



BALADNA Q.P.S.C.

Q3 2022

Financial Results Presentation

27 October 2022

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Key Messages



Key Messages



- During the third quarter of 2022, Baladna achieved a revenue of QAR 225 million and net profit of QAR 8 million. This represents a **revenue growth of 23% compared to the third quarter of 2021**. Additionally, Baladna achieved a revenue of QAR 709 million for the nine-months period ended 30 September 2022 which corresponds to a revenue growth of 26% compared to the same period of last year
- Baladna's profitability has been impacted due to higher global commodity prices, especially feed, raw material, packaging material, increase in salaries, utilities and financing cost rates
- 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**. The two product categories with the largest market share growth for the nine-months period ended September 2022 are creams and UHT milk which grew by 27.2% and 5.1% respectively
- Baladna is continuously assessing potential value accretive opportunities for expansion. As part of its diversification and growth strategy, Baladna announced the acquisition of a 75% stake in E-life Detergent Factory. Additionally, the Malaysia project's feasibility study is under progress and expected to be completed in Q4 2022
- **Baladna enhanced operational efficiencies**, in particular, managing its herd, **resulting in a higher milk yield per cow of 37.3 liters per day for the nine-months period ended September 2022** compared to 36.7 liters for the same period of last year
- 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												
Strong market share across key product categories	Best understanding of the local markets through research...	Efficient supply management and operations...	EBITDA decreased due to an increase in commodity prices...	Strategic & founding shareholders account for 48% of base...												
	<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>Proximity to suppliers and clients ensures continuity</p> <p>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>EBITDA (QARm)</p> <table border="1"> <tr> <td>221</td> <td>196</td> </tr> <tr> <td>YTD Sep. 2021</td> <td>YTD Sep. 2022</td> </tr> </table> <p>EBITDA margin</p> <table border="1"> <tr> <td>39.3%</td> <td>27.7%</td> </tr> <tr> <td>YTD Sep. 2021</td> <td>YTD Sep. 2022</td> </tr> </table>	221	196	YTD Sep. 2021	YTD Sep. 2022	39.3%	27.7%	YTD Sep. 2021	YTD Sep. 2022	<p>Founding members</p> <p>Strengthening food security and self-sufficiency in Qatar, backed by Government support</p>				
221	196															
YTD Sep. 2021	YTD Sep. 2022															
39.3%	27.7%															
YTD Sep. 2021	YTD Sep. 2022															
...driven by significant and highly efficient size of operations	...continuously enhancing product portfolio & innovative marketing	...resulting in excellent reach of Retail and HORECA clients	...based on strong financial position and solid balance sheet	...supporting Baladna to continue its growth												
<table border="1"> <tr> <td>Farm size</td> <td>2.4 million sqm</td> </tr> <tr> <td>Total herd size</td> <td>24,167</td> </tr> <tr> <td>Daily yield per cow</td> <td>37.3 L for the YTD Sep. 2022 period</td> </tr> </table>	Farm size	2.4 million sqm	Total herd size	24,167	Daily yield per cow	37.3 L for the YTD Sep. 2022 period	<table border="1"> <tr> <td>SKUs</td> <td>248</td> </tr> </table> <p>Highly appreciated brand names created</p> <p>Premium Affordable</p>	SKUs	248	<table border="1"> <tr> <td>No. of sales routes</td> <td>137</td> </tr> <tr> <td>No. of customers</td> <td>3,643</td> </tr> </table>	No. of sales routes	137	No. of customers	3,643	<ul style="list-style-type: none"> ▪ Strong asset base primarily funded by equity – Net debt to total capital 46% ▪ 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
Farm size	2.4 million sqm															
Total herd size	24,167															
Daily yield per cow	37.3 L for the YTD Sep. 2022 period															
SKUs	248															
No. of sales routes	137															
No. of customers	3,643															



Operational and
Commercial Update



Operational and Commercial Update

Key operational highlights

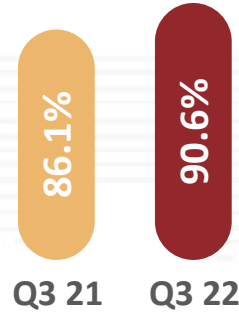
	Q3 2021	Q3 2022	YoY growth			
1	Total herd size 		23,502	24,167	▲ 3%	<ul style="list-style-type: none"> Optimising total herd size for existing operations and production levels
2	Av. daily yield/cow 		36.7	37.3	▲ 2%	<ul style="list-style-type: none"> Managed to enhance operational efficiencies by increasing milk yield in a tough environment
<i>The above figures represent quarterly averages</i>						
3	Total no. of SKUs 		266	248	▼ 7%	<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 		130	137	▲ 5%	<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)



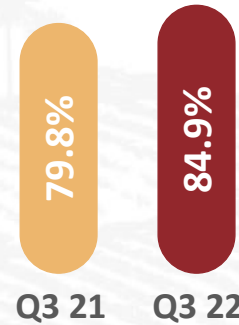
Fresh milk
90.6%
Market share



- YoY market share growth: **+4.5%**
- Retained #1 position



UHT milk
84.9%
Market share

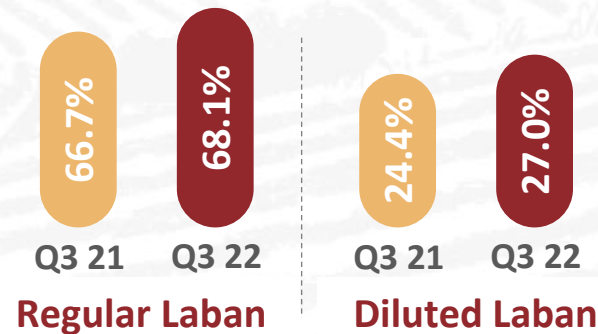


- YoY market share growth: **+5.1%**
- Retained #1 position



Regular Laban **68.1%**

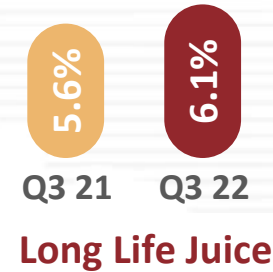
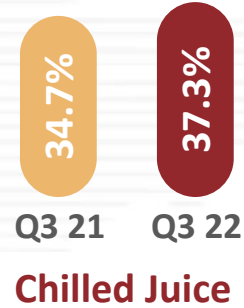
Diluted Laban **27.0%**



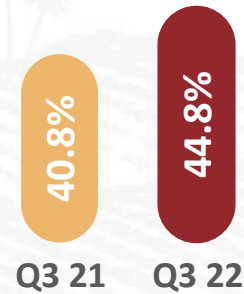
- Regular Laban market share growth: **+1.4%**
- Diluted Laban market share growth: **+2.6%**

Operational and Commercial Update

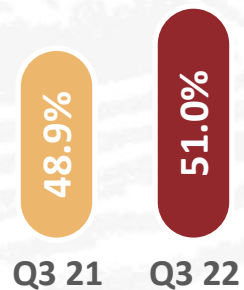
Market Segmentation (2/3)



- Chilled Juice market share growth: **+2.6%**
- LL Juice market share growth: **+0.5%**
- Remains a significant growth opportunity



- YoY market share growth: **+4.0%**
- Remains a significant growth opportunity



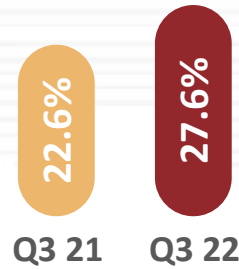
- YoY market share growth: **+2.1%**
- Remained the market leader

Operational and Commercial Update

Market Segmentation (3/3)



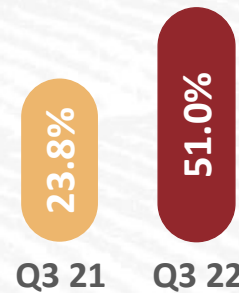
Cheese
27.6%
Market share



- YoY market share growth: **+5.0%**
- Remains a significant growth opportunity



Creams
51.0%
Market share



- YoY market share growth: **+27.2%**
- Remains a significant growth opportunity

Operational and Commercial Update

Introduction of new SKUs over the YTD Sep. 2022 period



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




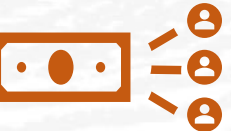


Financial Performance




YTD Sep. 2022 Financial Performance

Key Financial Highlights

	YTD Sep. 21	YTD Sep. 22	YoY growth		
1	Revenue 	QAR 563m	QAR 709m	▲ 26%	Baladna achieved higher sale volumes and recorded a YoY revenue growth of 26% due to market share gains across all categories
2	Gross Profit 	QAR 150m	QAR 138m	▼ 8%	Volatility in cost and inflation led to a decrease in the gross margin, especially feed, raw materials and packaging materials
3	Net profit 	QAR 102m	QAR 56m	▼ 45%	Decrease in the net profit margin due to a greater volatility in cost and inflation and higher finance costs
4	EPS 	QAR 0.054	QAR 0.029	▼ 45%	Decline in net profits resulted in a subsequent decrease in Earnings Per Share

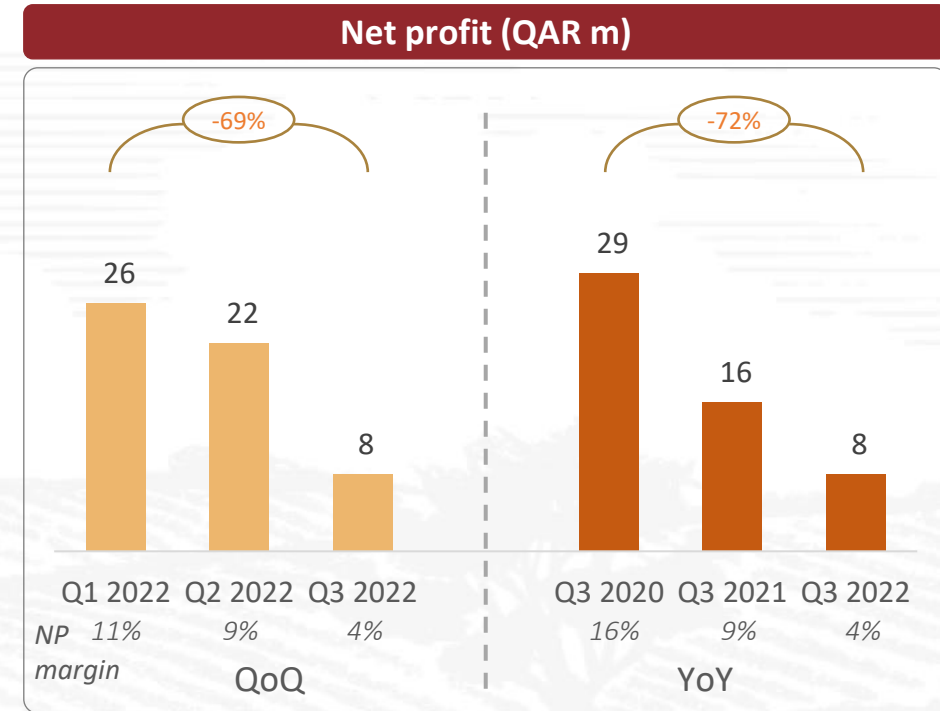
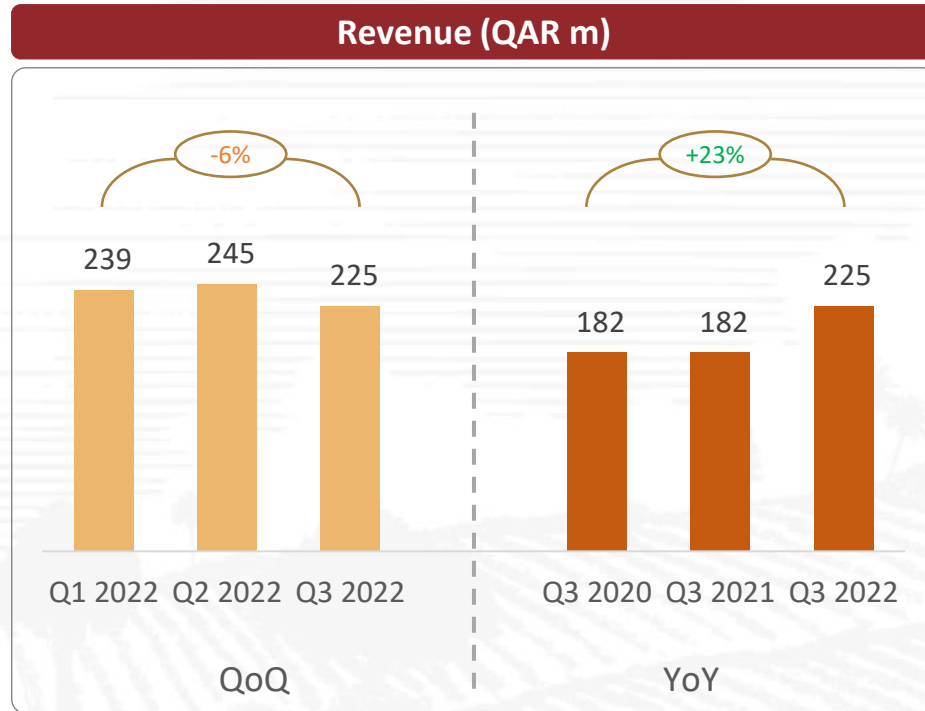
Q3 Financial Performance

Key Financial Highlights

	Q3 2021	Q3 2022	YoY growth		
1	Revenue 	QAR 182m	QAR 225m	▲ 23%	Baladna achieved higher sale volumes and recorded a YoY revenue growth of 23% due to market share gains across all categories
2	Gross Profit 	QAR 33m	QAR 38m	▲ 16%	Increase in sale volumes led to a growth in gross profit of 16% in Q3 2022 compared to the same period of last year, gross margin decreased due to higher material costs
3	Net profit 	QAR 16m	QAR 8m	▼ 48%	Decrease in the net profit margin due to a greater volatility in cost and inflation and higher finance costs
4	EPS 	QAR 0.008	QAR 0.004	▼ 48%	Decline in net profits resulted in a subsequent decrease in Earnings Per Share

Financial Performance

Financial performance development

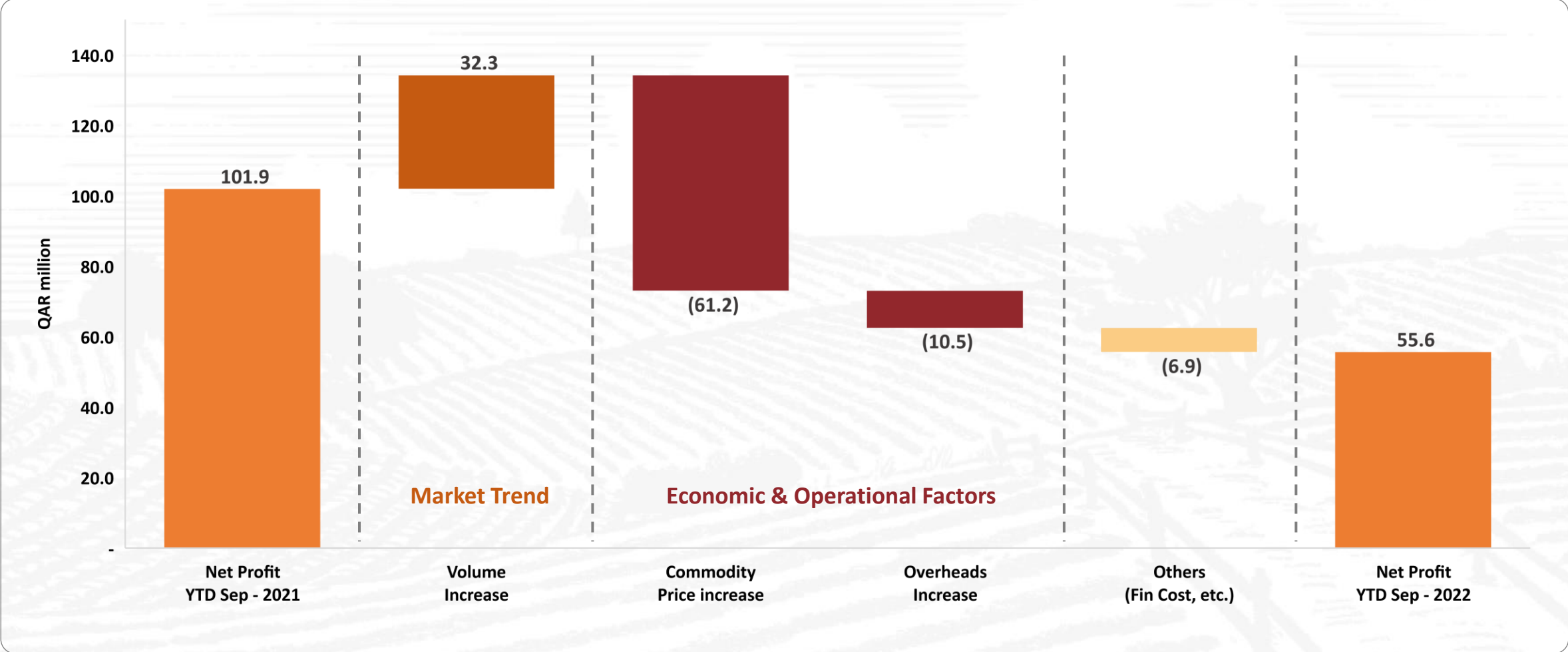


- Strong YoY revenue growth mainly driven by the consistent growth in market share across all product categories
- Net profit consistently decreasing QoQ predominantly due to global commodity prices
- Increase in bank profit rates resulted in an increase in finance cost compared to previous periods
- Strong overhead cost controls resulted in revenues growing at a greater rate compared to operating expenses
- Baladna is awaiting the Ministerial approval to increase prices for remaining products to account for the significant increase in raw material prices

Net profit bridge for YTD Sep. 2022

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

Net profit bridge – YTD Sep. 2022

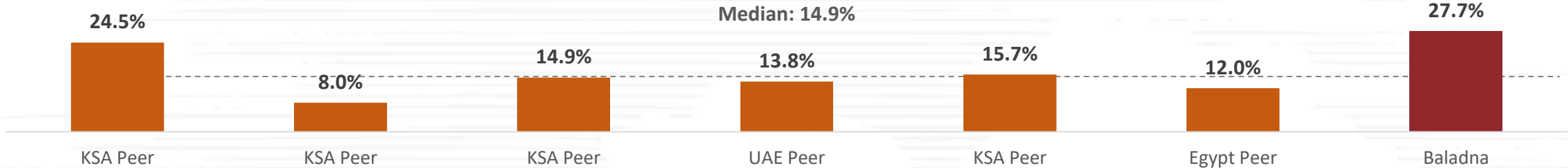


Higher material costs resulted in decreased profitability margins

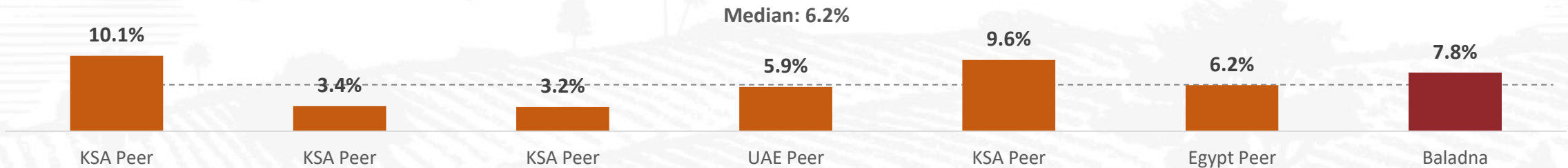


Margins positioning compared to regional peers

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



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



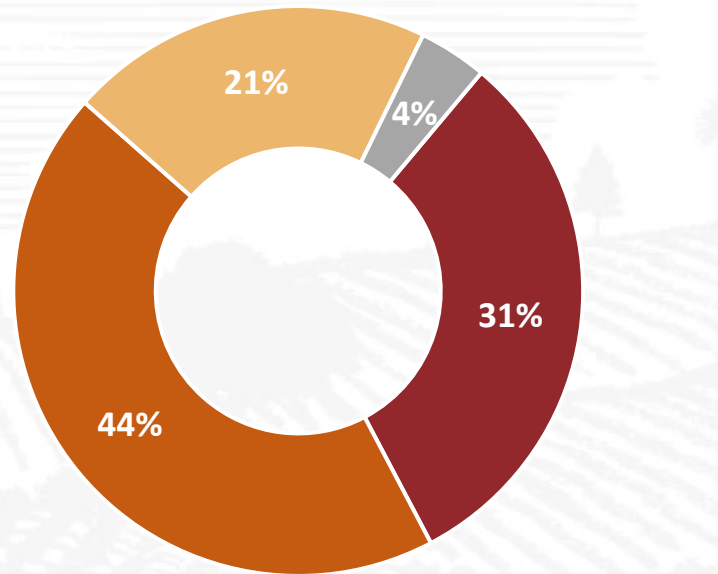
- The increase in global commodity prices and inflation resulted in decreased profitability margins for Baladna
- Baladna achieved an EBITDA margin of 27.7% for the period from 01 January 2022 to 30 September 2022, which remains industry leading among regional peers
- Baladna received partial approval for price increases in September, which means that the impact of the price increase is yet to be reflected in Baladna's performance

Revenue by channel

Growth recorded in all channels

Contribution by Channel (YTD Sep. 2022)

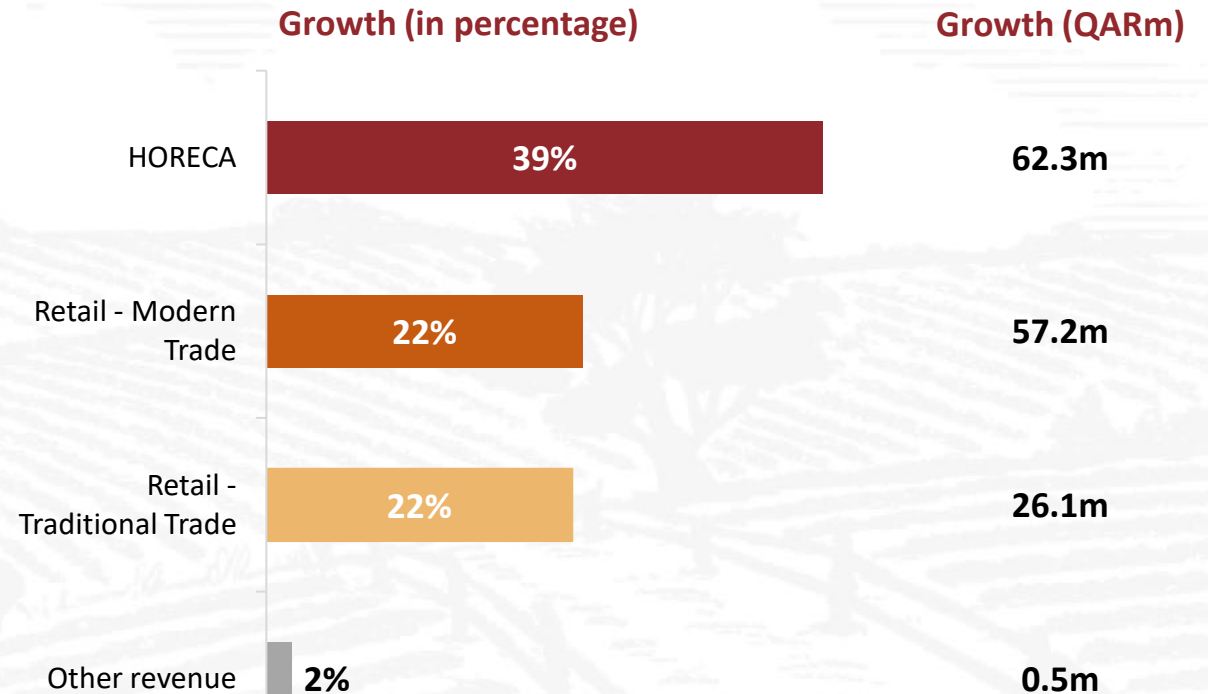
Channel wise revenue contribution (in percentage)



■ HORECA ■ Retail - Modern Trade
■ Retail - Traditional Trade ■ Other revenue

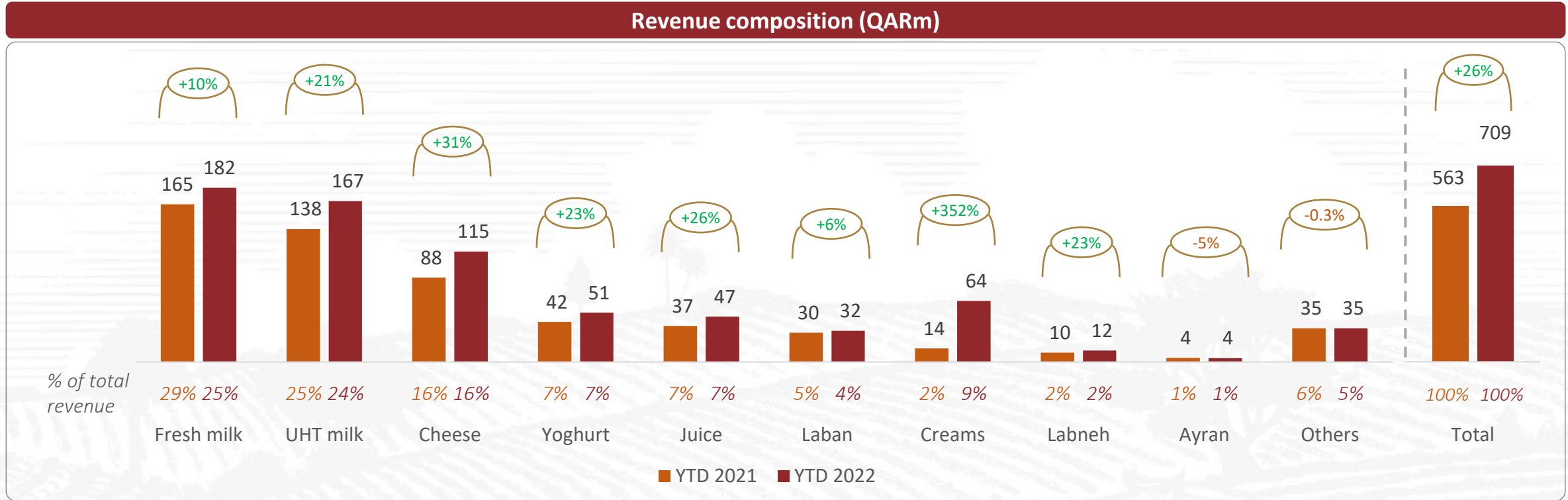
Growth by Channel

YTD Sep. 2022 channel wise growth (vs 9-months period ended Q3 – 2021)



Financial Performance

Revenue composition and growth – Year-on-year

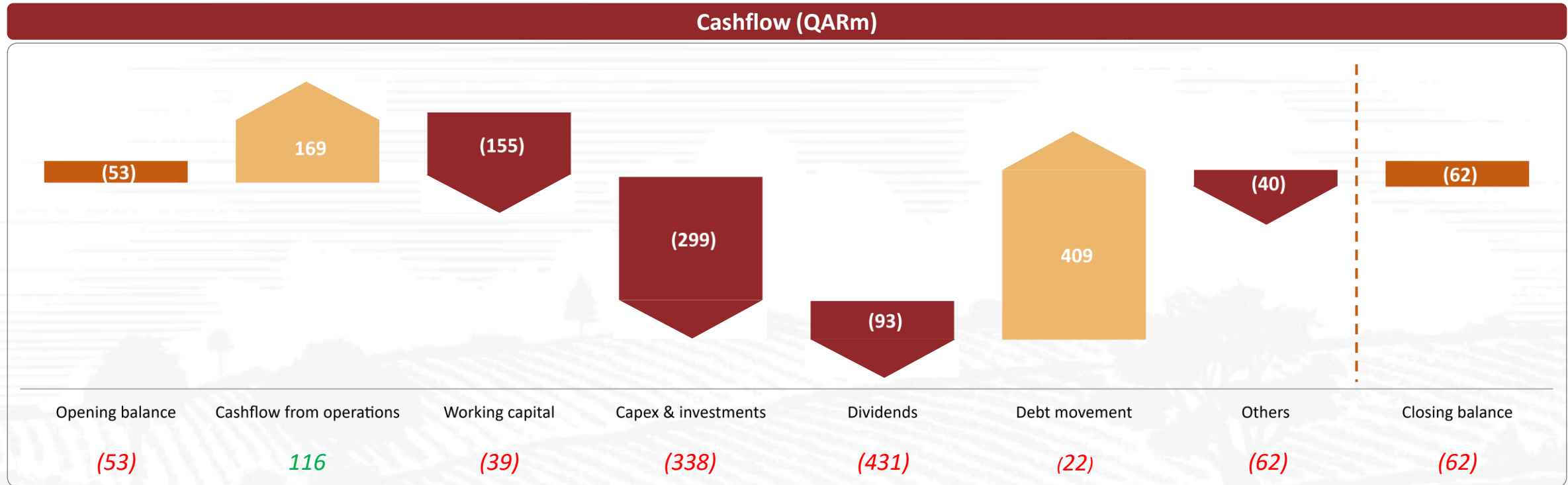


- Increase in the market share across all product categories by optimizing the product portfolio
- Continuing to enhance existing client relationships while targeting new customers in all channels
- Significant YoY growth within creams (+352%), cheese (+31%) and juice (+26%)

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

Financial Performance

Cashflow management for the YTD Sep. 2022 period



- 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 over the YTD Sep. 2022 period to support the company's expansion plans
- Investors in Baladna have collected QAR 93m in dividends in the first nine months of 2022

Financial Performance

Financial position as at 30 September 2022

Total assets (QAR million)

	Sep-22	Dec-21	Growth
Fixed Assets	2,981	2,826	▲ 5%
Biological Assets	215	198	▲ 9%
Investment In Shares	209	144	▲ 45%
Other Non-Current Assets	29	46	▼ -38%
Total Non-Current Assets	3,433	3,214	▲ 7%
Trade & other debit balances	394	358	▲ 10%
Inventories	437	272	▲ 61%
Cash and Bank Balances	58	52	▲ 11%
Other Current Assets	31	16	▲ 93%
Total Current Assets	920	699	▲ 32%
Total Assets	4,353	3,912	▲ 11%

Total shareholders' equity and liabilities (QAR million)

	Sep-22	Dec-21	Growth
Islamic financing	1,597	1,193	▲ 34%
Other Non-Current Liabilities	25	39	▼ -35%
Total Non-Current Liabilities	1,622	1,232	▲ 32%
Trade and other credit balances	250	177	▲ 41%
Bank Facilities	236	203	▲ 16%
Other Current Liabilities	19	29	▼ -33%
Total Current Liabilities	505	409	▲ 23%
Shareholders Equity	2,226	2,271	▼ -2%
Total Equity & Liabilities	4,353	3,912	▲ 11%

- Investment in Shares increased to QAR 209 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 1.8x
- Net Debt to total capital employed (D+E) ratio stands at 46%
- Strong asset base mainly funded by equity, expansions are mainly funded through debt

Note: Absolute values may differ due to rounding

Shareholder Information



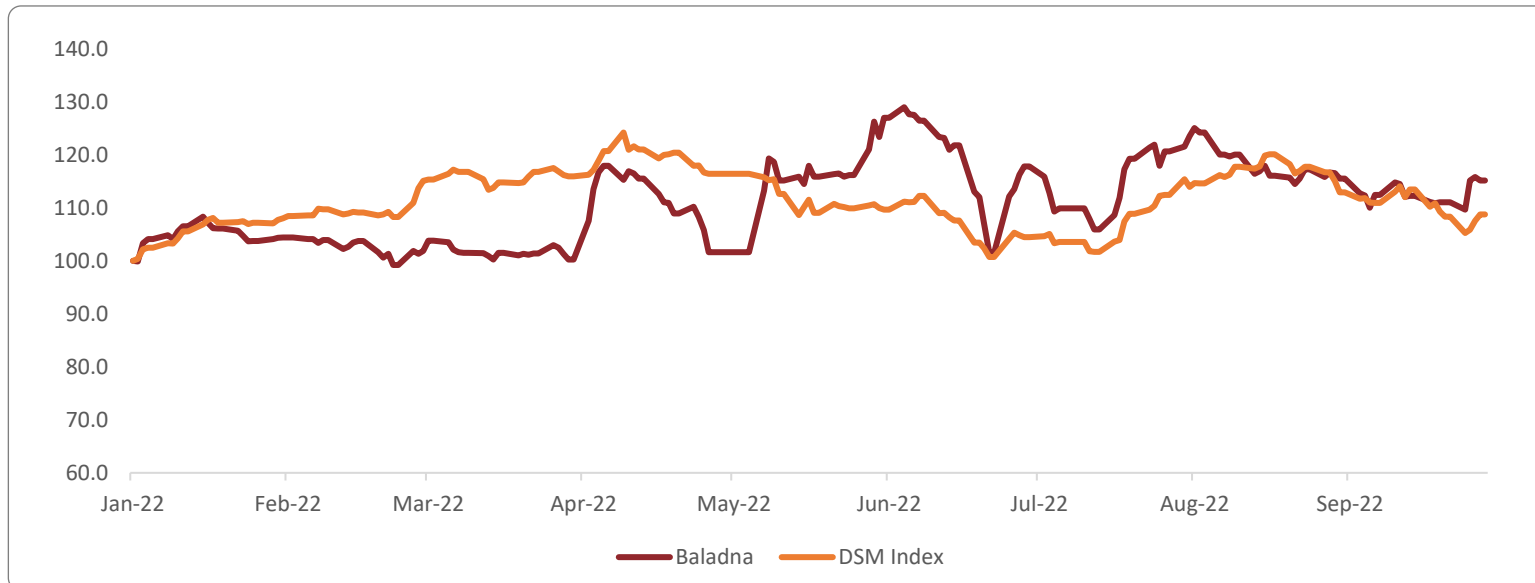
Shareholder Information

Shareholder information (as at 30 September 2022)

General information

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

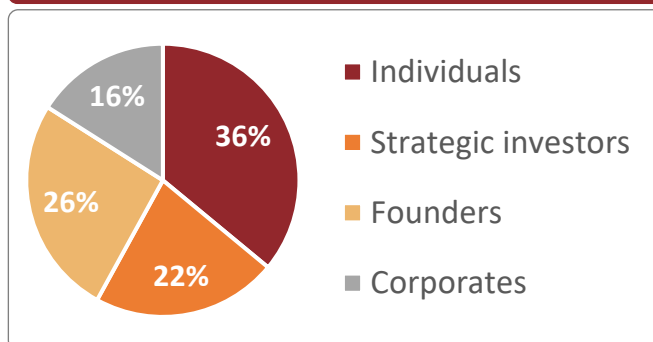
Share price versus DSM 1 January 2022 to 30 September 2022 (rebased to 100)



Company key stats

- **Spot price:** QAR 1.660
- **YTD % change:** +14.8%
- **Value creation for IPO investors** (Capital appreciation & dividends) +78.7%

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 2022



Management Outlook

Management outlook for Q4 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 in Q4 2022



Expansion opportunities

As part of the diversification and growth strategy, Baladna's Board approved the acquisition of a 75% stake in E-life Detergent Factory

As part of the international expansion strategy of Baladna, the Malaysia project's feasibility study is under progress with a third party and is expected to be finalized in the context of assessing the opportunities in Q4 2022. A shareholder agreement has already been signed



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 – Q3 2022 and YTD Sep. 2022

QAR m	Q3					YTD Sep.				
	2022		2021		Change	2022		2021		Change
Revenue	224.7	100%	182.0	100%	23%	708.6	100%	562.7	100%	26%
Cost of revenue	(186.6)	(83%)	(149.2)	(82%)	(25%)	(571.0)	(81%)	(412.4)	(73%)	(38%)
Gross profit	38.1	17%	32.9	18%	16%	137.6	19%	150.3	27%	(8%)
Other income	29.0	13%	31.2	17%	(7%)	87.5	12%	95.3	17%	(8%)
Income/(Loss) from Investment Securities	(2.0)	(1%)	(0.3)	(0.2%)	(563%)	(12.6)	(2%)	(0.3)	(0.1%)	n.m
Dividend income	-	-	-	-	-	11.5	2%	-	-	-
Selling and distribution expenses	(20.6)	(9%)	(20.9)	(11%)	1%	(66.3)	(9%)	(58.8)	(10%)	(13%)
General and administrative expenses	(20.8)	(9%)	(18.4)	(10%)	(13%)	(63.5)	(9%)	(58.2)	(10%)	(9%)
Operating profit for period	23.6	11%	24.4	13%	(3%)	94.3	13%	128.3	23%	(27%)
Finance costs and bank charges	(15.5)	(7%)	(8.7)	(5%)	(79%)	(37.9)	(5%)	(26.1)	(5%)	(45%)
Profit before income tax	8.1	4%	15.8	9%	(48%)	56.4	8%	102.2	18%	(45%)
Income tax expense	(0.1)	(0.1%)	(0.3)	(0.1%)	59%	(0.8)	(0.1%)	(0.3)	(0.1%)	(138%)
Profit after tax for the period	8.0	4%	15.5	9%	(48%)	55.6	8%	101.9	18%	(45%)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	8.0	4%	15.5	9%	(48%)	55.6	8%	101.9	18%	(45%)
Basic and diluted earnings per share (QAR per share)	0.004		0.008			0.029		0.054		

Source: Q3 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

24,167
Herd size

248
Products available

+1,900
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