



BALADNA Q.P.S.C.

Full Year 2023

Financial Results Presentation

29 February 2024

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Key Messages

Key Messages



- In the year 2023, Baladna achieved a revenue of QAR 1,057 million and a net profit of QAR 110m which corresponds to a **revenue and net profit growth of 7% and 36% respectively, compared to the same period last year**
- During the fourth quarter of 2023, Baladna achieved a revenue of QAR 284 million and net profit of QAR 45 million. **This represents a revenue and net profit growth of 3% and 80% respectively, compared to the fourth quarter of 2022**
- The reported strong growth in net profit was mainly attributable to increase in sales volumes across both HORECA and Retail channels due to market share gain in major product categories, the increase in market value of investment securities, strategic and efficient cost control measure throughout entire value chain
- Baladna is continuously assessing opportunities to enhance its product mix by developing and introducing new, innovative products and strategically optimizing its product portfolio. During the year, Baladna has managed to introduce a number of new SKUs including Evaporated Milk and Sterilized Cream which were historically imported to the country. Furthermore, Baladna launched its first domestic production of an international brand and produces spreadable cheese for Bel Group under the brand names of La Vache qui rit and Jibnet Abu Al Walad
- During FY 2023, Baladna increased its equity stake in Juhayna Food Industries, the largest dairy producer in Egypt to a substantial 15%, which contributed to notable dividends and fair value gain contributions to further strengthen the bottom line of Baladna
- Baladna reported positive advancement in its forthcoming Algerian project targeting milk production facilities, anticipating significant shareholder value creation, and marking key milestone in Baladna's global growth journey
- Baladna is pleased to announce the proposed dividend payment to its shareholders with the strong financial results of the year 2023. The Board of Directors decided to propose QAR 132 million (QAR 0.0695 per share) dividends to the upcoming General Assembly for approval

Key Messages

Key investment highlights

Market leader in the Dairy and Beverages sector in Qatar	Excellent product innovation track record and access to consumer insights	Strong financial performance and Cash flow management	Strategic and dedicated shareholder support	Continuous identification of growth enablers								
<p>Leading position across 6 out of 8 product categories...</p> <p>Number 1 position across 6 categories...</p> <p>...remains a significant growth opportunity across other categories</p>	<p>Continuously enhancing the product portfolio management...</p> <p>Highly appreciated brand names created</p> <p>Diverse range of product offerings</p> <p>SKUs 250</p>	<p>Revenue and EBITDA increased due to increase in sales volumes...</p> <p>Revenue <i>QARm</i></p> <table border="1"> <tr> <td>FY 2022</td> <td>FY 2023</td> </tr> <tr> <td>986</td> <td>1,057</td> </tr> </table> <p>EBITDA</p> <table border="1"> <tr> <td>FY 2022</td> <td>FY 2023</td> </tr> <tr> <td>283</td> <td>325</td> </tr> </table>	FY 2022	FY 2023	986	1,057	FY 2022	FY 2023	283	325	<p>Strategic & founding shareholders account for 50% of shareholding...</p> <p>Strategic shareholders</p> <p>Strengthening food security and self-sufficiency in Qatar, backed by Government support</p>	<p>Continuously assessing value accretive opportunities and projects</p> <ul style="list-style-type: none"> ✓ Strengthening strategic alliance in Egypt holding significant 15% stake in largest dairy producer in Egypt, Juhayna Food Industries ✓ Positive advancement in the upcoming Algerian project targeting milk production facilities
FY 2022	FY 2023											
986	1,057											
FY 2022	FY 2023											
283	325											
<p>...complemented with a strong operational infrastructure</p>	<p>...complemented by an excellent reach of retail and Horeca clients</p>	<p>...ability to achieve profitability margins and Free cash flow</p>	<p>...supporting Baladna to continue its growth</p>	<p>...with strong operational capacity to capitalize on optimization initiatives</p>								
<p>Diversification initiatives</p> <p>Commencement of operations at the E-life Detergent Factory</p> <p>Strategic partnerships</p> <p>Started producing The Laughing Cow® spreadable cheese for Bel Group</p>	<p>No. of sales routes 139</p> <p>No. of customers 3,713</p>	<ul style="list-style-type: none"> ▪ Significant increase in net profit by 36% over the FY22-FY23 period ▪ Increase in FCF from QAR (244m) in FY22 to QAR 78m in FY23 	<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 visions and mission 	<ul style="list-style-type: none"> ▪ Assessment of strategic integration opportunities to have own feed farms to meet internal demand ▪ Potential to further support self sufficiency and the certainty of the supply and quality of feed 								






Operational and
Commercial Update



Operational and Commercial Update

Key operational highlights

FY 2022 FY 2023 YoY growth

	FY 2022	FY 2023	YoY growth	
1 <div style="border: 1px solid #8B4513; padding: 5px; margin-top: 5px;"> Overall market share  </div>	51.0%	53.5%	▲ 2.5%	<ul style="list-style-type: none"> ▪ Increase in market share driven by a growth in sale volumes across the majority of product categories
<i>Source: AC Nielsen</i>		<i>Market share reflects MAT 12 months</i>		
2 <div style="border: 1px solid #8B4513; padding: 5px; margin-top: 5px;"> Total no. of SKUs  </div>	254	250	▼ -1.6%	<ul style="list-style-type: none"> ▪ Portfolio efficiency provides platforms for profitable growth. Baladna introduced 23 SKUs during 2023 ▪ The rationalization program continues to review product portfolio to maximise returns
3 <div style="border: 1px solid #8B4513; padding: 5px; margin-top: 5px;"> No. of customers  </div>	3,568	3,713	▲ 4.1%	<ul style="list-style-type: none"> ▪ Focus is on enhancing relationships with existing clients and attracting new customers ▪ Increased focus on HORECA customers

Operational and Commercial Update

Market Segmentation (1/3)



Fresh milk
96.3%
Market share



FY 22



FY 23

- YoY market share growth: **+3.7%**
- Retained strong #1 position



UHT milk
89.5%
Market share



FY 22



FY 23

- YoY market share growth: **+4.7%**
- Retained strong #1 position



Laban
50.5%
Market share



FY 22



FY 23

- YoY market share growth: **+3.1%**
- Retained strong #1 position

Operational and Commercial Update

Market Segmentation (2/3)



Yoghurt
48.0%
Market share



FY 22



FY 23

- YoY market share growth: **+2.2%**
- Retained strong #1 position



Labneh
41.5%
Market share



FY 22



FY 23

- YoY market share growth: **-6.8%**
- Retained the market leadership



Cheese
25.3%
Market share



FY 22



FY 23

- YoY market share growth: **-2.3%**
- Remains a significant growth opportunity

Operational and Commercial Update

Market Segmentation (3/3)



Creams

60.0%

Market share



FY 22



FY 23

- YoY market share growth: **0.0%**
- Retained strong #1 position



Juice

19.0%

Market share



FY 22



FY 23

- YoY market share growth: **-1.4%**
- Remains a significant growth opportunity

Operational and Commercial Update

Introduction of 23 new SKUs over the twelve-months of 2023



- Baladna is constantly looking to enhance its product mix by adding additional products and optimizing its portfolio
- Over the course of the twelve-months of 2023, Baladna has introduced 23 new products and further optimized its product portfolio by delisting lower performing products



Financial Performance



Financial Performance for the Year Ended 31 December 2023



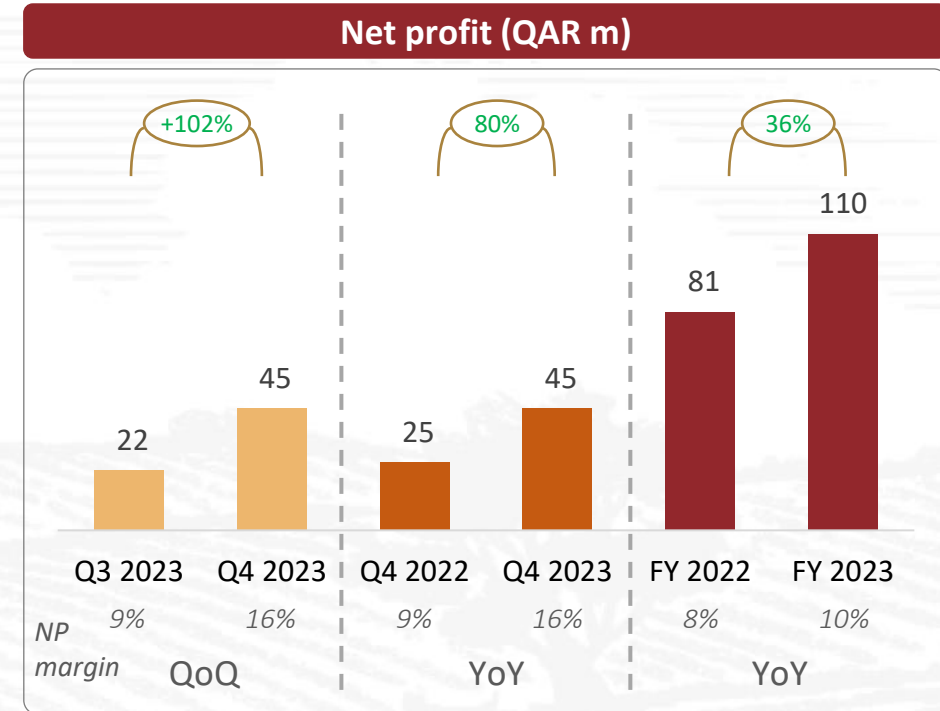
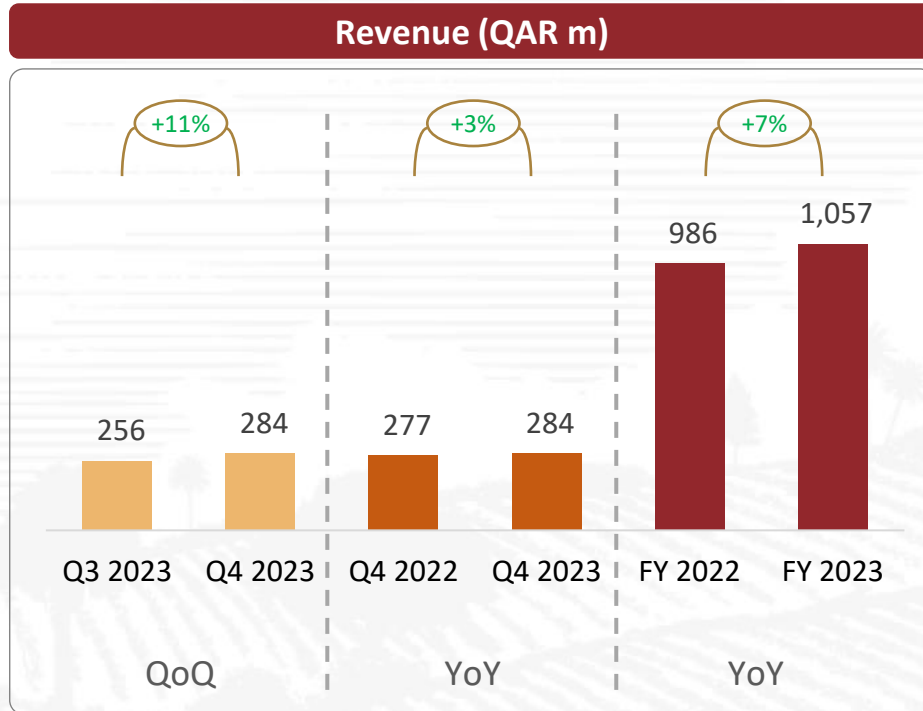
Key Financial Highlights

	FY 2022	FY 2023	YoY growth		
1	Revenue 	QAR 986m	QAR 1,057m	▲ 7%	Increase in sales volumes across both HORECA and Retail channels due to capitalization of improved market conditions resulted in growth in revenue by 7%
2	EBITDA 	QAR 283m <i>EBITDA margin</i> 28.7%	QAR 325m 30.7%	▲ 15%	Increase in sales volumes and efficient cost control measures led Baladna to maintain industry leading EBITDA margins
3	Net profit* 	QAR 81m <i>NP margin</i> 8.2%	QAR 110m 10.4%	▲ 36%	Positive impact of the fair value gain on share investment resulted to increase net profit by 36%
4	EPS 	QAR 0.042	QAR 0.058	▲ 36%	Increase in net profit resulted in a 36% increase in Earnings Per Share

*Net profit excludes the non-controlling interest

Financial Performance

Financial performance development



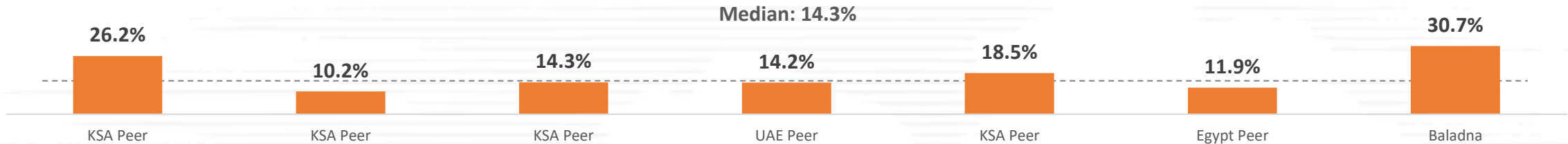
- Strong YoY and QoQ revenue growth mainly driven by the consistent volume growth coming from increased population and market share gains across most product categories
- Increase in net profit YoY and QoQ mainly driven by the increase in revenues, fair value gain in share investments and stringent control on overheads

*Net profit excludes the non-controlling interest

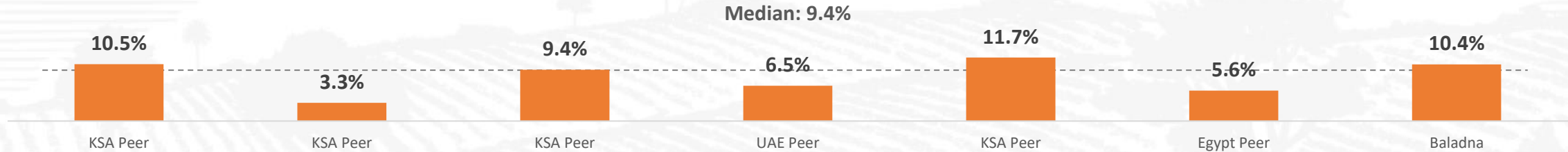
Increase in fair value gain on share investments mainly contributed to the increase of the margins over the peers

Margins positioning compared to regional peers

FY 2023 EBITDA margin



FY 2023 net profit margin



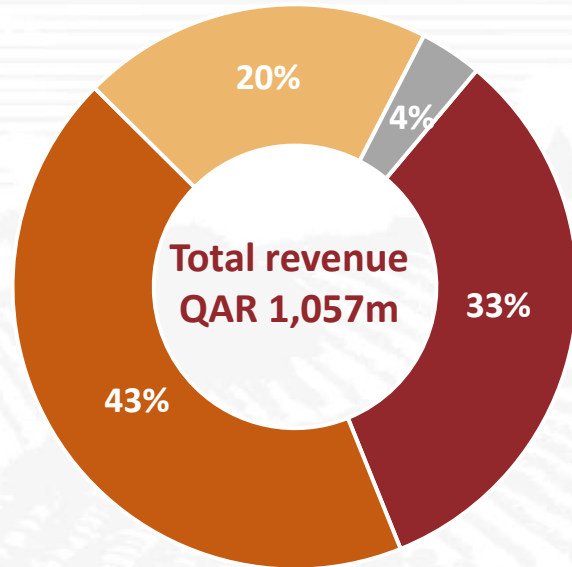
- Baladna achieved an EBITDA margin of 30.7% for the FY 2023, which remains industry leading among regional peers
- Baladna recorded a net profit margin of 10.4% which is higher than industry average mainly attributable to fair value gain on share investments

Revenue by channel

Growth recorded in all channels

Contribution by Channel (Full year 2023)

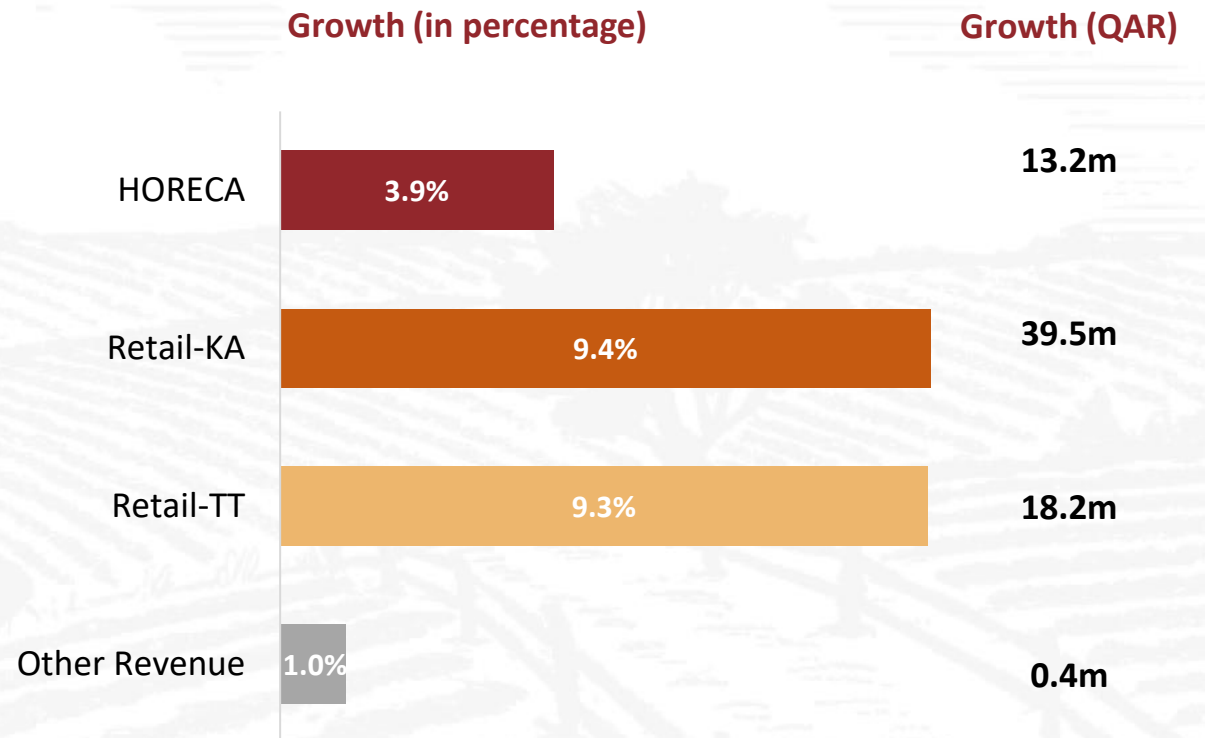
Channel wise revenue contribution (in percentage)



■ HORECA ■ Retail-KA ■ Retail-TT ■ Other Revenue

Growth by Channel

Full year 2023 channel wise growth (vs Full year 2022)

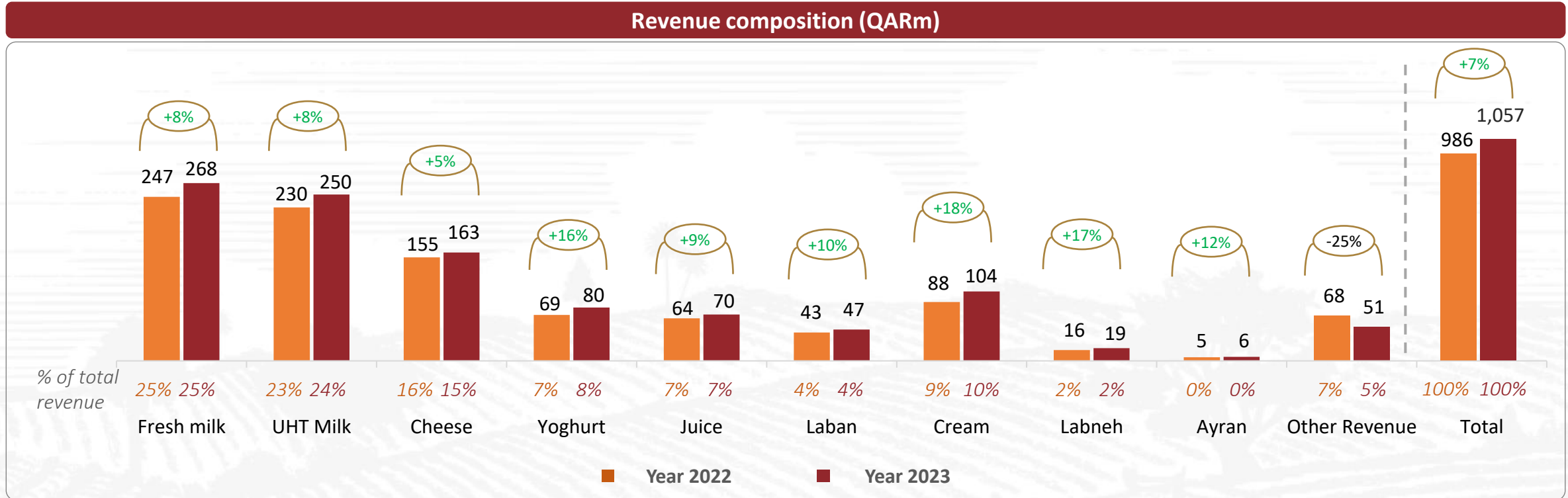


Note: "Other revenue" includes livestock sales, detergent sales, compost and manure sales, plastic sales, feed and other sales

Financial Performance



Revenue composition and growth – Year-on-year

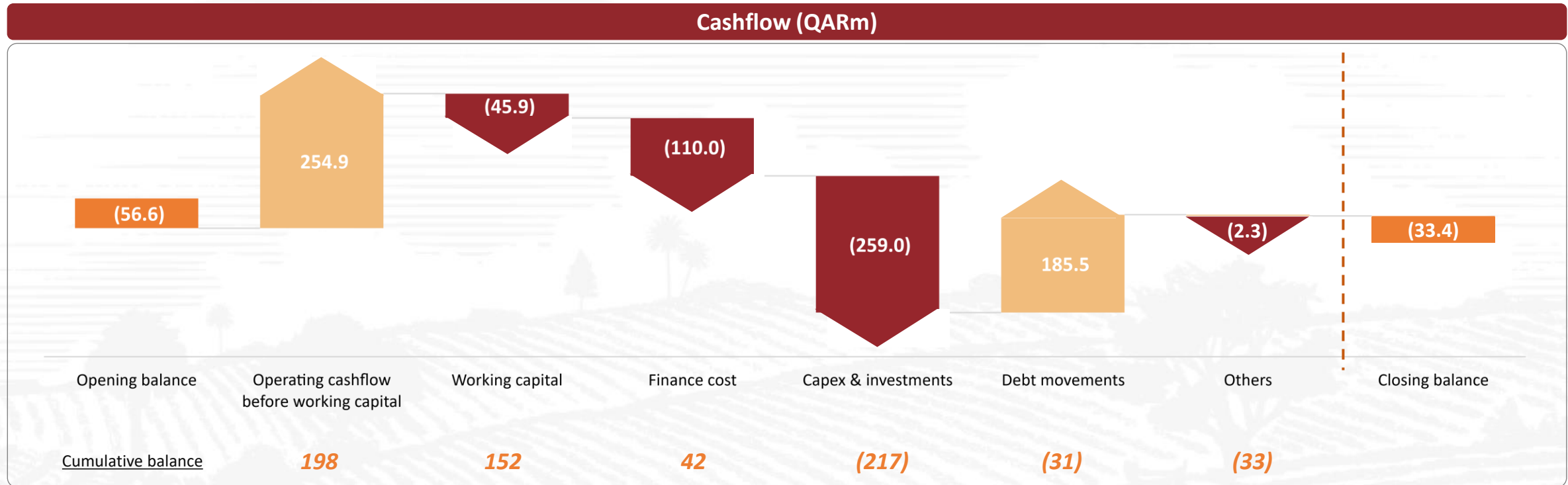


- Revenue growth across all product categories backed by increase in population and market share growth across most product categories
- Continuing to enhance existing client relationships while targeting new customers in all channels
- Considerable revenue growth within Cream(18%), Labneh (17%) and Yoghurt (16%) categories

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

Financial Performance

Cashflow management for the year 2023



- Baladna continues to generate robust cash from operations as a result of the growth in revenues
- Efficient working capital management, mainly in the form of inventory management has contributed to the strong operating cash flow during the year 2023

Financial Performance

Financial position as at December 31, 2023

Total assets (QAR million)

	Dec-23	Dec-22	Growth
Fixed Assets	3,189	3,128	▲ 2%
Biological Assets	196	220	▼ -11%
Investment In Shares	372	218	▲ 70%
Other Non-Current Assets	136	27	▲ 394%
Total Non-Current Assets	3,893	3,594	▲ 8%
Trade and other debit balances	409	308	▲ 33%
Inventories	400	443	▼ -10%
Cash and Bank Balances	60	62	▼ -4%
Other Current Assets	82	32	▲ 160%
Total Current Assets	951	845	▲ 13%
Total Assets	4,844	4,438	▲ 9%

Total shareholders' equity and liabilities (QAR million)

	Dec-23	Dec-22	Growth
Islamic financing	1,721	1,634	▲ 5%
Other Non-Current Liabilities	128	22	▲ 471%
Total Non-Current Liabilities	1,849	1,657	▲ 12%
Trade and other credit balances	261	240	▲ 9%
Bank Facilities	361	274	▲ 32%
Other Current Liabilities	15	19	▼ -22%
Total Current Liabilities	637	533	▲ 19%
Shareholders Equity	2,356	2,249	▲ 5%
Non-controlling interest	2	-	— 0%
Total Shareholders Equity	2,358	2,249	▲ 5%
Total Equity and Liabilities	4,844	4,438	▲ 9%

- Increase in Islamic financing and bank facilities mainly to finance the share investments and CAPEX additions

Shareholder Information





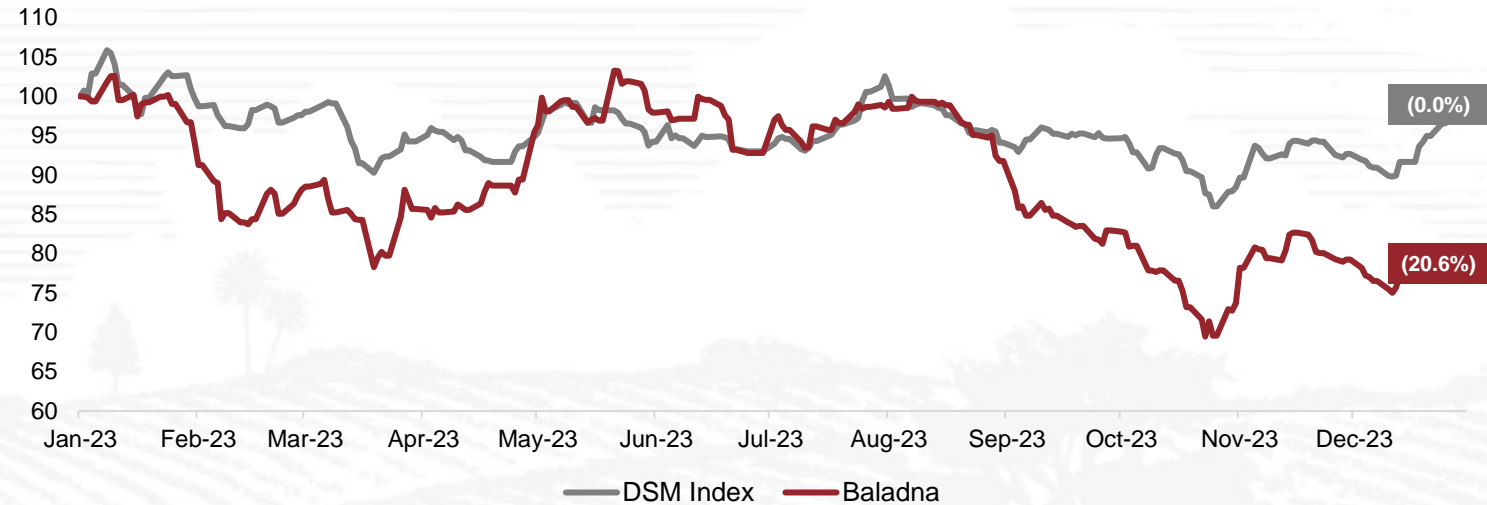
Shareholder Information

Shareholder information (as at 31 December 2023)

General information

- **Company name** Baladna Q.P.S.C.
- **Ticker (QE)** BLDN
- **Market cap:** QAR 2.3b
- **Common shares outstanding** 1.9b

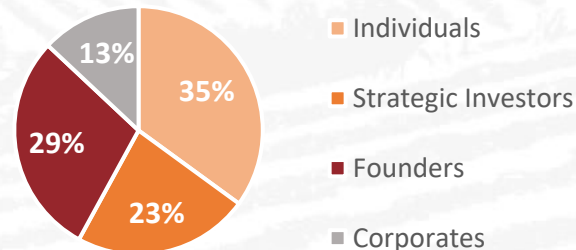
Share price versus DSM 1 January 2023 to 31 December 2023 (rebased to 100)



Company key stats

- **Spot price:** QAR 1.224
- **YTD % change:** -21.6%
- **Value creation for IPO investors** (Capital appreciation & dividends including proposed for 2023) **+42.05%**

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 2024



Management Outlook

Management outlook for 2024



Product development

Bringing new products to the market is at the heart of Baladna's strategy as we aim to continue product innovation and introduce new products to capture greater market share. We are committed to delivering unmatched excellence across all facets of product quality assurance



Market environment

Our overarching priorities are to ensure the national food security and to diversify and develop our business both in and outside Qatar. We will maintain our focus on ensuring constant availability of our high-quality products to consumers, anytime, anywhere. Positive indicators of cost inflation normalization, increasing efficiency from Baladna's operational excellence along with an overall growth in the local population presents a promising outlook for a more robust outcome for the year of 2024



Expansion opportunities

International expansion opportunities, the key for long-term growth and remain the focus area for Baladna. Forthcoming Algerian project is expected to create significant shareholder value creation



Strong financial performance

The strategies already in place are expected to deliver higher market shares as we extract further growth through all our channels and categories. Along with the positive indicators for top line growth, and the continuous focus on increasing efficiency and operational excellence are expected to further enhance the bottom line for 2024



Appendix



Appendix

Profit and loss statement – Year 2023

<i>QAR m</i>	<i>Year 2023</i>		<i>Year 2022</i>		<i>Change</i>
Revenue	1,056.8	100%	985.6	100%	7%
Cost of revenue	(846.4)	-80%	(775.7)	-79%	9%
Gross profit	210.4	20%	209.9	21%	0%
Other income	117.7	11%	117.4	12%	0%
Gain/(loss) from Investment Securities	30.2	3%	(23.2)	-2%	-230%
Dividend income	2.3	0%	11.5	1%	-80%
Selling and distribution expenses	(85.3)	-8%	(87.1)	-9%	-2%
General and administrative expenses	(93.8)	-9%	(86.6)	-9%	8%
Operating profit for period	181.4	17%	141.9	14%	28%
Finance costs and bank charges	(71.5)	-7%	(60.3)	-6%	19%
Profit before income tax	110.0	10%	81.6	8%	35%
Income tax expense	(0.6)	0%	(1.0)	0%	-40%
Profit after tax for the period	109.4	10%	80.6	8%	36%
Other comprehensive income	-	0%	-	0%	-
Total comprehensive income for the period	109.4	10%	80.6	8%	36%
Non-controlling interest	(0.2)	0%	-	0%	-
Total comprehensive income attributed to the parent	109.6	10%	80.6	8%	36%
Basic and diluted earnings per share (QAR per share)	0.058		0.042		36%

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

+3,700
Points of sale

53.5%
Overall market share

250
Products available

+1,800
Employees

Appendix

BoD Members



Moutaz Al-Khayyat
Group Chairman



Ali Hilal Al-Kuwari
Vice Chairman



Ramez Al-Khayyat
*Board Member/
Managing Director*



Abdulaziz Mahmoud Al-Zeyara
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
Board Member / Managing Director



Malcolm Jordan
Chief Executive Officer



Saifullah Khan
Chief Financial Officer



Paul Kenny
Chief Commercial Officer



Nasser Al Maslamani
Chief Corporate Services Officer



Julian Marcolini
Chief Operations Officer

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