



BALADNA Q.P.S.C.

Q1 2021 Financial Results Presentation

4th May 2021



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Message from the CEO

- Following our strong operational performance in FY 2020, the Baladna team has continued to deliver positive results in Q1 2021 despite the challenges of a softening retail market and reinstated lockdown restrictions.
- Revenue in Q1 2021 stands at QAR 182 million, compared to QAR 181 million in Q1 2020. The business delivered a strong Net Profit of QAR 44 million, an increase of 54% versus previous year, representing a Net Profit Margin of 24%.
- Product portfolio management remains a strategic objective for Baladna as we continue to identify products which are value accretive and in-line with the market requirements. In Q1 2021, Baladna was successful in launching an additional 13 SKUs and delisting 1 SKU, growing the total product portfolio by 5% in Q1 2021.
- In addition, Baladna has recently announced its plans to establish an evaporated milk processing factory and expand the butter processing line facility in Qatar, following the assessment and evaluation of the feasibility and potential returns prospects. The establishment of the evaporated milk production facility is anticipated to be completed within 12 to 16 months, while the butter processing facility is expected to require 7 to 8 months; and both facilities are expected to achieve their target market shares within 1 year of operations.
- Our strategic focus remains on shareholder value creation, and further strengthening food security and self-sufficiency in Qatar by delivering superior products, expanding our dairy and juice portfolio and focusing on efficiency gains across the entire value chain.
- In the short term, we expect a continuation of volatility in terms of market demand, however we are confident that through business planning and the Company's agility, Baladna is well positioned to continue its growth plans in 2021.
- For this purpose of this presentation, and for better comparison, we refer to the three-month period ending 31st March 2020 as Q1 2020.

Performance highlights for Q1 2021



247
Total SKUs
+29% (vs. previous year)



QAR 182m
Revenue
+1% (vs. previous year)

QAR 52m
EBIT

+32% (vs. previous year)



QAR 44m
Net profit

+54% (vs. previous year)



24%
Net profit margin
+8% (vs. previous year)



0.023
EPS
+54% (vs. previous year)



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Key operational highlights





		Q1 2020	Q1 2021	Growth	
1	Total herd	20,846	22,754	+9%	<ul style="list-style-type: none">Optimising total herd size for existing operations and production levels
2	Average daily yield per cow	38.0	38.4	+1%	<ul style="list-style-type: none">Herd management efficiencies have improved average daily milk yield and costs per liter
3	Total no. of SKUs	191	247	+29%	<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	106	121	14%	<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 share gains in categories (1/2)

		Q1 2020	Q1 2021	
Fresh milk		84.3%	86.8%	<ul style="list-style-type: none"> Market size: QAR 254m Total market volume decreasing by 14% in the last 3 months Key growth drivers: optimizing distribution and launch of 360ml size Baladna retains strong #1 position within the core fresh milk category
UHT milk		74.5%	77.7%	<ul style="list-style-type: none"> Market size: QAR 180m Total market volume increasing by 3% in the last 3 months Key growth drivers: execution of private label co-packaging, flavoured UHT promotional activation, and the launch of 125ml size Baladna retains strong #1 position within the UHT milk category – total market share of 80.5% including co-packaging of private label
Laban		41.0%	43.3%	<ul style="list-style-type: none"> Market size: QAR 112m Total market volume decreasing by 19% in the last 3 months Key growth drivers: optimizing distribution and launch of 360ml size Baladna retains strong #1 position (value share) within the laban category
Juice		15.6%	18.9%	<ul style="list-style-type: none"> Market size: QAR 277m Total market volume decreasing by 25% in the last 3 months Key growth drivers: optimizing shelf space and launch of new flavours Baladna retains strong #2 position within the juice category

Source: AC Nielsen

Market share gains in categories (2/2)

		Q1 2020	Q1 2021	
Yoghurt		34.1%	41.0%	<ul style="list-style-type: none"> Market size: QAR 117m Total market volume decreasing by 5% in the last 3 months Key growth drivers: optimizing distribution and shelf space, execution of private label co-packaging, and launch of Greek yoghurt Baladna retains strong #1 position (value share) within the yoghurt category
Labneh		36.8%	43.0%	<ul style="list-style-type: none"> Market size: QAR 25m Total market volume increasing by 7% in the last 3 months Key growth drivers: optimizing shelf space, and product improvements Baladna retains strong #1 position within the labneh category
Cheese		12.7%	20.5%	<ul style="list-style-type: none"> Market size: QAR 289m Total market volume decreasing by 3.5% in the last 3 months Key growth drivers: portfolio expansion including pizza cheese, jar cheese, mozzarella lite, mozzarella/cheddar mix, shredded cheddar Baladna retains strong #2 position within the cheese category
Creams		10.2%	19.3%	<ul style="list-style-type: none"> Market size: QAR 66m Total market volume increasing by 9% in the last 3 months Key growth drivers: portfolio expansion into whipping/cooking cream sector Baladna retains strong #2 position within the creams category

Source: AC Nielsen

NPD – Evaporated milk and butter processing line facilities

In Q1 2021, Baladna's BOD approved plans to establish an evaporated milk processing factory and extending current facilities for a butter processing line facility in the State of Qatar

Evaporated milk



- Evaporated milk processing factory is anticipated to be completed in 12 to 16 months



- Evaporated milk market size in Qatar is estimated to be approximately 17 million liters per year



- Expected to become one of the leading brands with a strong share position

Butter



- Butter processing extension facility is anticipated to be completed in 7 to 8 months



- Butter market size in Qatar is estimated to be approximately 2 million kilograms per year



- Expected to become one of the leading brands with a strong share position



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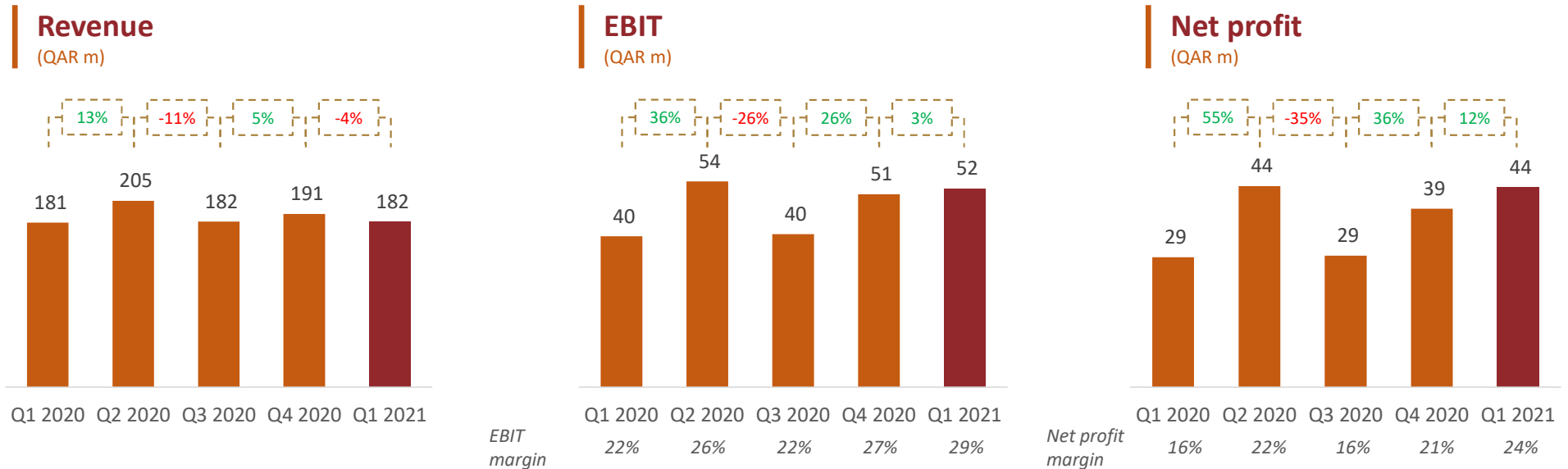
Key financial highlights

		Q1 2020	Q1 2021	
1	Revenue	QAR 181m	QAR 182m	Revenue generation continues as Baladna maintains solid market share positions, YoY growth of 1%, QoQ decline by 4% due to softening retail market and reimposed COVID restrictions
2	EBIT	QAR 40m	QAR 52m	Strong EBIT margin of 29% for Q1 2021 as a result of Baladna's efficient operations
3	Net profit	QAR 29m	QAR 44m	Continuous net profits growth in the last two quarters reflect Baladna's resilience during Covid-19, achieved net profit margin of 24% for Q1 2021
4	EPS	QAR 0.015	QAR 0.023	Significant margin improvement leading to higher Earnings Per Share

Note: Q1 2020 results does not include Dec 2019 operations



Financial performance development quarter by quarter



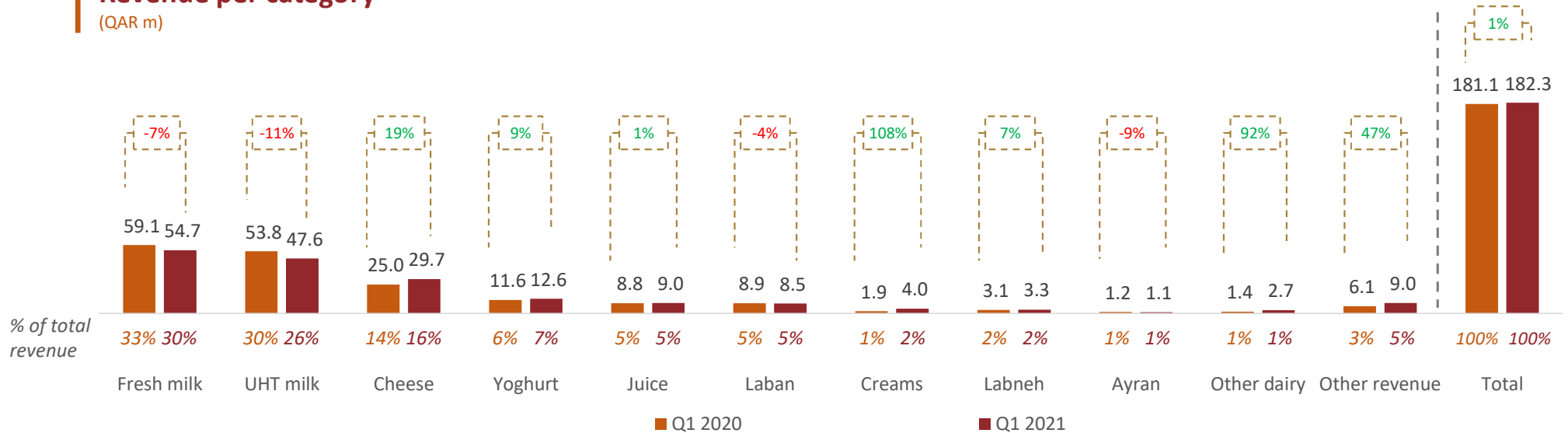
- Revenue remains strong throughout the period as Baladna continues to dominate in market share across several categories, adding new product lines and a total of 13 new SKUs during the first quarter of the year
- Key categories that contributed significantly to revenue include fresh milk, UHT milk, and cheese
- Quarterly net profit margins have remained above 15% since Q1 2020 – reflects Baladna’s robust operations despite setbacks experienced due to the ongoing effects of the Covid-19 pandemic
- Despite a decrease in revenue compared to Q4 2020, Baladna was able to generate a strong net profit margin of 24% in Q1 2021



Revenue composition and growth – Year-on-year

Revenue per category

(QAR m)



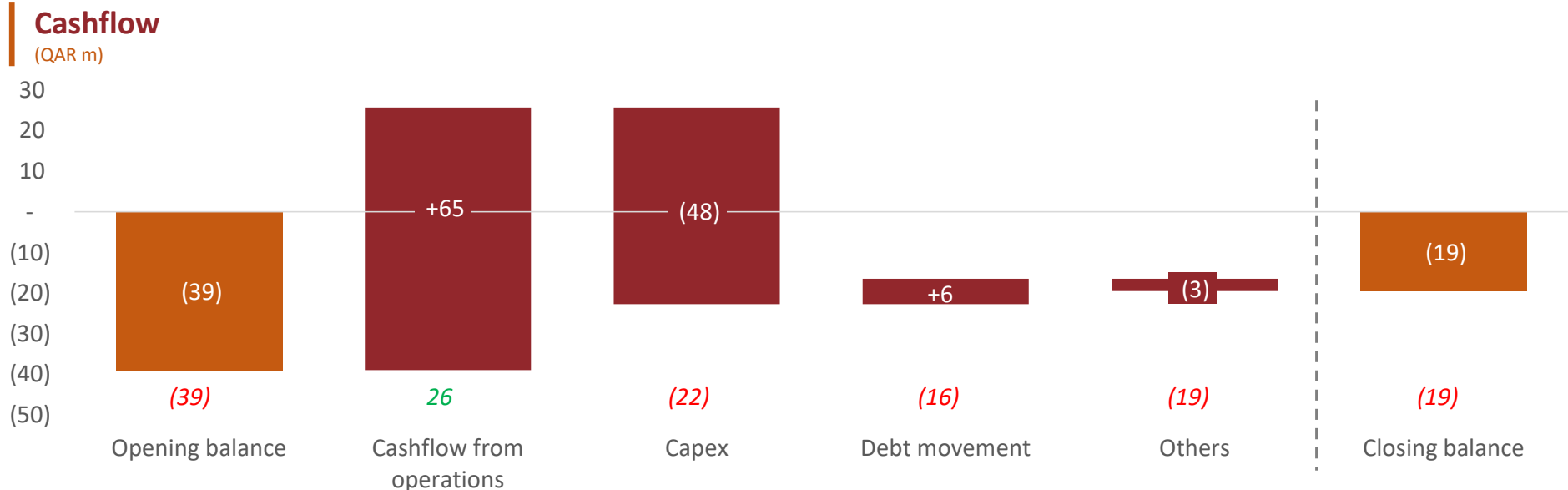
- Increase in product portfolio from 235 products in Q4 2020 to 247 (net of delisted), fuelled by robust NPD program
- Reassessed existing distribution network and focused on enhancing the quality of existing client relationships while targeting new customers
- Growth across most categories with significant YoY growth within creams (108%), other dairy (92%), cheese (19%), and other revenue (47%)
- Farm performance significantly improved in form of higher yield and herd size with growth of 1% and 9%, respectively, compared to Q1 2020

Note: "Other dairy" includes desserts, custard, ghee, and butter

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



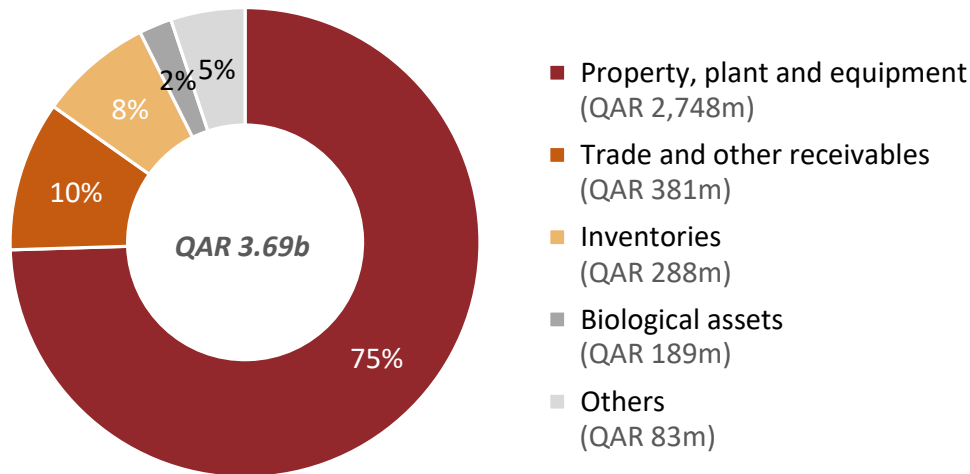
Cashflow management for Q1 2021



- 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
- Dividend payment obligations of QAR 32 million have been paid (out of the interim dividend declared amount of QAR 40 million); no additional payments were made in Q1 2021
- In April 2021, Baladna received QAR 143.7 million in Government support of which a portion has been allocated to fulfil the approved dividend distribution of QAR 101 million for the fiscal year ending 2020

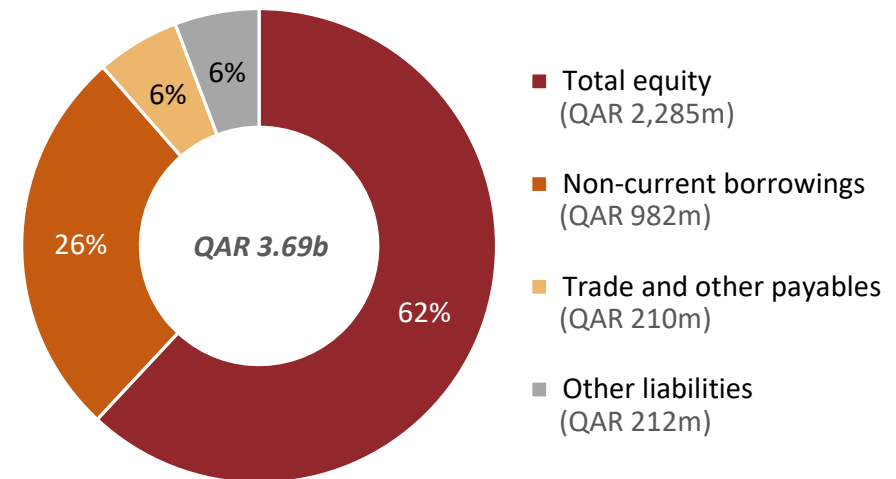
Financial position as at 31 March 2021

Total assets



Current assets: QAR 0.70b Non-current assets: QAR 2.99b

Total shareholders' equity and liabilities



Current liabilities: QAR 0.37b Non-current liabilities: QAR 1.03b
Equity: QAR 2.29b

- 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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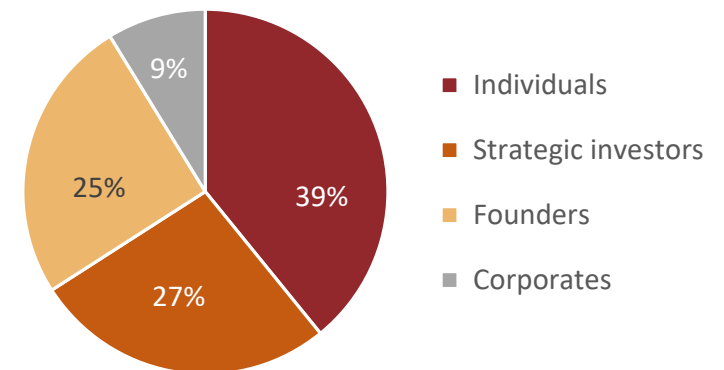
Shareholder information (as at 31 March 2021)

General information

Company name	Baladna Q.P.S.C.
Ticker (QE)	BLDN
Share price	QAR 1.616
Market Capitalization	QAR 3.1b
Common Shares Outstanding	1.9b
Free float	75%

Figures as at 31 March 2021 and in QAR unless otherwise stated.

Shareholder structure



Investor relations contact

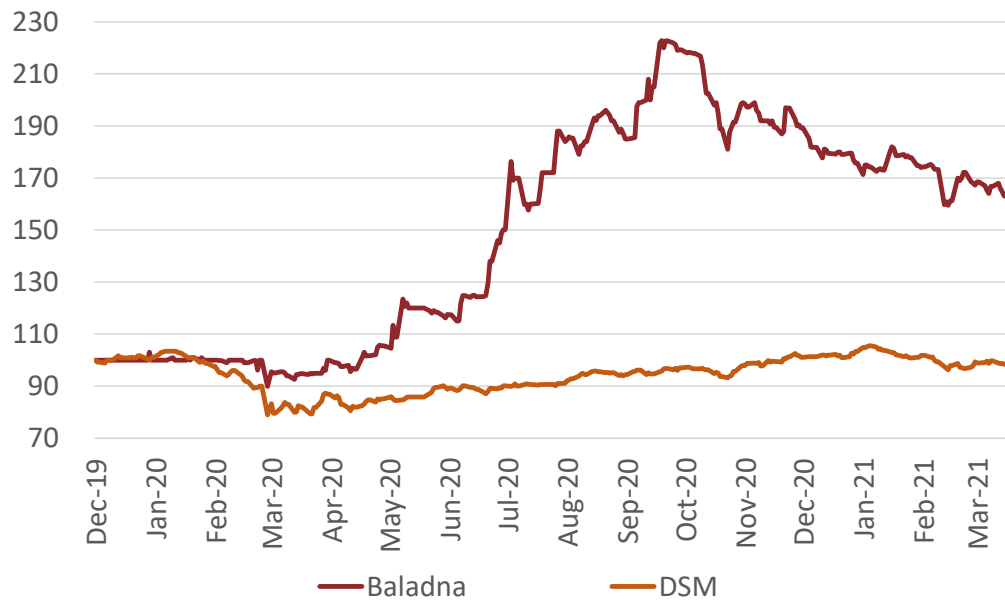
ir@baladna.com



Shareholder value creation

Share price versus DSM 11 December 2019 to 31 March 2021

(Rebased to 100)



Source: Bloomberg

- In addition to the total dividend of 7.4%, Baladna has delivered to the IPO investors a share price uplift of 62% as at 31 March 2021, compared to the QE index which increased by 1% during the same period

Total dividend paid since establishment

Interim dividend
QAR 0.021 per share



Final dividend
QAR 0.053 per share



Total dividend
QAR 0.074 per share

7.4% of nominal value



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Management outlook 2021

- Baladna stands for successful growth and perseverance, and we remain well positioned for growth in 2021 despite the challenging times expected to continue in the foreseeable future.
- Baladna has demonstrated resilience and agility throughout the pandemic, and we are confident in our ability to continue to grow and strengthen our core business and categories. We also believe that there are further opportunities to drive efficiencies across our value chain which we will continue to optimise.
- As a result of the reinstated lockdown restrictions imposed by the MOPH, we expect volatility in demand to continue and the timing of lifting of restrictions to be crucial in determining the impact on Baladna.
- Baladna remains dedicated to explore further opportunities across the retail and HORECA channels and to continuously review and improve our product portfolio to ensure that our customers' requirements are met with quality and innovative products. Baladna currently has a strong pipeline of innovative products that are expected to be launched in Q2 2021.
- We look forward to realising the announced plans to establish the evaporated milk processing factory and expand our butter processing line facility – we expect both projects to be value accretive to shareholders within a short period of time.
- Baladna is continuously assessing growth opportunities within Qatar and abroad – we are in a strong position to leverage on our existing asset base to develop an export business, as well as transfer our experience and knowledge business model to South Asia.



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Profit and loss statement

<i>QAR m</i>	<i>For the three-month period ended 31 March 2021</i>	<i>For the period from Establishment Date to 31 March 2020</i>
Revenue	182.3	236.9
Cost of revenue	(123.6)	(173.0)
Gross profit	58.7	63.9
Other income	32.4	60.5
Selling and distribution expenses	(18.8)	(26.4)
General and administrative expenses	(19.8)	(49.8)
Operating profit for the period	52.5	48.3
Finance costs and bank charges	(8.4)	(8.6)
Profit before income tax	44.1	39.7
Income tax expense	(0.04)	0
Profit after tax for the period	44.0	39.7
Other comprehensive income	0.0	0.0
Total comprehensive income for the period	44.0	39.7
Basic and diluted earnings per share (QAR per share)	0.023	0.023

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 240 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

22,754
Herd size

247
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



Malcolm Jordan
Chief Executive Officer

- Mr. Malcolm Jordan has more than 25 years of experience and held a number of executive positions within the leadership team of Almarai: Executive Vice President-New Business, CEO-IPNC, General Manager-Marketing, General Manager-Quality, Product Development and Innovation
- Mr. Jordan is a graduate in Food Technology from the West of Scotland Agricultural College in Scotland and holds a Certificate in Leadership Development from IMD in Switzerland



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