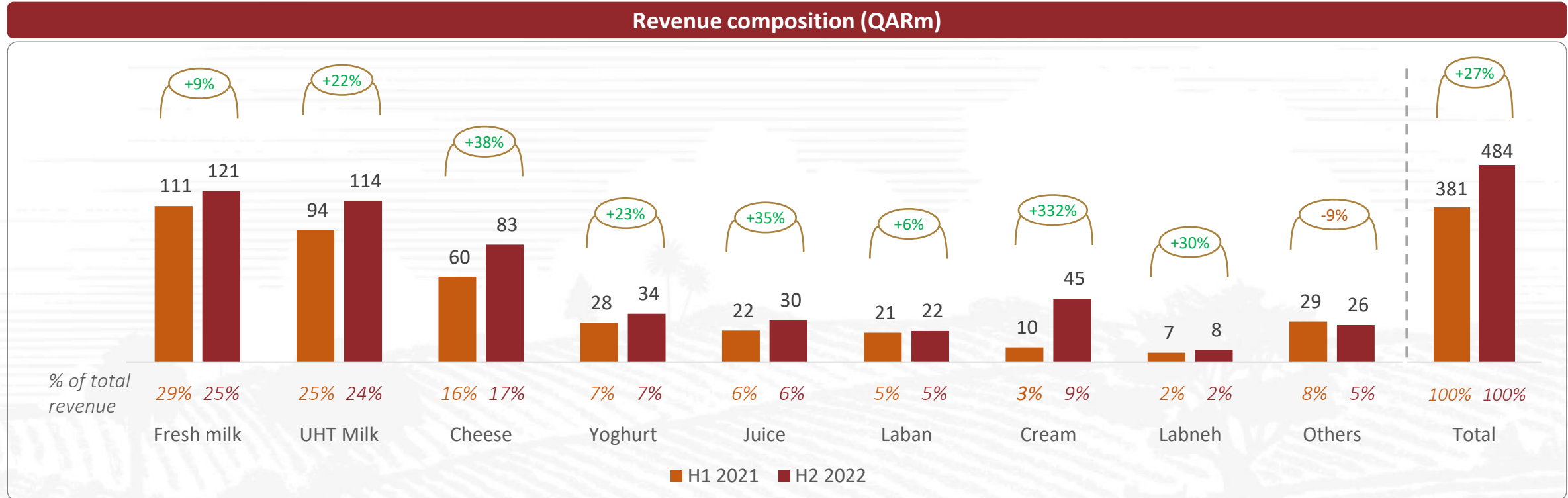
Growth by Channel

Channel wise growth (vs H1 – 2021)



Financial Performance

Revenue composition and growth – Year-on-year

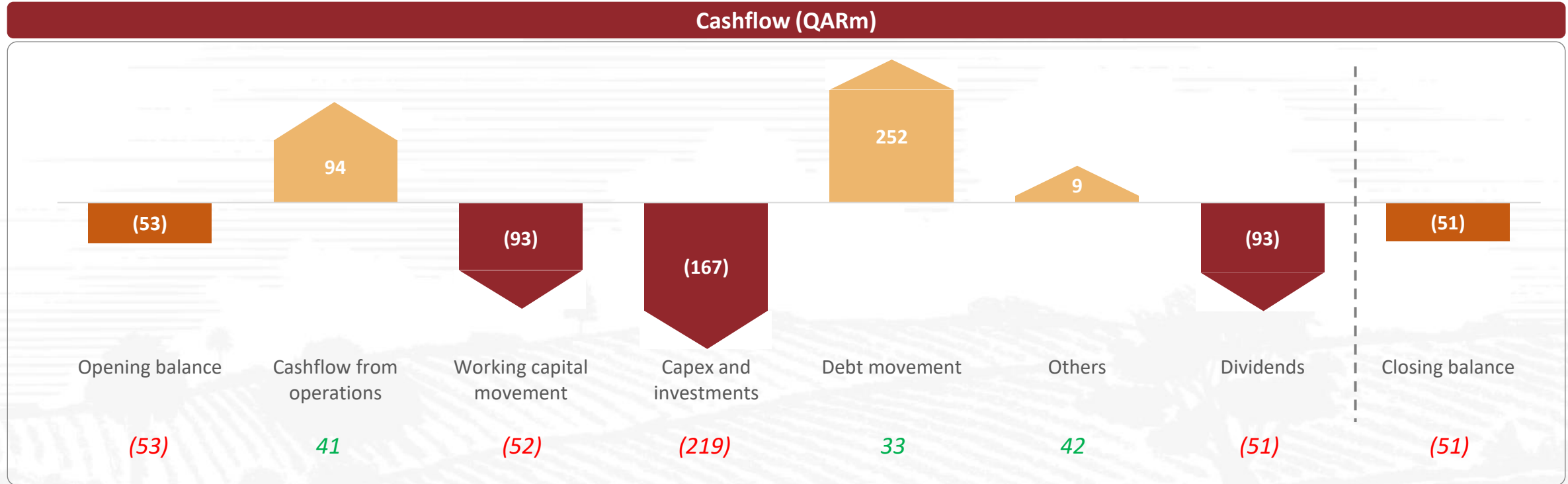


- Increase in the market share across all product categories, with the exception to Labneh, by optimizing the product portfolio and through new product development
- Continuing to enhance existing client relationships while targeting new customers in all channels
- Significant YoY growth within creams (+332%), cheese (+38%) and juice (+35%)

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

Financial Performance

Cashflow management for H1 2022



- Baladna generated positive cashflows from operations, which was used to enhance inventory levels to support the FIFA 2022 World Cup requirements
- Capex and investments correspond to the Evap project, improvements in facilities and infrastructures and investments in shares
- Baladna increased borrowings in H1 2022 to support the company's expansion plans
- Investors in Baladna have collected QAR 93m in dividends in the first half of 2022

Financial Performance

Financial position as at 30 June 2022

Total assets (QAR million)

	Jun-22	Dec-21	Growth
Fixed Assets	2,876	2,826	▲ 2%
Biological Assets	209	198	▲ 6%
Investment In Shares	210	144	▲ 46%
Other Non-Current Assets	32	46	▼ -29%
Total Non-Current Assets	3,327	3,214	▲ 4%
Trade & other debit balances	407	358	▲ 13%
Inventories	400	272	▲ 47%
Cash and Bank Balances	59	52	▲ 13%
Other Current Assets	16	16	▲ 2.5%
Total Current Assets	883	699	▲ 26%
Total Assets	4,210	3,912	▲ 8%

Total shareholders' equity and liabilities (QAR million)

	Jun-22	Dec-21	Growth
Islamic financing	1,488	1,193	▲ 25%
Other Non-Current Liabilities	27	39	▼ -30%
Total Non-Current Liabilities	1,515	1,232	▲ 23%
Trade and other credit balances	271	177	▲ 53%
Bank Facilities	181	203	▼ -11%
Other Current Liabilities	25	29	▼ -12%
Total Current Liabilities	477	409	▲ 17%
Shareholders Equity	2,218	2,271	▼ -2%
Total Equity & Liabilities	4,210	3,912	▲ 8%

- Investment in Shares increased to QAR 210 million from QAR 144 million compared to the same period last year
- The increase in working capital (Inventories) is to support higher sale volumes and to maintain strategic inventories to support the FIFA 2022 World Cup requirements
- Healthy Current Ratio of 1.9x
- Net Debt to total capital employed (D+E) ratio stands at 43%
- Strong asset base mainly funded by equity, expansions are mainly funded through debt

Note: Absolute values may differ due to rounding

Shareholder Information





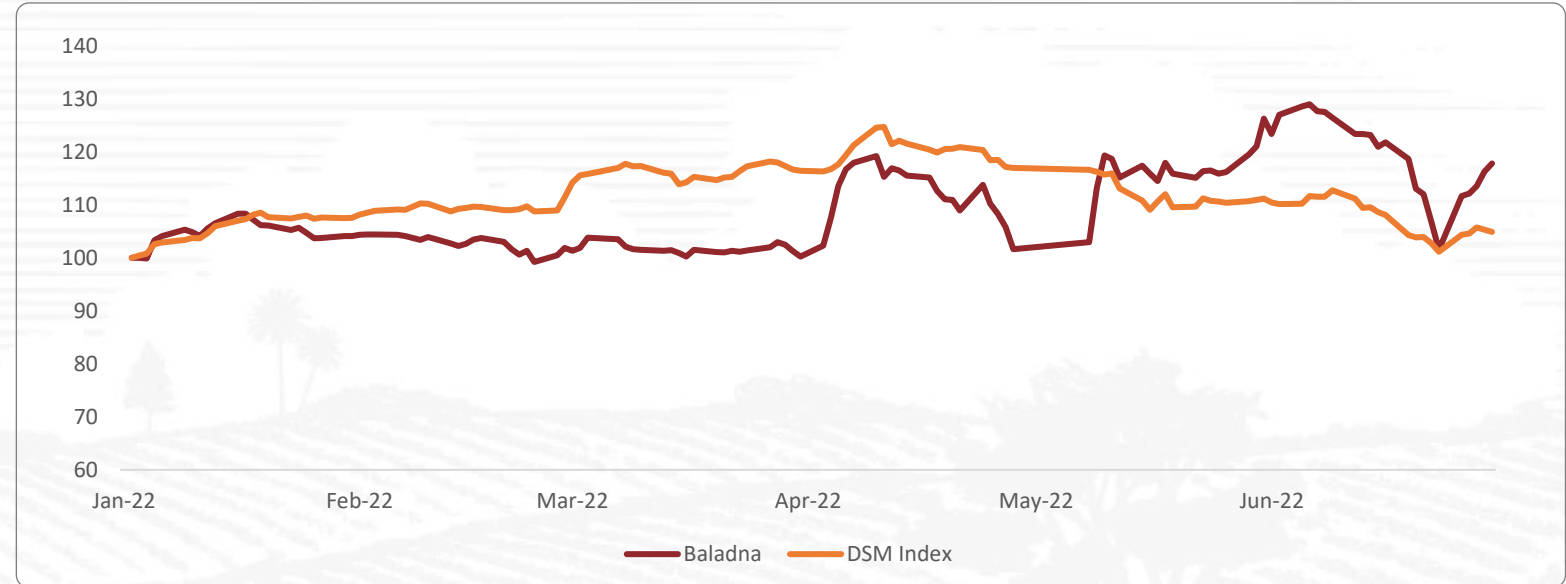
Shareholder Information

Shareholder information (as at 30 June 2022)

General information

- **Company name** Baladna Q.P.S.C.
- **Ticker (QE)** BLDN
- **Market cap:** QAR 3.2b
- **Common shares outstanding** 1.9b

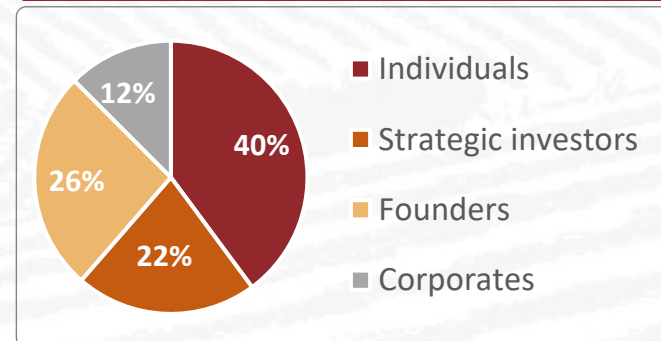
Share price versus DSM 1 January 2022 to 30 June 2022 (rebased to 100)



Company key stats

- **Spot price:** +69.8%
- **% change since IPO:** QAR 1.698
- **Value creation for IPO investors** (Capital appreciation & dividends) +82.5%

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 2022



Management Outlook

Management outlook for H2 2022



Product development

The evaporated milk is progressing well and is expected to be completed by the end of 2022. The factory's commercial operations are expected to launch by 2023

Baladna aims to continue its product innovation and introduce new products throughout the rest of the year to capture greater market share



Market environment & major events

Baladna expects the retail market to gain momentum and management plans on implementing new initiatives to capitalize on improving market dynamics.

Furthermore, with the scheduled FIFA World Cup, we are expecting robust revenue growth, especially in the second half of 2022



Expansion opportunities

Baladna is constantly assessing opportunities for expansion. Talks with foreign partners where MoUs have been signed are progressing well, and feasibility studies are ongoing. Additionally, Baladna is considering potential value accretive options for backward integration

Baladna recently announced that it has entered into a shareholder agreement in Malaysia, to develop an integrated dairy farming business



Robust financial position

Having a strong financial position, Baladna is in a position 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 – Q2 2022 and H1 2022

QAR m	Q2 2022					H1 2022				
	2022		2021		Change	2022		2021		Change
Revenue	244.7	100%	198.3	100%	23%	484.0	100%	380.6	100%	27%
Cost of revenue	(196.5)	(80%)	(139.6)	(70%)	(41%)	(384.4)	(79%)	(263.2)	(69%)	(46%)
Gross profit	48.1	20%	58.7	30%	(18%)	99.5	21%	117.4	31%	(15%)
Other income	29.0	12%	31.8	16%	(9%)	58.6	12%	64.2	17%	(9%)
Income/(Loss) from Investment Securities	(5.4)	(2%)	-	-	-	(10.5)	(2%)	-	-	-
Dividend income	6.3	3%	-	-	-	11.5	2%	-	-	-
Selling and distribution expenses	(23.1)	(9%)	(19.1)	(10%)	(21%)	(45.7)	(9%)	(37.9)	(10%)	(20%)
General and administrative expenses	(21.1)	(9%)	(20.0)	(10%)	(6%)	(42.7)	(9%)	(39.8)	(10%)	(7%)
Operating profit for period	33.8	14%	51.4	26%	(34%)	70.6	15%	103.9	27%	(32%)
Finance costs and bank charges	(11.6)	(5%)	(9.0)	(5%)	(29%)	(22.3)	(5%)	(17.4)	(5%)	(28%)
Profit before income tax	22.2	9%	42.4	21%	(48%)	48.3	10%	86.5	23%	(44%)
Income tax expense	(0.5)	(0.2%)	-	-	-	(0.7)	(0.1%)	(0.1)	(0.1%)	(773%)
Profit after tax for the period	21.7	9%	42.4	21%	(49%)	47.6	10%	86.4	23%	(45%)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	21.7	9%	42.4	21%	(49%)	47.6	10%	86.4	23%	(45%)
Basic and diluted earnings per share (QAR per share)	0.011		0.022			0.025		0.045		

Source: Q2 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

+3,750
Points of sale

22,783
Herd size

246
Products available

+1,750
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



Piet Hilarides
Chief Executive Officer



Saifullah Khan
Chief Financial Officer



Paul Kenny
GM - Sales



Talal Madi
GM - Marketing



Vedavyas Vemuri
GM – Supply Chain



Adam Douglas Peffer
GM - Farms



David Stuart
GM - Manufacturing



Julian Marcolini
GM - Quality



Khaled Zi Alnon
GM - New Ventures



Nasser Al Maslamani
Group HR Director



Omar Marar
Project Management / Engineering Director



Firas Khalil
Information Technology Director



Francis Higgins
Media Relations Manager

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