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**Moderator :** Phibion Makuwerere  
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**Operator:** Thank you for standing by. Hello and welcome to Baladna. Please note that this call is being recorded. You will have the opportunity to ask questions to our speakers later on during the Q&A session. If you would like to ask a question by that time, please press star and the number one on your telephone keypad. I'd like to hand over the call now to our moderator, Phibion. Please go ahead. Thank you.

**Phibion Makuwerere:** Thank you. Good afternoon to you all and thank you for joining us for Baladna's First Quarter of 2025 Earnings Conference Call. My name is Phibion Makuwerere, I'm with QNB Financial Services. And on today's call from the Baladna's Management team, we've got the CFO, Saifullah Khan. As usual, he'll go over the performance and we'll have a question-and-answer segment afterward. Let me turn over the call to Saifullah to begin. Please go ahead, Sir.

**Saifullah Khan:** Thank you, Phibion. Good afternoon, ladies and gentlemen. Welcome to Baladna Quarter 1 2025 Earnings Call. My name is Saifullah Khan, and I serve as the Chief Financial Officer at Baladna. Thank you all for taking the time to join us today. The presentation materials have been shared in advance and are also available on our website. I'll keep my opening remarks brief to ensure we have ample time for questions and answers at the end.

Let me begin by providing a brief introduction to Baladna for the new investors who joined us for the first time on the call. As Qatar's leading producer of high-quality dairy and beverage products, we are proud to offer a trusted range of milk, dairy, juice, and food items. Since our founding in 2014. We have built a robust foundation with large-scale farms, cutting-edge production, and packaging facilities that support our long-term growth and sustainability goals. Our vision is to become the leading provider of nutritious and healthy food and beverages in Qatar while expanding our reach into new regional and international markets. We are committed to delivering long-term value, and the progress we've made this quarter reflects that commitment.

With that, let's turn to our financial and operational performance over the first quarter of 2025.

Moving on to our first quarter performance, revenue for the quarter reached QR 331 million, marking a 6% year-on-year growth. This growth was primarily driven by strong performance in the evaporated milk segment, continued contribution of newly launched SKUs, and additional 10 days of Ramadan sales. EBITDA grew by 19%, supported by revenue growth, lower procurement costs, and operational efficiency across the value chain. The EBITDA margin improved to 35% in comparing to 31% in the same period of last year. We recorded a net profit of QAR 58 million during the quarter representing 21% year-on-year growth, driven by higher revenue, cost savings from lower procurement costs, as well as good farm performance and operational efficiency, which helped offset the impact of increased depreciation and finance cost. The net profit margin stands at 18% in quarter one of 2025. Furthermore, we delivered strong quarter-on-quarter growth compared to the previous quarter of Q4 2024, achieving a net profit increase of 32%. This performance was primarily driven by increased sales of evaporated milk, strong farm performance, and enhanced efficiencies across our entire value chain.

In terms of cash flows, Baladna continued to demonstrate strong operating cash flow generation capabilities this quarter, supported by higher sales performance. This was partly offset by an increase in CapEx and investment activities in finance costs. We maintain a disciplined approach towards capital allocation. Our CapEx and investment levels remain elevated as we continue to prioritize expansion and maintenance CapEx and strategic investments in line with our robust investment policy. Furthermore, we received the 2024 government subsidy of QR 105 million in early April this year, which has further strengthened our cash flow position for the rest of the year.

Based on the financial performance of year 2024, Baladna approved bonus shares of 1 share for 19 shares, amounting to 100 million shares, further enhancing shareholders' return while preserving cash for future growth.

Domestically, we are proud to report that we have started generating significant revenue from new plant 4, a state-of-the-art facility and QR 100 million government contract which was awarded last year quarter four to supply evaporated milk. Production is now underway at our state-of-the-art facility, marking a major milestone in our efforts to enhance Qatar's food security and diversify our product portfolio.

Turning to our strategic initiatives, Baladna has made strong progress on its integrated agriculture and dairy project in Algeria, which will be one of the world's largest integrated dairy farms.

We successfully signed a definitive agreement with Algeria's Ministry of Agriculture along with a 20 year offtake agreement with the National Interprofessional Office for Milk and Dairy Products (ONIL), which is a subsidiary of the Ministry of Agriculture. Baladna Algeria, spanning across 117,000 hectares in Adrar province, is 51% owned by Baladna for Trading and Investment L.L.C., a wholly owned subsidiary of Baladna Q.P.S.C. aim to meet Algeria's demand for powdered milk. Baladna Algeria is officially established now. The board of directors with a majority of members from Baladna, along with the senior management team, have been appointed. The project is aimed at fulfilling Algeria's domestic powdered milk needs while also supporting the growth of the local red meat supply, creating jobs, and expanding the national cattle population. Early groundwork, including exploration wells, land studies, and awarding the main tenders is already underway.

Now turning to operational highlights for the quarter. In Q1 2025, Baladna continued to strengthen its operational foundation through strategic investments, product innovation, and enhancing efficiencies across the value chain. Government tenders for evaporated milk remained a key growth driver, reinforcing Baladna's leadership in this segment. These initiatives are directly aligned with advancing Qatar's food security, self-sufficiency growth, and enhancing national food security by reducing reliance on imports.

Innovation remained a core focus area. During the quarter, we successfully launched 11 new SKUs across our yogurts, Greek yogurt drinks, hi-protein milk and Laban segments, further expanding our product portfolio and strengthening our market offering.

As Qatar's leading food manufacturer and distributor, we continue to provide exceptional service across both retail and HORECA channels. In the first quarter of 2025, HORECA revenue grew by 26% year-on-year, driven by strong demand from hotels, restaurants, cafés, and Government Tamween tender for EVAP milk. Retail traditional trade posted a steady two percent increase, reflecting healthy consumer demand at local outlets. While retail key accounts declined slightly by 1% our strong partnerships helped maintain segment stability. Overall, total revenue grew by 6% compared to the same period of last year, reaffirming Baladna's market leadership and growth momentum.

At the end, looking ahead, our strategy will continue to focus on growing key product categories and increasing our market share in high-potential segments. We will keep innovating new products to meet changing consumer needs using advanced technologies to further improve our existing products, supporting both operational efficiency and long-term growth.

We are also building on our success in Algeria where our strategic plans are designed to deliver value to shareholders and expand our global presence.

Financially, we will stay focused on cost control, improving operational efficiency, and expanding our channels and product offerings to sustain top-line growth in coming quarter and beyond.

In conclusion, Baladna is well-positioned to maintain strong performance as we started the new financial year. Our focus on innovation, operational excellence, and strategic growth will continue to drive our success. Thank you.

With that, I'm opening the floor for questions. Please, if anyone has any questions, I am happy to take it.

**Operator:**

Thank you. At this time, I would like to remind everyone that in order to ask a question, press star then the number one on your telephone keypad. We will pause for just a moment to compile the Q&A roster. So, your first question comes from the line of Wei Chow with Al Rayan Investment. Please go ahead.

**Zohaib Pervez:**

Thank you, gentlemen, for the presentation. This is Zohaib Pervez from Al Rayan Investment. I've got a few questions. First, the growth that we see in the dairy sales, as per your chart on 14, seems like all the growth is related to the new business which is the evaporated milk. Is my assumption correct?

**Saifullah Khan:**

Yes, good morning, Zohaib. How are you?

**Zohaib Pervez:**

I'm good. How are you?

**Saifullah Khan:**

So, if you see this, we reflect, if you see by category performance and you can get the sentiment of how much is coming from EVAP and how much is coming from the rest of the categories. So yes, high contribution remained from evap. But still, we maintain the fresh milk, UHT, yogurt, and Laban also, we maintain our growth from that. The challenge was mainly in two categories, cheese and juices having lots of competition brands.

**Zohaib Pervez:**

Okay. And on the evaporated milk, you have mentioned that your production capacity is I think 198,000 tons. So, what is the current utilization for this?

**Saifullah Khan:**

The plant is state-of-the-art, it's not only for accommodating EVAP, there are other product lines that we are adding to this plant. So, if we talk about evap capacity, we still have a ample capacity in the EVAP line. If you see HORECA especially, our sales team have a target for how to enhance the sales in HORECA. They are collaborating with different customers in HORECA to increase our sales. We are pushing in retail also, though we have very tight competition.

**Zohaib Pervez:**

Okay. do you see this planning going forward in the remaining nine months of this year? I mean, do we see a quarter-on-quarter increase, or do we see that this is probably where going forward or in the near future it should remain?

- Saifullah Khan:** Yes. There will be growth because now we are serving the government tender, as we have said, that it's QR 100 million for full year and it started from January 2025. So, the addition will come from HORECA and the retail where we are growing our shares. So, growth will come from HORECA and retail.
- Zohaib Pervez:** Okay, great. Thank you. I've got two other questions. One is on the gross margins. Could you give us some idea on what is leading to the growth in margin, gross margin? They expanded significantly in this quarter. And my last question is on your cash flows, I see that you have purchased some equities and as I understand these equities or fair value through P&L securities are mostly for Juhayna. So, have you purchased the most stake in Juhayna for QR 26 million?
- Saifullah Khan:** Look, we have a portfolio of securities. What we are having is, one market is Egypt market. Primarily, we are investing in Juhayna. The second is the Qatar market where we buy different stocks, trying to make this how we can improve the profitability of available extra cash. So, this is a mix with the Egypt and Qatar. So, if you see this the portfolio is almost you can say it's 50-50. So, the measure is, I think, this both mixed, the return is also coming on the mix from both markets. Your first question about GP. So, I mentioned that GP is basically due to top line growth and the second is the overall saving in material price as our procurement strategy is working very well. And the third thing is operational efficiency across the value chain, business is getting mature. I think overall, we are seeing efficiency in production and our farming business also is giving us a better yield, and they are giving us the low cost per liter that's also helping in the overall GP margins we have.
- Zohaib Pervez:** Okay, sounds good. Thank you, Saifullah. Thank you.
- Saifullah Khan:** Thank you, Zohaib.
- Operator:** Again, if you would like to ask a question, press star then the number one. on your telephone keypad. Your next question comes from the line of Mohit Singh with Lesha Bank. Please go ahead.
- Mohit Singh:** Hi. I'm Mohit from Lesha Bank. Question on evaporated milk. Again, I'm coming back to that. So, I think you mentioned the contract from the government is QR 100 million. So, is this over 2025 or is this something recurring, or how should we look at it?
- Saifullah Khan:** Yes, these contracts are normally awarded on a yearly basis, and this contract is for one year only in 2025. So basically, every year we have to participate in the tenders, and we have to win commercially this tender every year. So, this is the first time Baladna is producing. And as I said, we are optimizing our facility, and we are optimizing our costing and then it's helping us to be well prepared on the coming tenders as well. So, we believe here in Baladna management that the country is supporting the ICV (in country value) where they are giving a very high score to the local producer and that will be a further value-added when we go for the coming future tenders. Inshallah.

- Mohit Singh:** Okay, got it. And I think last quarter it was just I think 1 million and this is 27 right now. So, is it safe to assume that of the QR 100 million, I think if you divide it by 4 is it may be coming from the government?
- Saifullah Khan:** Yes. As we said, you can say this. And as I mentioned that our sales in the market through HORECA channels and retail, we are promoting this big time now. The revenue will flow throughout the tender period.
- Mohit Singh:** Got it. Thank you so much. Just one last on the Algeria project. I think there's a slide on that focusing like giving out the details of the project. So, just to understand the cost of debt is 1% of the debt amount that is mentioned. Is the understanding right?
- Saifullah Khan:** Yes, Mohit, you are right. This is a project where the arrangement has been done with the Algerian government. So, 51% debt will be locally raised with the help of the Algerian government at the rate of 1% subsidized interest rates to compensate this project here.
- Mohit Singh:** Okay. And also regarding, I think, when do we expect it to commercialize as in yielding revenues and those sort of metrics for the Algeria project?
- Saifullah Khan:** Algeria project at this stage groundbreaking activities have already started, the Company already established Board, managements, the work already started on the ground. We are anticipating that we have a commitment with the government for this offtake agreement that from the year 2028, the full year should be having production year.
- Mohit Singh:** All right. And it will be consolidated on Baladna's financials. How should we look at it in terms of accounting of numbers?
- Saifullah Khan:** Yes, 51% shareholding in the equity and having a majority in the Board and on the management from our side, we have full operation controls. Yes, it will be fully consolidated in Baladna.
- Mohit Singh:** All right. Thank you. Thank you, Sir, so much.
- Saifullah Khan:** You're welcome, Mohit.
- Operator:** Your next question comes from the line of Nikhil Phutane with CBFS. Please go ahead.
- Nikhil Phutane:** Yes. Thank you, gentlemen. I came a little bit late so maybe I don't know whether the question has been asked, but actually this is regarding your other income and actually the gains on your investment at fair value through your profit loss statement. You have shown a gain of almost around QR 11 million in the first quarter while you don't flow it through your other comprehensive income, any other value of that. But overall, the balance sheet size, we see a quite good expansion of close to QR 35 to 40 million. So, I wanted to know how do you account for the rest, I mean where it goes? The difference between 35-37 and 11 million which we are seeing in the first quarter?

- Saifullah Khan:** Yes, basically what you are seeing in the balance sheet, we increase our investment in equity. So basically, we invested more during the quarter. So, fair value gains what we are seeing very consistent now and we are seeing this is even after things are moving well ahead from our expectations. So, that's what we are seeing the difference is real investments.
- Nikhil Phutane:** Okay, so you're saying new investment has also been provided in the first quarter of the year?
- Saifullah Khan:** Yes. During this quarter, we bought more equities.
- Nikhil Phutane:** And suppose, may I ask, I mean of the annual balance sheet you mentioned about Qatar and Egypt is a focus right, as of now?
- Saifullah Khan:** Yes, exactly.
- Nikhil Phutane:** Okay, so wanted to understand, I mean, are the plans to further increase our because it's quite a substantial jump, suppose we look at it over a period of two to three years. So, your plan is to increase it further and further? I mean you could be seeing profit booking coming into the picture in case of as we go forward?
- Saifullah Khan:** Yes. Look, this was based on the availability of excess cash, and delay on the international projects. Now we can see that our on-the-ground project of Algeria has already started. So, we believe that most of the excess cash will go to Algeria. It's not in our strategic plan that we will enhance but it depends on the profitability and which we are expecting now more profits are coming from these investments. And in the future, we will be materializing those profits. It was timing because when we were delaying on the project of Algeria, now we are moving to Algeria, so it would be less focused on these investments on the equity side.
- Nikhil Phutane:** Okay. Thank you, Sir.
- Operator:** Thank you, everyone. And that concludes our Q&A session for today. I will now turn the call over back to our moderator, Phibion. Thank you.
- Phibion Makuwerere:** Thank you. It brings us to the end of the call today, and I would like to thank all of you for joining us. Please do join us for the Q2 call and also special thanks to the CFO, Saifullah, for taking his time to update the market. Enjoy the rest of your day.
- Saifullah Khan:** Thank you everyone.
- Operator:** Thank you, everyone. That concludes today's call. Thank you all for joining. Have a nice day ahead.