



BALADNA Q.P.S.C.

Q4 2021 and FY 2021

Financial Results Presentation

09 March 2022

Disclaimer

This presentation is made only to, and is directed only at, persons to whom such a presentation may lawfully be communicated (“relevant persons”). Any person who is not a relevant person should not act or rely on this presentation or any of its contents

Information contained in this presentation is subject to change without prior notice and it may not contain all the material information related to the Company. Neither Baladna Q.P.S.C., its subsidiaries, its Directors or management make any representation regarding, and assume no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained herein

Nothing in the presentation shall form the basis of any contract or commitment whatsoever. This presentation is furnished to you solely for your information. You may not redistribute it to any other person

This presentation may contain forward looking statements that are made on the basis of current knowledge and assumptions. Various factors could cause future results, performance or events to differ materially from those mentioned in the presentation. The company assumes no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements



Table of contents

Key messages	4 - 6
Operational and commercial update	7 - 12
Financial performance	13 - 19
Shareholder information	20 - 21
Management outlook 2022	22 - 23
Appendix	24 - 29



Key Messages



Key Messages

- During the fourth quarter of 2021, Baladna managed to achieve a revenue of QAR 210 million and net profit of QAR 32 million. This represents a revenue growth of 16% and net profit growth of 106% compared to the previous quarter
- Baladna recorded a revenue of QAR 773 million and net profit of QAR 134 million in FY 2021 (compared to QAR 759 million and QAR 141 million in the same period last year, respectively). Revenue increased by 2% YoY during a continued volatile market
- Baladna managed to confirm its position as the leading regional player in terms of profitability margins by achieving an EBITDA margin of 38% and a net profit margin of 17%
- Despite a weakened retail market during FY 2021, Baladna presented its resilience and agility by gaining further market share in the retail sector and shifting customer acquisition efforts on the HORECA sector. These key initiatives led to several new high profile corporate contracts being secured throughout the year as Baladna increased its portfolio penetration across its customer base. Going forward, Baladna expects the retail market to gain momentum and we plan on capitalizing on improving market dynamics
- Product portfolio management remains a key strategic pillar for Baladna's growth. We continued to grow our total SKUs to 268 as of end of FY 2021. This is a testament of our innovative product development programs which allow us to remain well positioned and effectively identify products that are value accretive and in line with market requirements
- In addition to the Malaysian Project and in line with Baladna's strategy to expand in selected and strategically important markets outside of Qatar, initial discussions have been held with our foreign partners in Azerbaijan, Indonesia and Philippines for larger scale dairy farms. We expect to proceed with the feasibility studies in the first half of 2022
- Baladna remains 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
- Following strong results achieved in FY 2021 the Board of Directors proposed a total dividend of QAR 101 Million (equivalent to QAR 0.053 per share) to the upcoming general assembly for approval

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 #1 market share across 4 out of 8 categories...</p> <p>By volume</p> <p>87% 80% 47% 41%</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 Customer confidence</p> <p>State-of-the-art technology Uninterrupted supply chain and high efficiencies</p> <p>International best practice quality control processes Optimization of operations</p>	<p>Industry leading net profit margins and cash generation...</p> <p>Net profit (QARm)</p> <p>16 32</p> <p>Q3 2021 Q4 2021</p> <p>Net profit margins</p> <p>8.5% 15.2%</p>	<p>Strategic & founding shareholders account for 49% of base...</p> <p>Founding members</p> <p>Strengthening food security and self-sufficiency in Qatar, backed by Government support</p>
<p>...driven by significant and highly efficient size of operations</p>	<p>...continuously enhancing product portfolio & innovative marketing</p>	<p>...resulting in excellent reach of Retail and HORECA clients</p>	<p>...based on strong financial position and solid balance sheet</p>	<p>...supporting Baladna to continue its growth</p>
<p>Farm size 2.4 million sqm</p> <p>Total herd size 23,581</p> <p>Daily yield per cow 36.6 Liters</p>	<p>SKUs 268</p> <p>Highly appreciated brand names created</p> <p>Premium Affordable</p>	<p>No. of sales routes 135</p> <p>No. of customers 3,476</p>	<ul style="list-style-type: none"> ▪ Strong asset base primarily funded by equity – Net debt to total capital 39% ▪ Conservative leverage deployed focuses on value creation for shareholders ▪ Excellent and immediate access to external funding, as required 	<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



Operational and
Commercial Update



Operational and Commercial Update

Key operational highlights

		FY 2020	FY 2021	YoY growth	
1	Total herd size 	22,250	23,581	▲ 6%	<ul style="list-style-type: none"> Optimising total herd size for existing operations and production levels
2	Av. daily yield/cow 	36.7	36.6	▼ 0.3%	<ul style="list-style-type: none"> Managed to maintain high milk yield during extreme humid conditions compared to the previous year
<i>The above figures represent yearly averages</i>					
3	Total no. of SKUs 	235	268	▲ 14%	<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	No. of sales routes 	121	135	▲ 12%	<ul style="list-style-type: none"> Focus is on enhancing quality of existing client relationships and attracting new customers More focus on HORECA customers going forward

Operational and Commercial Update

Introduction of 44 new SKUs in FY 2021



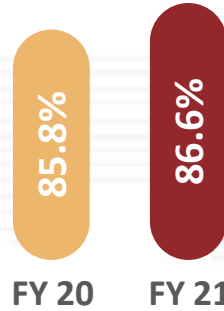
- Baladna is constantly looking to enhance its product mix by adding additional products and optimizing its portfolio
- Over the course of FY 2021, Baladna has introduced new products and increased its product portfolio by 44 new SKUs and has delisted 11 SKUs to optimize and enhance its product mix

Operational and Commercial Update

Market Segmentation (1/3)



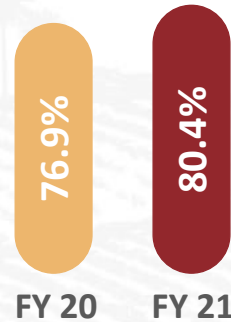
Fresh milk
86.6%
Market share



- **Market size:** QAR 200m
- **YoY market share growth: +0.8%**
- Retained #1 position



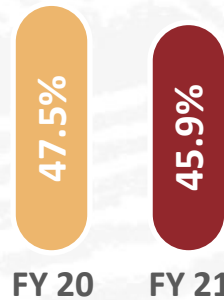
UHT milk
80.4%
Market share



- **Market size:** QAR 133m
- **YoY market share growth: +3.5%**
- Retained #1 position



Laban milk
45.9%
Market share



- **Market size:** QAR 91m
- **YoY market share growth: -1.6%**
- Remains a significant growth opportunity

Operational and Commercial Update

Market Segmentation (2/3)



Juice

18.4%

Market share

18.4%

FY 20

18.4%

FY 21

- **Market size:** QAR 205m
- **Stable YoY market share**
- Remains a significant growth opportunity



Yoghurt

40.9%

Market share

36.8%

FY 20

40.9%

FY 21

- **Market size:** QAR 121m
- **YoY market share growth: +4.1%**
- Remains a significant growth opportunity



Labneh

47.3%

Market share

52.4%

FY 20

47.3%

FY 21

- **Market size:** QAR 17m
- **YoY market share growth: -5.1%**
- Remained the market leader

Operational and Commercial Update

Market Segmentation (3/3)



Cheese

23.5%

Market share

21.4%

FY 20

23.5%

FY 21

- **Market size:** QAR 188m
- **YoY market share growth: +2.1%**
- Remains a significant growth opportunity



Creams

26.2%

Market share

14.8%

FY 20

26.2%

FY 21

- **Market size:** QAR 43m
- **YoY market share growth: +11.4%**
- Remains a significant growth opportunity




Financial Performance



Financial Performance

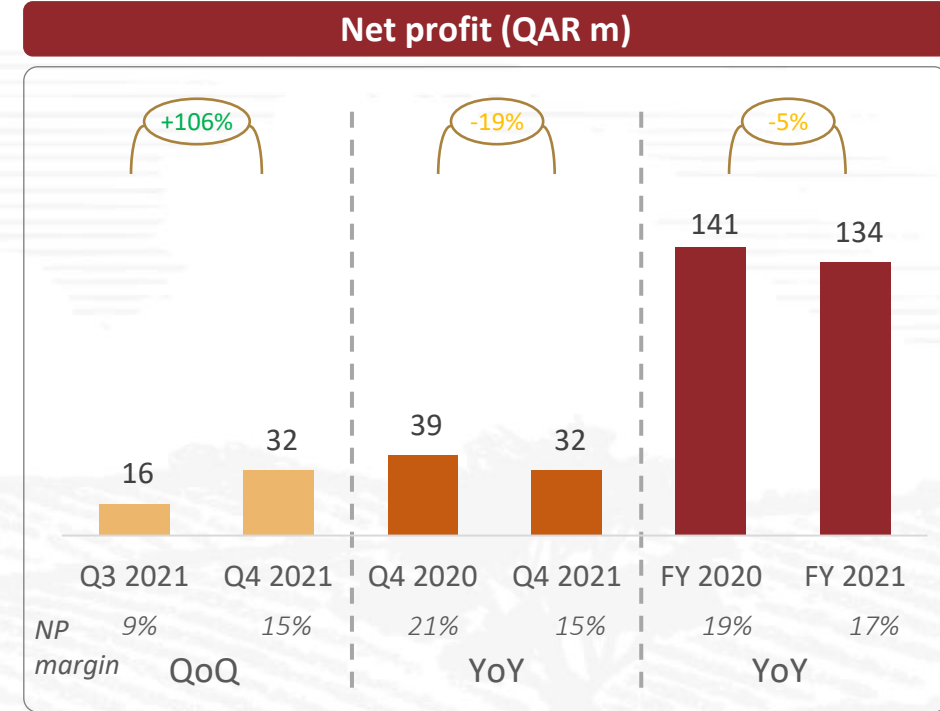
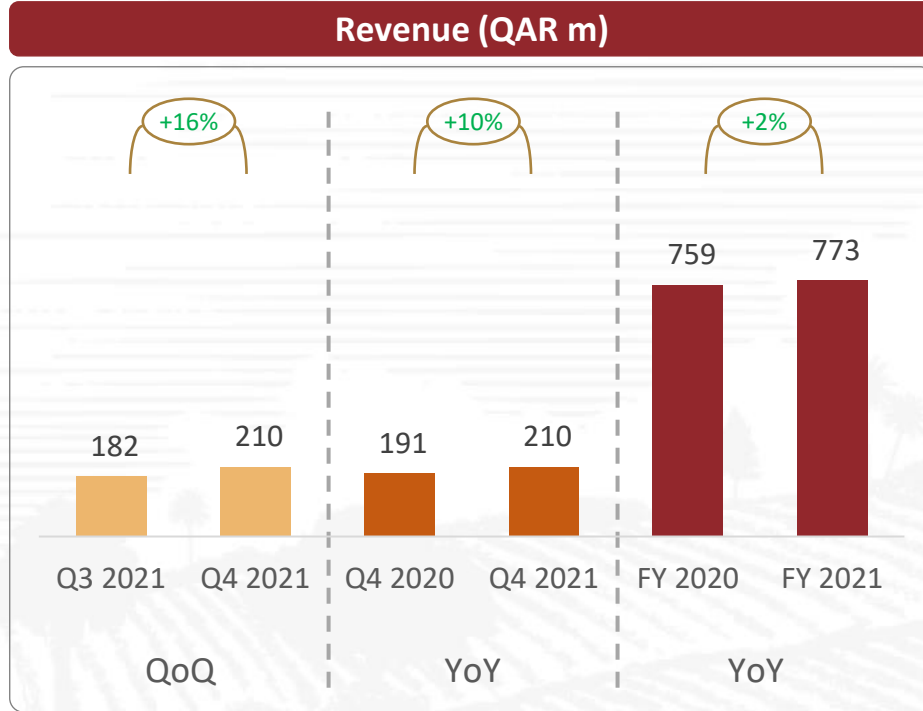
Key Financial Highlights

	FY 2020*	FY 2021	YoY growth		
1	Revenue 	QAR 759m	QAR 773m	▲ 2%	Baladna managed to overcome unfavorable market conditions by growing YoY revenue by 2% through heavy promotions and discounts
2	EBITDA 	QAR 297m	QAR 297m	▲ +0.2%	Overhead efficiencies offset the impact of lower margin caused by heavy promotions, increased commodity prices and lower Government compensation as per the agreement
3	Net profit 	QAR 141m	QAR 134m	▼ -5%	Increase in depreciation as a result of incremental capital expenditure led to a decrease in net profit
4	EPS 	QAR 0.074	QAR 0.070	▼ -5%	Decrease in net profit resulted in a subsequent decrease Earnings Per Share

*For the 12 months period ended 31 December 2020

Financial Performance

Financial performance development

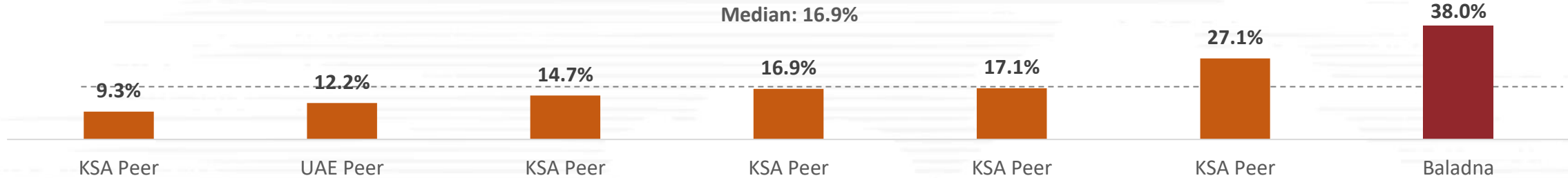


- Consistent revenue growth through challenging market conditions with cream, cheese and juice sales being the segments which had the largest YoY growth in FY 2021 at 39%, 13% and 14% respectively
- Margins decreased in FY 2021 compared to the previous year due to heavy promotions and discounts, higher commodity prices, adverse weather conditions impacting farm performance and lower government compensation as per the agreement
- However, Baladna achieved a strong QoQ net profit growth in Q4 2021 at 106% which corresponds to a net profit of QAR 32m for the quarter

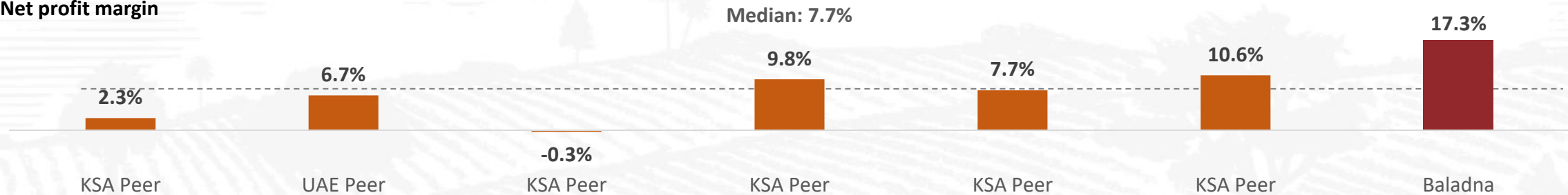
Industry leading EBITDA margin and net profit margin

Baladna remains the regional leader in terms of margins

EBITDA margin



Net profit margin

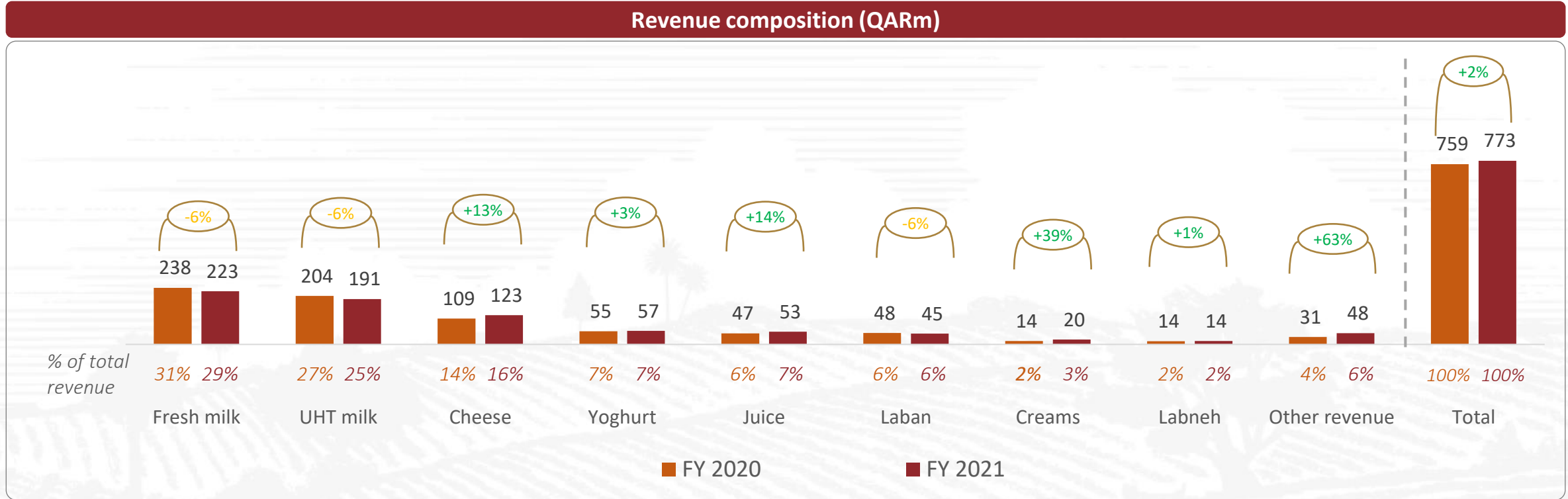


- Baladna remains a regional industry leader in terms of both EBIT margin and net profit margins:
 - Baladna recorded an EBITDA margin of 38% in FY 2021 while GCC peers recorded a median of 16.9%
 - Additionally, Baladna recorded the highest net profit margin in FY 2021 at 17.3% which is significantly greater than the regional peer median of 7.7%

Financial Performance



Revenue composition and growth – Year-on-year

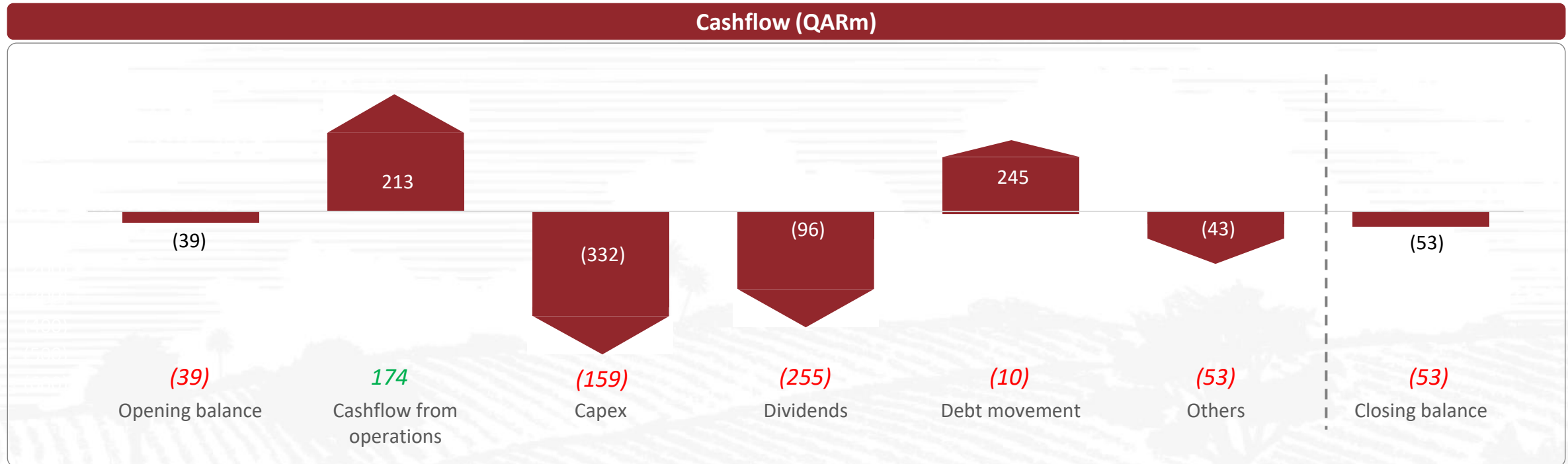


- Launched 44 new products to increase product portfolio from 235 in FY 2021 to 268 in FY 2022
- Continuing to enhancing existing client relationships while targeting new customers
- Significant YoY growth within creams (+39%), juice (+14%) and cheese (+13%)

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 FY 2021

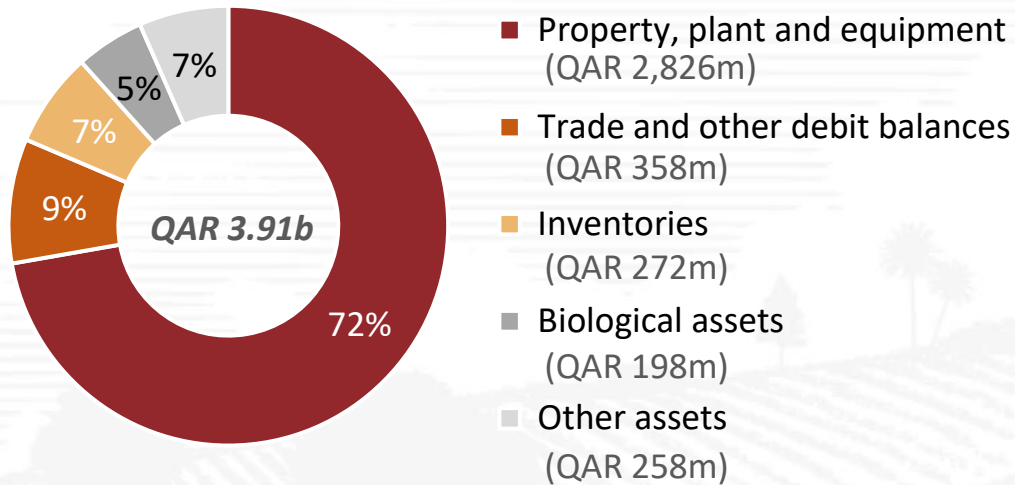


- Baladna continues to generate healthy cash from operations a result of strong revenues, efficient working capital management and Government support
- Investing activities represent capex for business continuity, continuous improvements in facilities and infrastructures as well as the investment in shares
- Out of the interim and final dividend declared for the year 2020 (QAR 141 million), QAR 13 million remains outstanding

Financial Performance

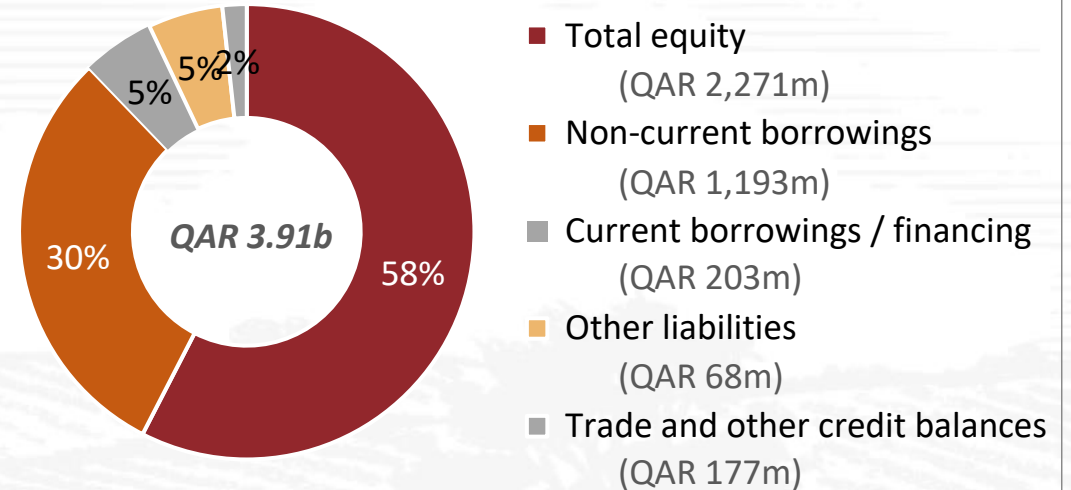
Financial position as at 31 December 2021

Total assets



Current assets: QAR 0.70b Non-current assets: QAR 3.21b

Total shareholders' equity and liabilities



Current liabilities: QAR 0.41b Non-current liabilities: QAR 1.23b
Equity: QAR 2.27b

- Strong assets base primarily funded by equity
- Healthy current ratio due to efficient working capital management
- Other assets include QAR 144 Million invested in shares
- Net debt to total capital ratio stands at 39% which shows the sound equity base of the company
- Equity includes QAR 201 million acquisition reserve

Note: Absolute values may differ due to rounding

Shareholder Information





Shareholder Information

Shareholder information (as at 30 December 2021)

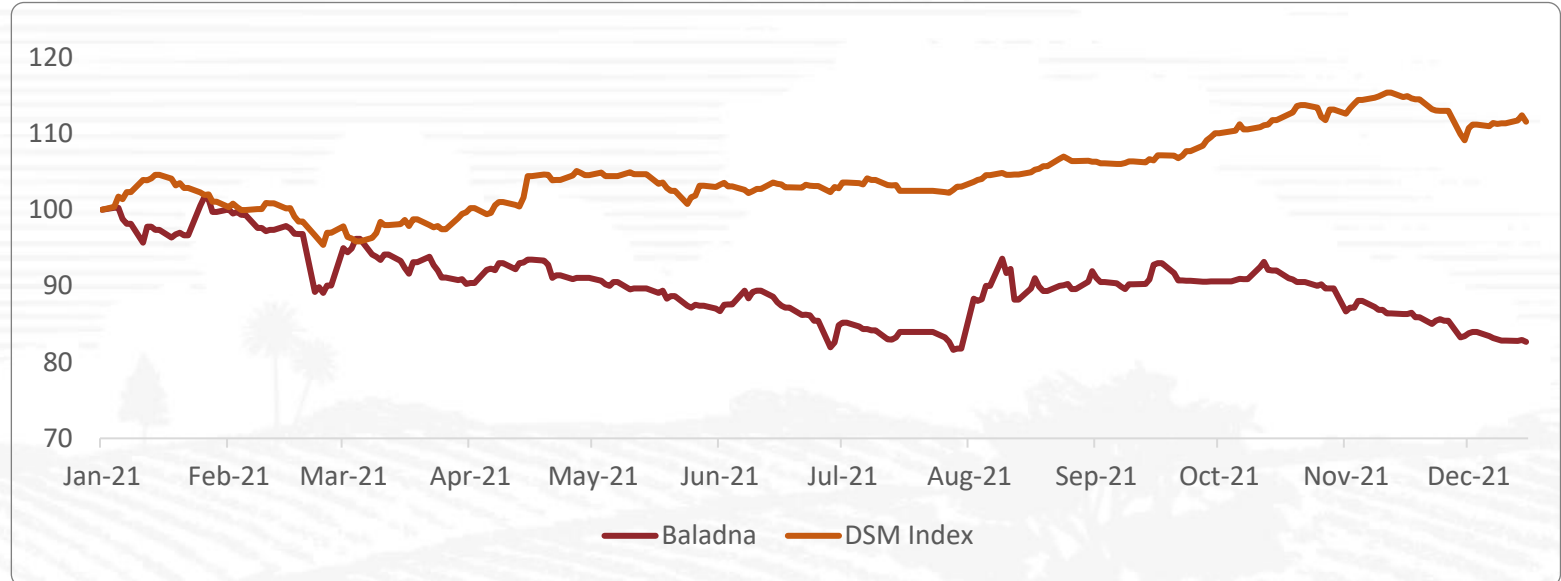
General information

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

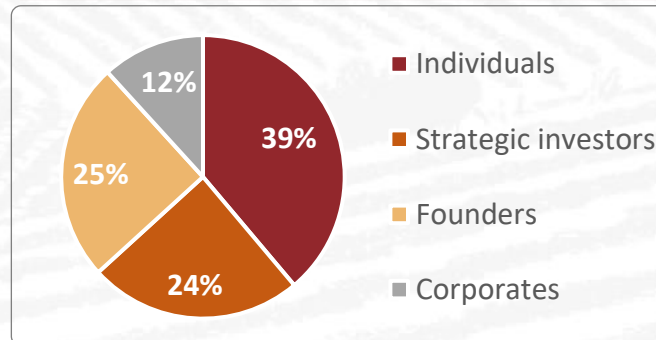
Company key stats

- **Spot price:** QAR 1.45
- **52w high/low:** QAR 1.849 / 1.420
- **% change since IPO:** +45.0%

Share price versus DSM 1 January 2021 to 31 December 2021 (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



Management
Outlook 2022



Management Outlook

Management outlook ahead of 2022



Product development

Baladna aims to continue growing volumes in existing product lines and through the introduction of new SKUs such as evaporated milk, sterilized cream and butter. The evaporated milk factory and butter processing facilities are currently under construction. Once complete, they are expected to increase volumes and further reduce production costs per unit through greater economies of scale



Major events

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 continuously looking for green-field and brown-field projects as part of our expansion strategy. In addition to the Malaysia project, we initiated discussions with partners in Azerbaijan, Indonesia and Philippines where studies are still in the initial stages

Baladna also opened a new company, which is expected to own future international agriculture expansion projects, as we are assessing options for backward integration to have our own feed farms



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 – FY 2021

<i>QAR m</i>	<i>Twelve Months ended 31 December 2021</i>	<i>Twelve Months ended 31 December 2020</i>	<i>Thirteen Months ended 31 December 2020*</i>
Revenue	773.0	758.9	814.8
Cost of revenue	(576.3)	(540.5)	(578.0)
Gross profit	196.7	218.4	236.8
Other income	127.9	148.5	171.7
Fair value gain on financial investments at fair value through profit or loss	10.8	-	-
Selling and distribution expenses	(83.5)	(94.6)	(99.6)
General and administrative expenses	(81.1)	(86.8)	(114.9)
Operating profit for the year / period	170.9	185.5	194.0
Finance costs and bank charges	(36.4)	(44.3)	(41.6)
Profit before income tax	134.5	141.3	152.4
Income tax expense	(0.6)	(0.2)	(0.2)
Profit after tax for the year / period	133.8	141.1	152.1
Other comprehensive income	-	-	-
Total comprehensive income for the year/ period	133.8	141.1	152.1
Basic and diluted earnings per share (QAR per share)	0.070	0.074	0.082

*For the period from Establishment Date (02 December 2019) to 31 December 2020

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

+3,400
Points of sale

23,581
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