



BALADNA Q.P.S.C.

Q1 2022

Financial Results Presentation

09 May 2022

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Key Messages





Key Messages

- During the first quarter of 2022, Baladna achieved a revenue of QAR 239 million and net profit of QAR 26 million. This represents a **revenue growth of 31% compared to the first quarter of 2021**
- Due to continuing volatility in commodity prices and global inflation, **Baladna focused on increasing sale volumes through capturing greater market share in all existing product categories with the exception to Labneh**. The two product categories with the largest market share growth in Q1 2022 compared to last year are creams and UHT milk which grew by 13.1% and 6.0% respectively
- **Baladna achieved an EBITDA margin of 29% in Q1 2022** despite increasing global commodity prices and inflation. Additionally, Baladna has submitted a request to the Ministry for increasing its prices and is currently awaiting an approval. With the proposed selling price increase, management targets to increase margins
- **Baladna displayed its resilience and recorded a strong operating cashflow of QAR 55m** in the first quarter of 2022
- **Baladna enhanced operational efficiencies**, in particular, managing its herd, **resulting in a higher milk yield per cow of 39.3 liters per day in Q1 2022** compared to 38.4 liters in Q1 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>By volume</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>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>Robust margins and cash generation...</p> <p>Net profit margin (QARm)</p> <table border="1"> <tr> <td>44.0</td> <td>25.9</td> </tr> <tr> <td>Q1 2021</td> <td>Q1 2022</td> </tr> </table> <p>Net margin</p> <table border="1"> <tr> <td>24.1%</td> <td>10.8%</td> </tr> </table>	44.0	25.9	Q1 2021	Q1 2022	24.1%	10.8%	<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>				
44.0	25.9													
Q1 2021	Q1 2022													
24.1%	10.8%													
<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>23,383</td> </tr> <tr> <td>Daily yield per cow</td> <td>39.3 Liters</td> </tr> </table>	Farm size	2.4 million sqm	Total herd size	23,383	Daily yield per cow	39.3 Liters	<p>...continuously enhancing product portfolio & innovative marketing</p> <p>SKUs 268</p> <p>Highly appreciated brand names created</p> <p>Premium Affordable</p>	<p>...resulting in excellent reach of Retail and HORECA clients</p> <table border="1"> <tr> <td>No. of sales routes</td> <td>137</td> </tr> <tr> <td>No. of customers</td> <td>3,652</td> </tr> </table>	No. of sales routes	137	No. of customers	3,652	<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 38% 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	23,383													
Daily yield per cow	39.3 Liters													
No. of sales routes	137													
No. of customers	3,652													







Operational and
Commercial Update



Operational and Commercial Update

Key operational highlights

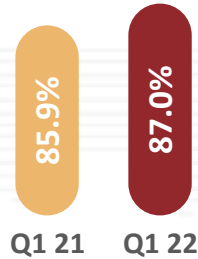
	Q1 2021	Q1 2022	YoY growth	
1	<div style="border: 1px solid #8B4513; border-radius: 10px; padding: 5px; display: inline-block;"> Total herd size  </div>		▲ 3%	<ul style="list-style-type: none"> Optimising total herd size for existing operations and production levels
2	<div style="border: 1px solid #8B4513; border-radius: 10px; padding: 5px; display: inline-block;"> Av. daily yield/cow  </div>		▲ 2%	<ul style="list-style-type: none"> Managed to enhance operational efficiencies by increasing milk yield
<i>The above figures represent quarterly averages</i>				
3	<div style="border: 1px solid #8B4513; border-radius: 10px; padding: 5px; display: inline-block;"> Total no. of SKUs  </div>		▲ 9%	<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	<div style="border: 1px solid #8B4513; border-radius: 10px; padding: 5px; display: inline-block;"> No. of sales routes  </div>		▲ 13%	<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)



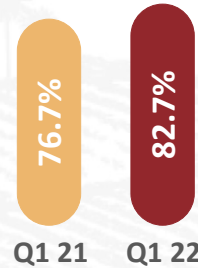
Fresh milk
87.0%
Market share



- **Market size:** QAR 196m
- **YoY market share growth: +1.1%**
- Retained #1 position



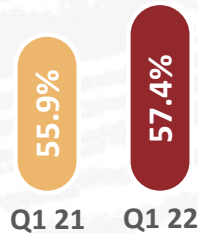
UHT milk
82.7%
Market share



- **Market size:** QAR 132m
- **YoY market share growth: +6.0%**
- Retained #1 position



Laban milk
57.4%
Market share

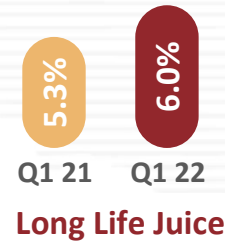
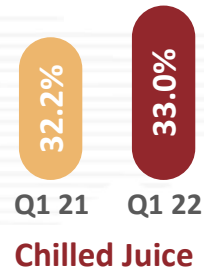


- **Market size:** QAR 67m
- **YoY market share growth: +1.5%**
- Remains a significant growth opportunity

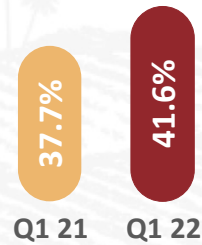
Source: AC Nielsen

Operational and Commercial Update

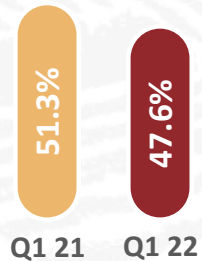
Market Segmentation (2/3)



- **Market size:** QAR 200m
- **Chilled Juice market share growth:** +0.8%
- **LL Juice market share growth:** +0.7%
- Remains a significant growth opportunity



- **Market size:** QAR 91m
- **YoY market share growth:** +3.9%
- Remains a significant growth opportunity



- **Market size:** QAR 16m
- **YoY market share growth:** -3.7%
- Remained the market leader

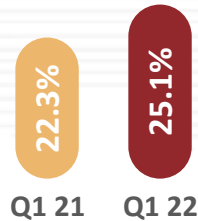
Source: AC Nielsen

Operational and Commercial Update

Market Segmentation (3/3)



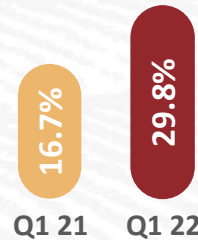
Cheese
25.1%
Market share



- **Market size:** QAR 186m
- **YoY market share growth: +2.8%**
- Remains a significant growth opportunity



Creams
29.8%
Market share



- **Market size:** QAR 42m
- **YoY market share growth: +13.1%**
- Remains a significant growth opportunity



Financial
Performance



Financial Performance

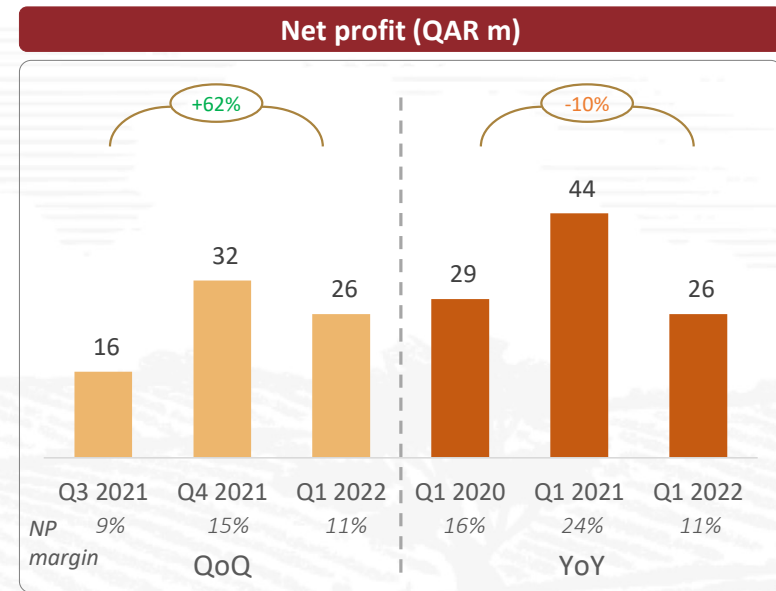
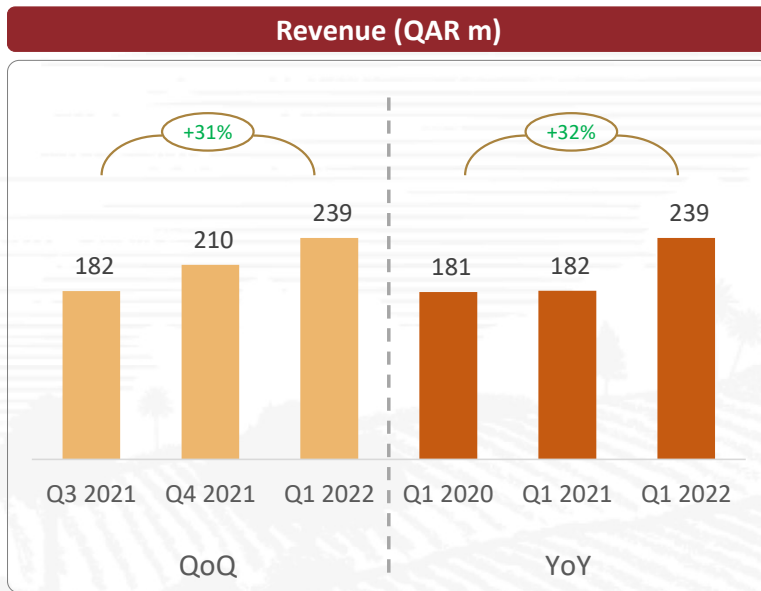
Key Financial Highlights



	Q4 2021	Q1 2022	QoQ growth		
1	Revenue 	QAR 210m	QAR 239m	▲ 14%	Baladna achieved higher sales volumes and recorded a QoQ revenue growth of 14%
2	Gross Profit 	QAR 46m	QAR 51m	▲ 11%	Gross profit growth mainly driven by the increase in sale volumes through both retail and Horeca channels
3	Net profit 	QAR 32m	QAR 26m	▼ 19%	Volatility in cost and inflation led to a decrease in the net profit margin as Baladna ensured that consumers did not experience price increases
4	EPS 	QAR 0.017	QAR 0.014	▼ 19%	Decline in net profits resulted in a subsequent decrease in Earnings Per Share

Financial Performance

Financial performance development



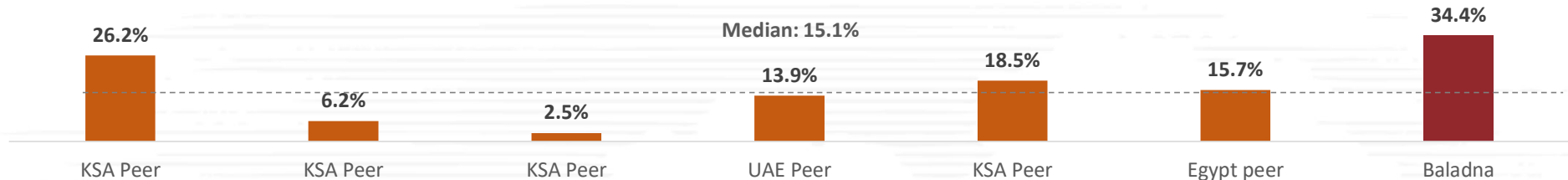
- Strong QoQ and YoY revenue growth mainly driven by the consistent growth in market share
- Net profit decreased in Q1 2022 compared to the previous quarter mainly due to increased global commodity prices
- While global commodity prices volatility and inflation imposed challenges for the sector, Baladna demonstrated its resilience by maintaining strong margins
- Selling price increase request already submitted to the Ministry and this will help to improve profit margin to be in line with historical range.



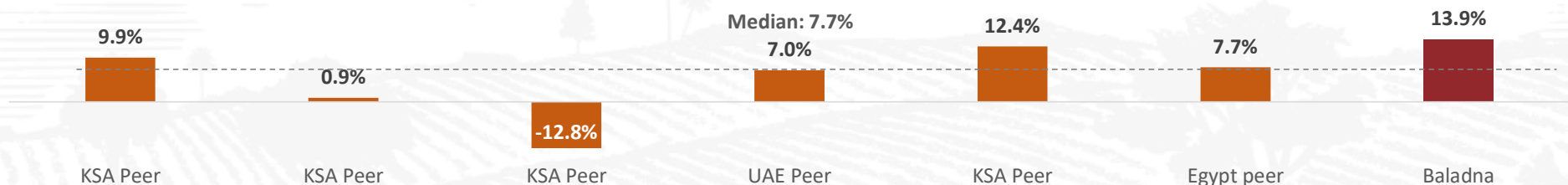
Strong positioning in terms of profitability margins

Baladna continues displaying strong profitability margins

Last Twelve Months EBITDA margin (For the period from 01 April 2021 to 31 March 2022)



Last Twelve Months Net Profit margin (For the period from 01 April 2021 to 31 March 2022)



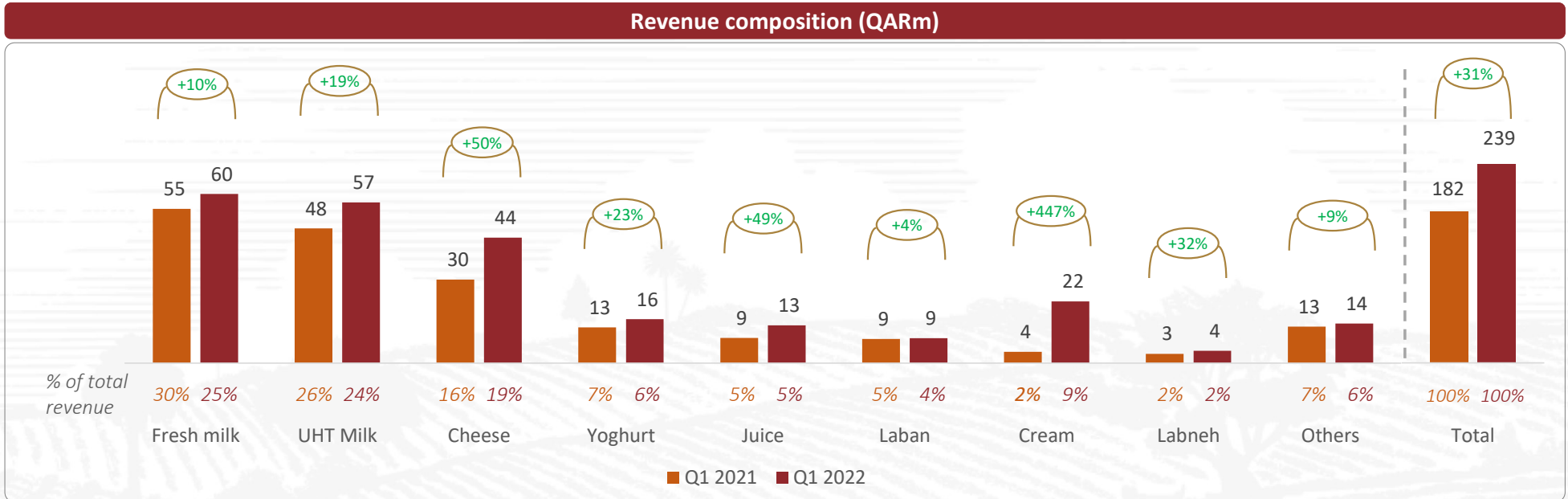
- Baladna continues recording strong profitability margins despite a challenging macroeconomic environment:
 - Baladna recorded an EBITDA margin of 34.4% for the period from 01 April 2021 to 31 March 2022, while GCC peers recorded a median of 15.1%
 - Additionally, Baladna recorded the highest net profit margin of 13.9 % for the period from 01 April 2021 to 31 March 2022 which is significantly greater than the regional peer median of 7.7%

Source: Bloomberg as of 21 April 2022
Baladna margins represented TTM Results (For the twelve-month period ended 31 March 2022)

Financial Performance



Revenue composition and growth – Year-on-year



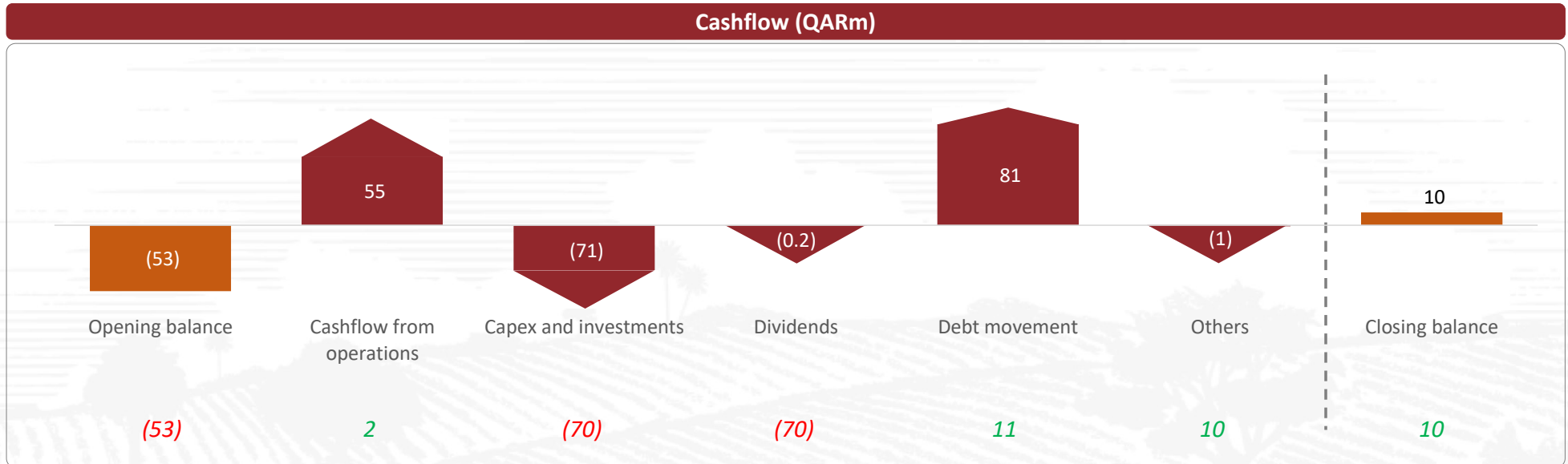
- Increase in market share across the majority of product categories
- Continuing to enhance existing client relationships while targeting new customers
- Significant YoY growth within creams (+447%), cheese (+50%) and juice (+49%)

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

Financial Performance



Cashflow management for Q1 2022

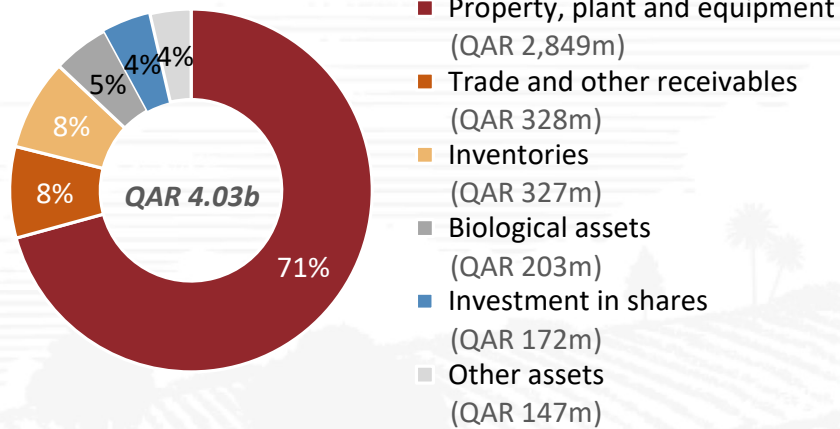


- Baladna continues to generate robust cash from operations a result of strong revenues, efficient working capital management and Government support
- Capex and investments correspond to continuous improvements in facilities and infrastructures as well as the investment in shares
- Baladna increased borrowings by QAR 81m in Q1 2022 to support the company's expansion plans

Financial Performance

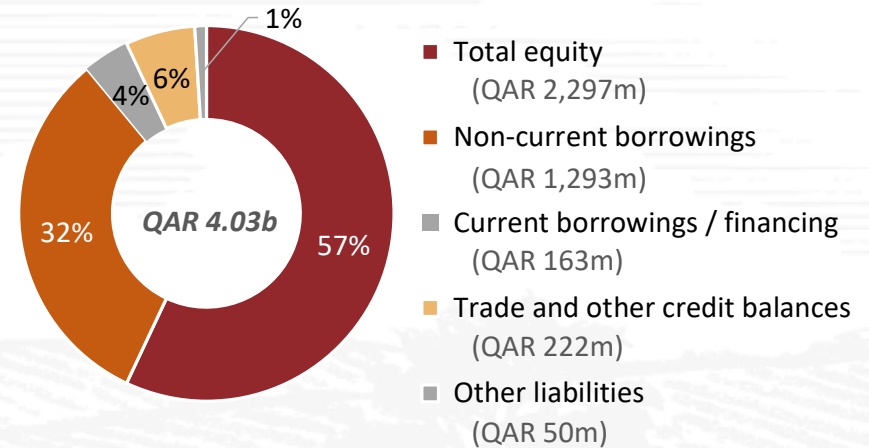
Financial position as at 31 March 2022

Total assets



Current assets: QAR 0.77b Non-current assets: QAR 3.26b

Total shareholders' equity and liabilities



Current liabilities: QAR 0.41b Non-current liabilities: QAR 1.32b
Equity: QAR 2.30b

- Investment in Shares increased to QAR 172 million from QAR 144 million and was funded through Islamic financing
- The increase in working capital (Inventories) is to support higher sale volumes and to maintain strategic inventories
- Healthy Current Ratio of 1.9x driven by efficient working capital management
- Net Debt to total capital employed (D+E) ratio stands at 38%
- Strong assets base mainly funded by equity

Note: Absolute values may differ due to rounding

Shareholder
Information





Shareholder Information

Shareholder information (as at 31 March 2022)

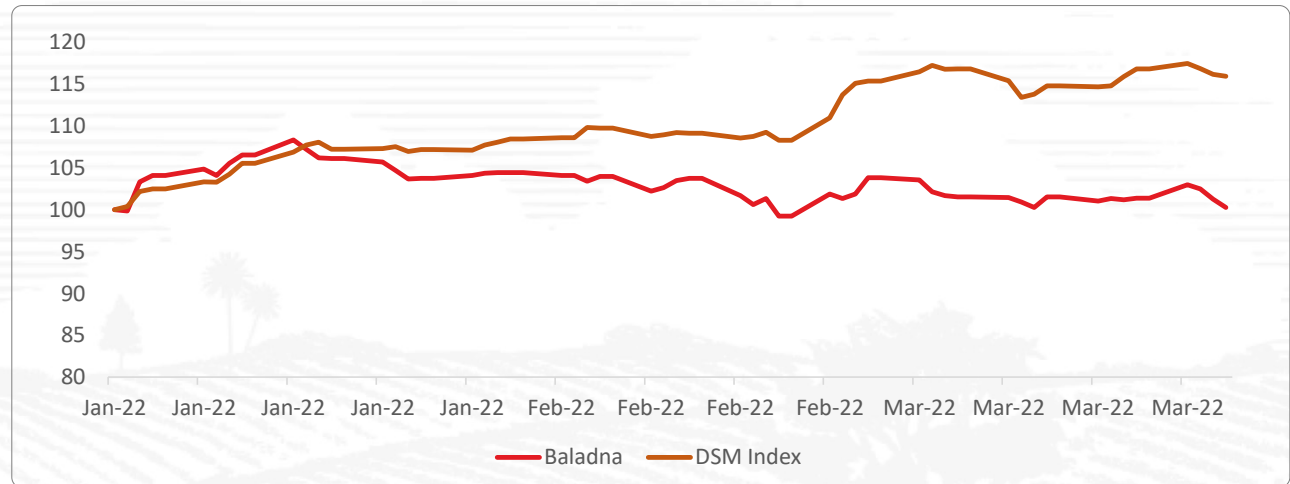
General information

- **Company name** Baladna Q.P.S.C.
- **Ticker (QE)** BLDN
- **Market cap:** QAR 2.7b
- **Common shares outstanding** 1.9b

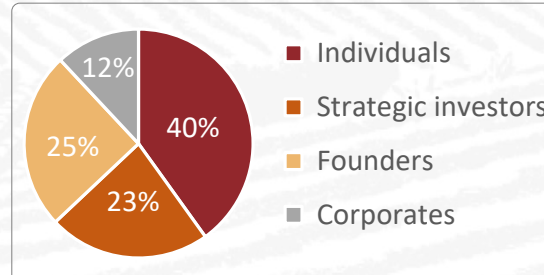
Company key stats

- **Spot price:** QAR 1.445
- **52w high/low:** QAR 1.715 / 1.408
- **% change since IPO:** +44.5%

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



Shareholding structure



Investor relations contact

For all IR inquiries, please contact:

ir@baladna.com

For more information please visit our website:

www.baladna.com

Figures as at 31 March 2022 and in QAR unless otherwise stated.

Source: Bloomberg as of 31 March 2022



Management
Outlook 2022



Management Outlook

Management outlook for 2022



Product development

The evaporated milk and butter processing factory 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 and profitability 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



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 – Q1 2022

<i>QAR m</i>	<i>Three-month period ended 31 March 2022</i>	<i>Three-month period ended 31 March 2021</i>
Revenue	239.3	182.3
Cost of revenue	(187.9)	(123.6)
Gross profit	51.4	58.7
Other income	29.6	32.4
Selling and distribution expenses	(22.5)	(18.8)
General and administrative expenses	(21.6)	(19.8)
Operating profit for period	36.8	52.5
Finance costs and bank charges	(10.7)	(8.4)
Profit before income tax	26.1	44.1
Income tax expense	(0.2)	(0.1)
Profit after tax for the period	25.9	44.0
Other comprehensive income	-	-
Total comprehensive income for the period	25.9	44.0
Basic and diluted earnings per share (QAR per share)	0.014	0.023

Source: Q1 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 265 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

+3,600
Points of sale

23,383
Herd size

268
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



Khaled Zi Alnon
GM - New Ventures



Vedavyas Vemuri
GM – Supply Chain



Adam Douglas Peffer
GM - Farms



David Stuart
GM - Manufacturing



Julian Marcolini
GM - Quality



Talal Madi
GM - Marketing



Omar Marar
*Project Management Office and
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