

Company : QNB Financial Services Co. WLL
Conference Title : Baladna (BLDN) Q4 and YE 2024 Results Conference Call
Moderator : Bobby Sarkar
Date : Wednesday, 12 February 2025
Conference Time : 12:00 PM (UTC+09:00 AM)

Operator: Hello, everyone, and welcome to Baladna Conference Call. Please note that this call is being recorded.

I'd now like to hand it over to our moderator for today, Bobby Sarkar, you may now begin.

Bobby Sarkar: Thank you, Ellie. Hi. Hello, everyone. This is Bobby Sarkar, Head of Research at QNB Financial Services. I wanted to welcome everyone to Baladna's Fourth Quarter and Year-End 2024 Results Conference Call.

So, on this call, we have Saifullah Khan, who is the CFO at Baladna, and we will conduct this conference with management first reviewing the company's results, followed by Q&A.

I would now like to turn the call over to Saif. Saif, please go ahead.

Saifullah Khan: Thank you, Bobby. Good afternoon, ladies and gentlemen, and welcome to Baladna's Year-End 2024 Conference Call. My name is Saifullah Khan, I'm the CFO of Baladna. Thank you for taking the time to join us today. The presentation material has been issued in advance and is also available on our website. I will keep my remarks brief to allow more time for question-and-answer at a later state.

Before we begin, let me give you a brief introduction to Baladna. Has a country-leading for dairy and beverage company. Baladna is proud to be recognized as a trusted brand for milk, dairy juice, and food products. Since our establishment in 2014, we have built a strong foundation with two large-scale farms, state-of-the-art production, and the packaging facilities which help the country to make self-sufficiency and support the future growth of the business. Our vision is to be a most trusted provider of nutritious food and healthy beverages in Qatar while expanding into a new market.

Now, I would like to turn to our financial results and performance for the full year ending December 31, 2024. I'm pleased to report that Baladna achieved record results in 2024, demonstrating our continued commitment to growth and operational excellence. Full-year revenue reached to a record QR 1.15 billion, representing an 8% increase compared to the previous year, this growth was primarily driven by higher sales volume across HORECA and retail channels capitalizing on favorable market conditions and increased market share in key product categories.

On EBITDA for the full year, grew by 17% year-on-year basis reaching our record QR 381 million, with an EBITDA margin of 33%, which is a 2.6% improvement over last year. The margin expansion was driven by cost efficiency across the entire value chain. And placed Baladna at the higher end of regional peers. Net profit for the year reached record QR 185 million, reflecting our remarkable 59% year-on-year increase, this was mainly due to our strong revenue growth along with reduced finance cost and increase in profit from international activities. Overall, our continued focus on cost management and operational efficiency has given strong driven with net profit margin improving from 10% to 16% compared to the previous year. Earnings per share increased by 69%, reflecting our strong ability to convert growth into value of shareholders.

Moving on to quarter four performance. Revenue for the quarter reached QR 286 million, marking 1% year-on-year increase. This growth was primarily driven by increase in sales volume coupled with market share gain in key product categories. EBITDA grew 1% in line with revenue growth. EBITDA margins remain stable at 33%, highlighting effective cost management. Net profit recorded in quarter four of 2024, amounting to QR 44 million has marginally decreased compared to quarter four of 2023 due to the slight increase in finance costs in Q4 2024.

In terms of cash flow, Baladna emphasize its cash flow generating abilities and implemented stringent controls over the capital expenditures supported by rigorous investment analysis and business viability assessments. As a result, we successfully optimized our capital expenditure and investment, reducing them by QR 84 million by over a year. This led to a significant increase in free cash flow reaching QR 251 million, a remarkable improvement of QR 173 million compared to 2023.

On the consumer strategy front, we interest to write high-protein milk. Further, we launch new Greek yoghurt flavors, broadening our cheese range, and enhance juice range with revamped packaging.

Finally, we revitalize the Awafi line with play a key role in offering choice and value to our consumers in plain dairy segment. In total, we have added 39 new SKU this year. This innovation product continues significantly to our top line. Performance and further strengthening Baladna leadership in the dairy and juice segment, reinforcing our commitment to a quality and market demand.

Our domestic market growth was further supported by securing a substantial government contract to supply evaporated milk in 2025 valued at approximately QR 100 million. This product will be manufactured in our new state-of-the-art facility aligning with the Qatar's food self sufficiency goals. A major strategic highlights was finalizing the joint venture

with Algerian National Investment Fund to establish the world's largest vertically integrated dairy farm. Key milestones achieved including signing the framework and the shareholder agreement transferring initial capital and incorporating Baladna Algeria. We are currently finalizing key agreements which will further solidify our presence in Algeria. Additionally, we signed a MoU with the Algerian Ministry to explore an infant milk production project which will complement our new integrated daily ventures and further strengthen our regional footprint.

Let's now review our operational and commercial performance. We achieved balanced and robust growth across key channels showcasing these strengths of Baladna's diversified approach as the number of food manufacturing and distribution company in Qatar. We continue to provide unmatched service to both retail and HORECA channels. HORECA demonstrated strong 8% year-on-year revenue growth, driven by sustained demand from hotels, restaurants, and cafes, with favorable market conditions in Qatar in the retail key account segment, we saw 5% revenue growth supported by strategic partnership with the large-scale retailers. The traditional trade channels revenue also grew by 8%, reflecting steady consumer demand at local outlets. Initiatives such as targeted marketing, marketing campaigns made substantial contribution to market share growth in key categories. By the year-end our overall market share was 54.1% compared to 53.5% at the end of 2023 and we had a 62.7% share of Qatar's daily segment compared to 61.7% in the prior year. We are also proud to have become the first company in Qatar to receive FSSC 22000 version 6 certification for Food Safety Management System. Reinforcing our commitment to quality and the reliability.

At the last, looking ahead, our strategy remains focused on growing the key products category and expanding our share in high-potential segments. We will continue to innovate new products to meet evolving consumer needs, leveraging best-in-class technology such as introducing robust improved milk consistency to support both operational excellence and long-term sustainable growth. We are building on the momentum in Algeria where our strategic initiatives are set to drive shareholder value and enhance our global presence. The upcoming infant milk production project further strengthened our portfolio and regional footprint. Financially, we will maintain a focus on cost control, operational efficiency, and expanding our channel and product categories to sustain top-line growth into the next quarter and beyond.

In conclusion, Baladna is well-positioned to continue developing and delivering strong performance as we start a new financial year. Our focus on innovation, operational excellence strategy initiatives will keep driving our momentum. Thank you. And with that, I will open the floor for questions and answers.

Operator: If you'd like to ask a question, please press star one followed by one on your telephone keypad. That's star followed by one on your telephone keypad. We will pause for a brief moment to wait for the questions to come in.

As of right now, we don't have any raised hands. I'd now like to hand over to Bobby.

Bobby Sarkar: Okay. So, if you don't have any questions, we can end the call for today. I wanna thank Saif for taking the time for going over the presentation and good luck and we will again do this next quarter. Thank you very much.

Saifullah Khan: Thank you, everyone.

Operator: That concludes today's conference call. Have a wonderful day.