



BALADNA Q.P.S.C.

Q1 2023

Financial Results Presentation

9 May 2023

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Key Messages



Key Messages

- During the three months period ended 31 March 2023, Baladna managed to effectively grow its top line and achieved a revenue of QAR 254 million compared to QAR 239 million for the same period last year, representing a revenue growth of 6%. This was achieved through an **increase in sale volumes and capturing a greater market share across the majority of product categories.**
- Net profit declined to QAR 20 million in Q1 2023, mainly due to an increase in the cost of animal feed, raw materials, packaging materials, fuel, logistics and finance costs
- Baladna's management is engaged in active discussions with the respective regulatory authorities to clarify the adverse effects of the macroeconomic environment on the company's margins. The company is confident that efforts to communicate the matter effectively will result in a favorable response from the authorities in the near future
- Baladna is continuously assessing opportunities to enhance its product mix by developing new innovative products and optimizing its product portfolio. During Q1 2023, Baladna managed to introduce 6 new SKUs and delisted lower performing products to optimize and enhance its product portfolio
- Baladna is delighted to announce the **commencement of commercial operations at its newly established evaporated milk processing factory.** The construction of this factory is **in line with the company's business expansion plans in the local market,** and this product launch is a significant milestone towards achieving that goal
- As part of its diversification strategy, Baladna has **successfully integrated operations at the E-Life Detergent Factory,** a Qatari detergent manufacturing factory that was recently acquired. The expected revenue contribution from this business will be consolidated with Baladna's results from Q2 2023 onwards
- International expansion opportunities and partnerships are key for long-term growth and remain a focus area for Baladna. **Opportunities beyond the local market are being evaluated on a case-by-case basis,** with feasibility studies currently underway
- 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

Leader in the Dairy and Beverages sector in Qatar	Identified growth enablers	Excellent product innovation and consumer insights	Strong financial performance and position	Strategic shareholder support						
<p>Leading market position across 5 out of 8 product categories...</p> <p>Number 1 position across 5 categories...</p>  <p>...remains a significant growth opportunity across other categories</p>	<p>Potential for growth beyond the local market...</p> <ul style="list-style-type: none"> ✓ Identification of growth opportunities beyond Qatar through signing MOUs with strategic partners ✓ Feasibility studies are underway to assess individual opportunities on a case-by-case basis 	<p>Continuously enhancing product portfolio & innovative marketing...</p> <p>Highly appreciated brand names created</p>  <p>Diverse range of product offerings</p> <p>SKUs 256</p>	<p>EBITDA increased due to an increase in sales volumes...</p> <p>EBITDA (QARm)</p> <table border="1"> <tr> <td>70</td> <td>77</td> </tr> <tr> <td>Year Q1 2022</td> <td>Year Q1 2023</td> </tr> </table> <p>EBITDA margin</p> <table border="1"> <tr> <td>29.4%</td> <td>30.2%</td> </tr> </table>	70	77	Year Q1 2022	Year Q1 2023	29.4%	30.2%	<p>Strategic & founding shareholders account for 49% of shareholding...</p> <p>Strategic shareholders</p>  <p>Strengthening food security and self-sufficiency in Qatar, backed by Government support</p>
70	77									
Year Q1 2022	Year Q1 2023									
29.4%	30.2%									
<p>... complemented with additional expansion plans</p>	<p>...with potential for increasing efficiencies through integration</p>	<p>...complemented by an 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>Diversification initiatives</p> <p>Commencement of operations at the E-life Detergent Factory</p>  <p>Diversification initiatives</p> <p>Agreement with "The Bel Group" to start producing The Laughing Cow® jars cheese</p> 	<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 	<p>No. of sales routes 139</p> <p>No. of customers 3,540</p> 	<ul style="list-style-type: none"> ▪ Strong asset base primarily funded by equity – Net debt to total capital 47% ▪ 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 visions and mission 						





Operational and
Commercial Update



Operational and Commercial Update

Key operational highlights

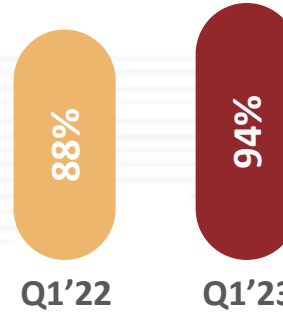
		Q1 2022	Q1 2023	YoY growth	
1	Total herd size 	23,383	24,077	▲ 3%	<ul style="list-style-type: none"> Optimising total herd size for existing operations and production levels
2	Overall market share 	48.8%	51.0%	▲ 2%	<ul style="list-style-type: none"> Increase in market share driven by a growth in sale volumes across the majority of product categories
		<i>Source: AC Nielsen</i>	<i>Market share reflects MAT 12 months</i>		
3	Total no. of SKUs 	268	256	▼ 4%	<ul style="list-style-type: none"> Portfolio efficiency provides platforms for profitable growth. Baladna introduced 6 SKUs in Q1 2023 The rationalization program continues to review product portfolio to maximise returns
4	No. of sales routes 	137	139	▲ 1%	<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)



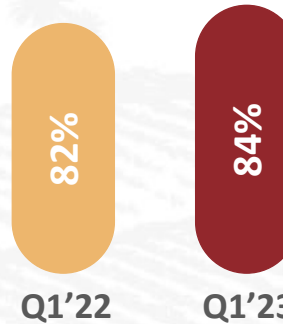
Fresh milk
94%
Market share



- YoY market share growth: **+6%**
- Retained #1 position



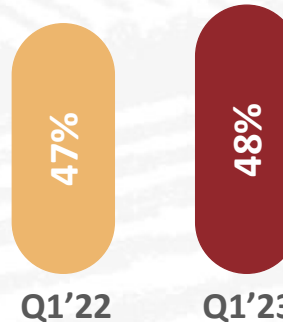
UHT milk
84%
Market share



- YoY market share growth: **+2%**
- Retained #1 position



Laban
48%
Market share



- YoY market share growth: **+1%**
- Remains a significant growth opportunity

Operational and Commercial Update

Market Segmentation (2/3)



Yoghurt
46%
Market share



Q1'22



Q1'23

- YoY market share growth: **+2%**
- Remained the market leader



Labneh
48%
Market share



Q1'22



Q1'23

- YoY market share growth: **± 0%**
- Remained the market leader



Cheese
25%
Market share



Q1'22



Q1'23

- YoY market share growth: **-2%**
- Remains a significant growth opportunity

Operational and Commercial Update

Market Segmentation (3/3)



Creams

62%

Market share



Q1'22



Q1'23

- YoY market share growth: **+24%**
- Achieved a market leading position



Juice

19.4%

Market share



Q1'22



Q1'23

- YoY market share growth: **+0.7%**
- Remains a significant growth opportunity

Operational and Commercial Update

Introduction of 6 new SKUs over Q1 2023



*Launched April 1st, 2023

- Baladna is constantly looking to enhance its product mix by adding additional products and optimizing its portfolio
- Over the course of Q1 2023, Baladna has introduced 6 new products and further optimized its product portfolio by delisting lower performing products




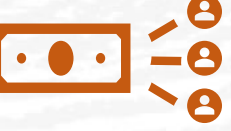


Financial Performance



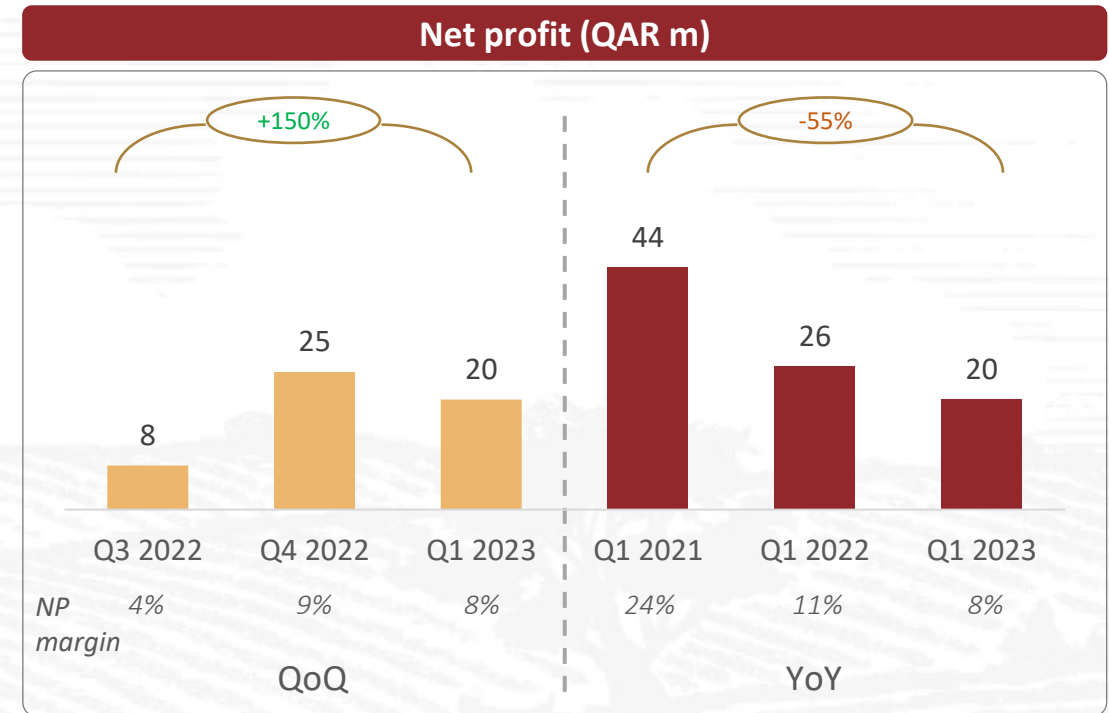
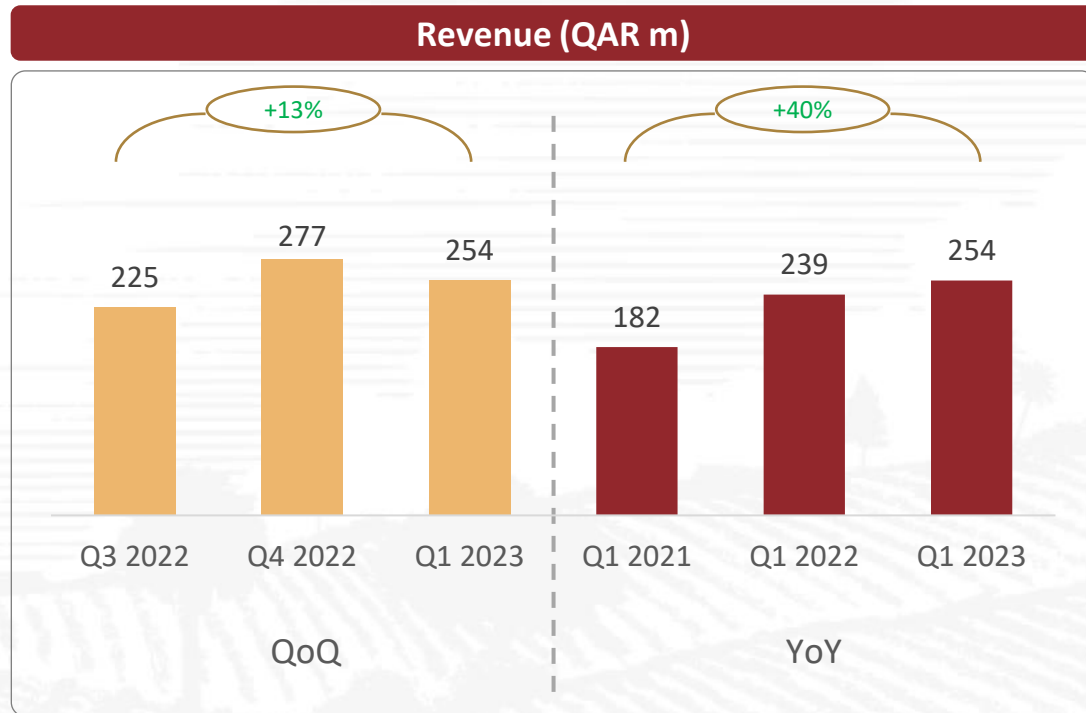
Q1 2023 Financial Performance

Key Financial Highlights

	Q1 2022	Q1 2023	YoY growth			
1	<div style="background-color: #800000; color: white; padding: 5px; border-radius: 10px; display: inline-block;">Revenue</div> 		QAR 239m	QAR 254m	▲ 6%	Baladna achieved higher sale volumes and recorded a YoY revenue growth of 6% due to market share gains across product categories
2	<div style="background-color: #800000; color: white; padding: 5px; border-radius: 10px; display: inline-block;">Gross Profit</div> 		QAR 51m	QAR 54m	▲ 5%	Increase in sale volumes led to a growth in gross profit of 5% in Q1 2023, Baladna managed to maintain a stable gross margin despite higher material costs
	<i>GP margin</i> 21.5%			21.3%		
3	<div style="background-color: #800000; color: white; padding: 5px; border-radius: 10px; display: inline-block;">Net profit</div> 		QAR 26m	QAR 20m	▼ -23%	Decrease in the net profit margin is mainly due to an increase in finance costs
4	<div style="background-color: #800000; color: white; padding: 5px; border-radius: 10px; display: inline-block;">EPS</div> 		QAR 0.014	QAR 0.011	▼ -23%	Decline in net profit resulted in a subsequent decrease in Earnings Per Share

Financial Performance

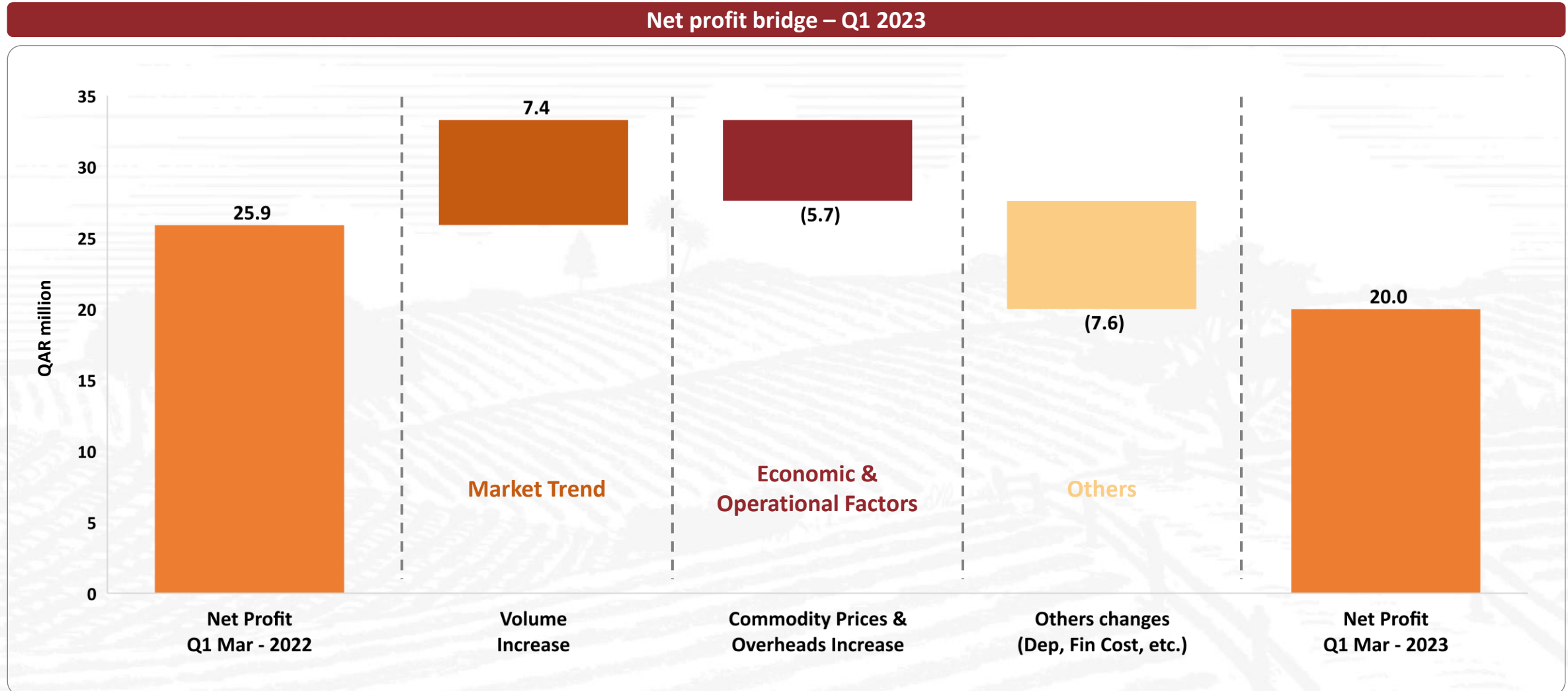
Financial performance development



- Strong YoY revenue growth mainly driven by the consistent growth in market share across product categories
- Net profit decreasing YoY due to an increase in the cost of animal feed, raw materials, packaging materials, fuel and logistics
- Increase in bank profit rates resulted in an increase in finance cost compared to previous periods, finance costs have increased by 157% compared to Q1 2021
- Strong control in overheads resulted in a comparatively lower increase in operational expenses compared to the revenue increase

Net profit bridge for Q1 2023

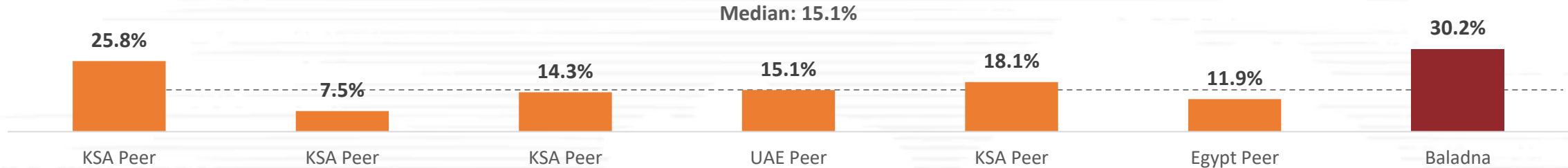
Growth in the top line did not result in an increase in net profit due to growing commodity prices and increased finance costs



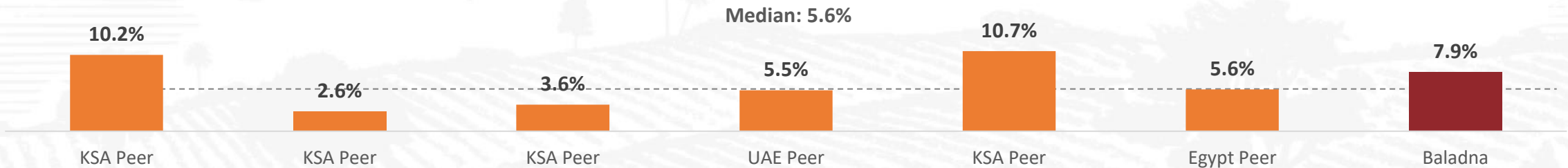
Higher material costs resulted in decreased profitability margins

Margins positioning compared to regional peers

Q1 2023 EBITDA margin (For the period from 01 January 2023 to 31 March 2023)



Q1 2023 net profit margin (For the period from 01 January 2023 to 31 March 2023)



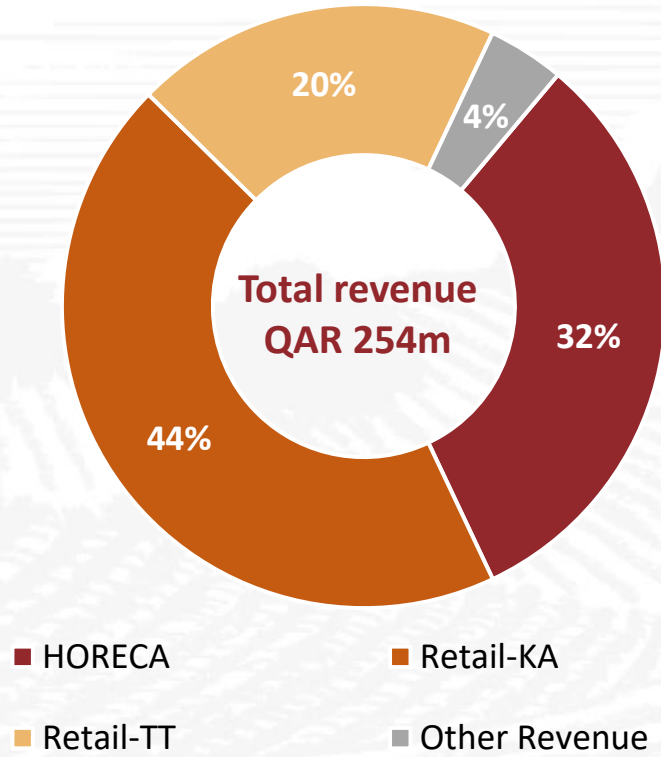
- Baladna achieved an EBITDA margin of 30.2% for the Q1 2023 period, which remains industry leading among regional peers
- Baladna recorded a net profit margin of 7.9% over the Q1 2023 period, which represents a decrease compared to the previous year, mainly due to an increase in the cost of animal feed, raw materials, packaging materials, fuel, logistics and finance costs

Revenue by channel

Growth recorded in all channels

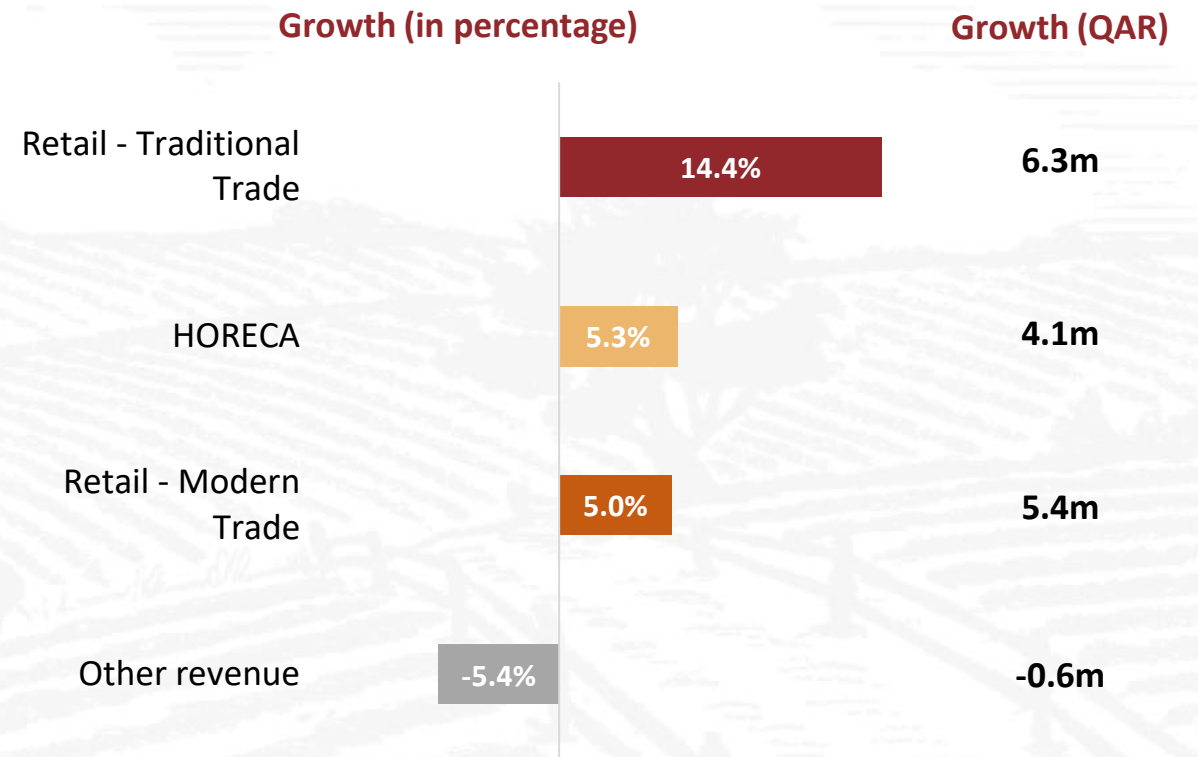
Contribution by Channel (Q1 2023)

Channel wise revenue contribution (in percentage)



Growth by Channel

Q1 2023 channel wise growth (vs 3-months period ended Mar 2023)

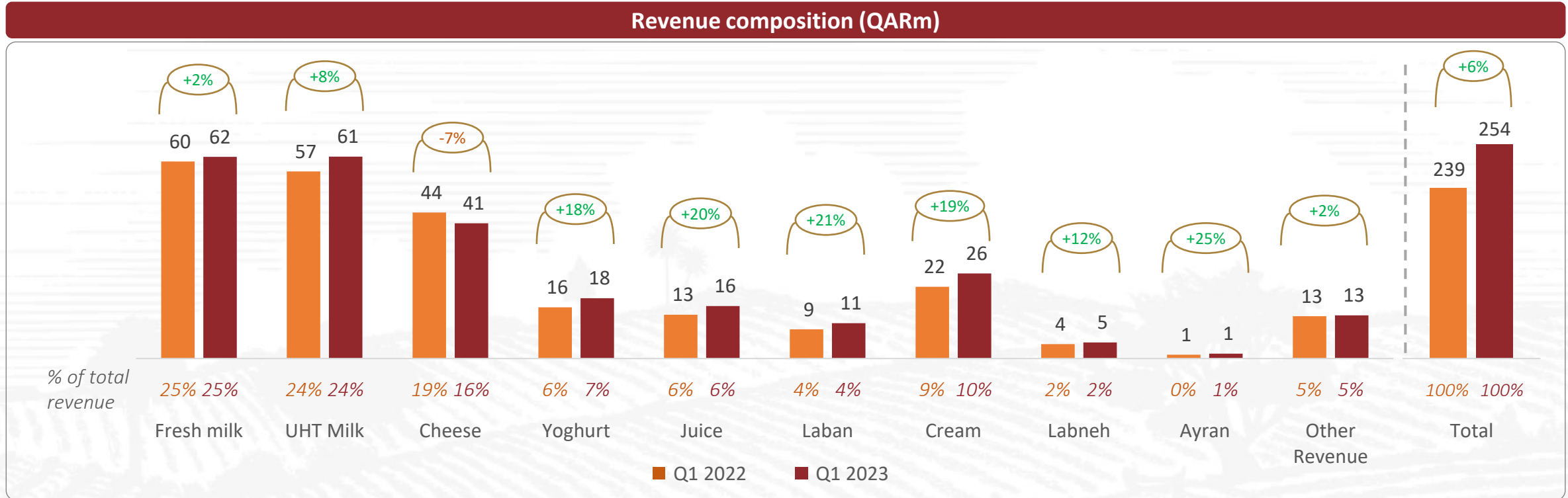


Note: "Other revenue" includes livestock sales, compost and manure sales, plastic sales, feed and other sales

Financial Performance



Revenue composition and growth – Year-on-year



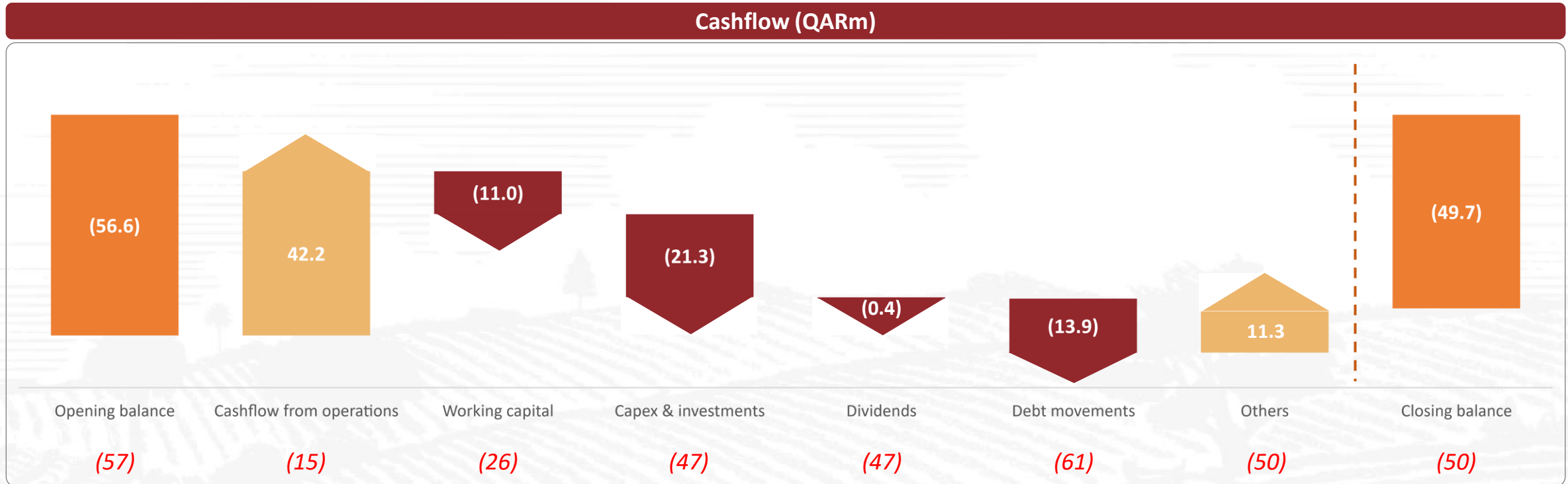
- Revenue growth across all product categories with the exception to cheese
- Continuing to enhance existing client relationships while targeting new customers in all channels
- Significant YoY growth within Laban (+21%) and Juice (+20%)

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

Financial Performance



Cashflow management for the Q1 2023 period



- Baladna continues to generate robust cash from operations as a result of strong growth in revenues
- Capex and investments correspond to investments in plant 4 and improvements in facilities and infrastructures
- Borrowings decreased by QAR 14 million in Q1 2023

Financial Performance

Financial position as at 31 March 2023

Total assets (QAR million)

	Mar-23	Dec-22	Growth
Fixed Assets	3,173	3,128	▲ 1%
Biological Assets	221	220	▲ 0%
Investment In Shares	175	218	▼ -20%
Other Non-Current Assets	25	27	▼ -11%
Total Non-Current Assets	3,594	3,594	▲ 0%
Trade & other debit balances	340	308	▲ 11%
Inventories	405	443	▼ -9%
Cash and Bank Balances	48	62	▼ -23%
Other Current Assets	32	32	▲ 1%
Total Current Assets	825	845	▼ -2%
Total Assets	4,419	4,438	▼ 0%

Total shareholders' equity and liabilities (QAR million)

	Mar-23	Dec-22	Growth
Islamic financing	1,626	1,634	▼ -1%
Other Non-Current Liabilities	22	22	▼ -2%
Total Non-Current Liabilities	1,648	1,657	▼ -1%
Trade and other credit balances	227	240	▼ -5%
Bank Facilities	261	274	▼ -5%
Other Current Liabilities	14	19	▼ -27%
Total Current Liabilities	502	533	▼ -6%
Shareholders Equity	2,269	2,249	▲ 1%
Total Equity & Liabilities	4,419	4,438	▼ 0%

- Repayment of Islamic financing facilities started in March 2023
- Healthy Current Ratio of 1.6x
- Net Debt to total capital employed (D+E) ratio stands at 47%
- Strong asset base mainly funded by equity, expansions are mainly funded through debt

Shareholder Information





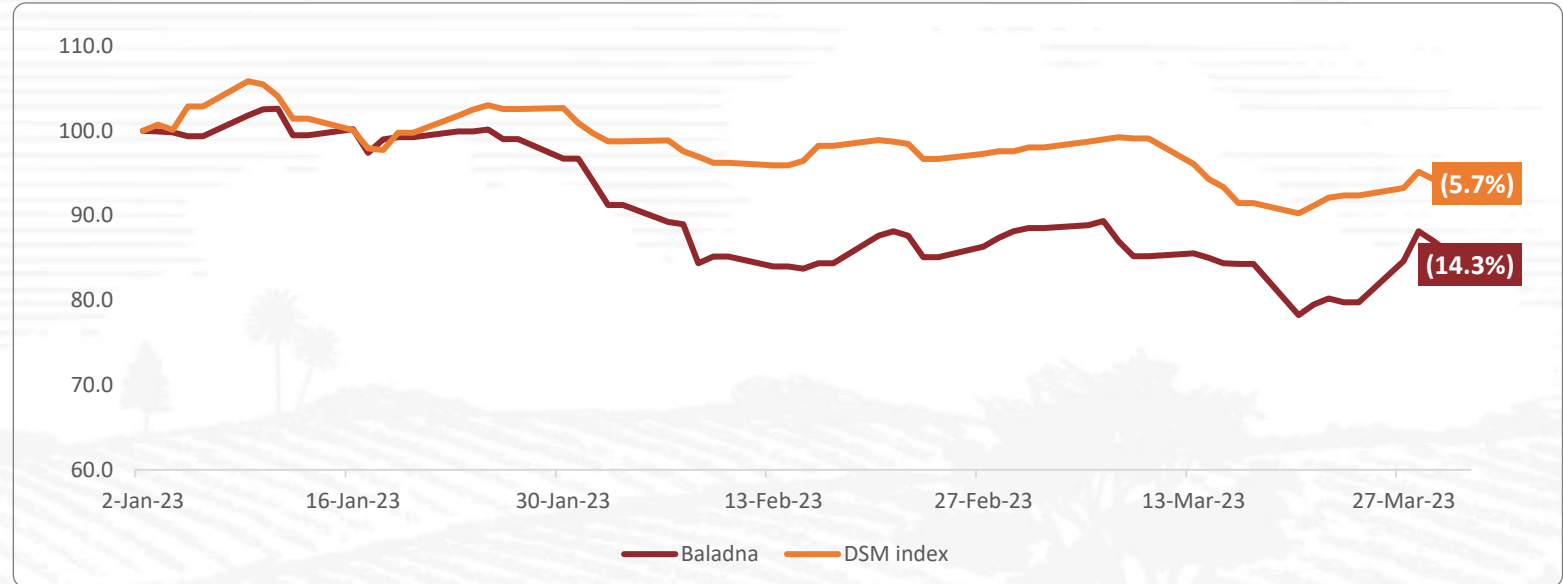
Shareholder Information

Shareholder information (as at 31 March 2023)

General information

- **Company name** Baladna Q.P.S.C.
- **Ticker (QE)** BLDN
- **Market cap:** QAR 2.5b
- **Common shares outstanding** 1.9b

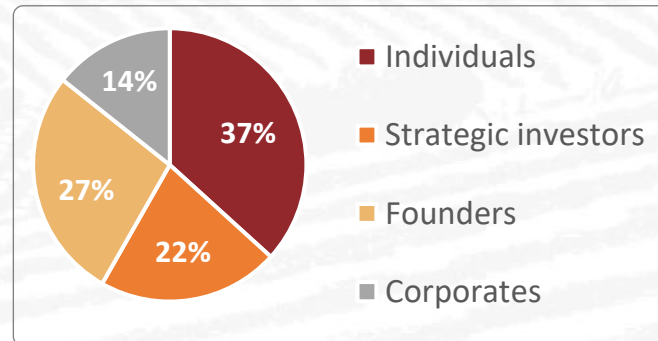
Share price versus DSM 1 January 2023 to 31 March 2023 (rebased to 100)



Company key stats

- **Spot price:** QAR 1.32
- **YTD % change:** -14.3%
- **Value creation for IPO investors** (Capital appreciation & dividends) +44.7%

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 2023



Management Outlook

Management outlook for 2023



Product development

Bringing new products to the market is at the heart of Baladna's strategy as the company aims to continue its product innovation and introduce new products to capture greater market share

Baladna announced the commencement of commercial operations at the newly established evaporated milk processing factory. This is expected to further enhance Baladna's product portfolio



Market environment & major events

Positive indications of cost inflation normalization, increasing efficiency gains resulting from Baladna's operational excellence and an overall growth in the local population present a promising outlook for a more robust outcome for the remainder of 2023



Expansion opportunities

International expansion opportunities are key for long-term growth and remain a focus area for Baladna. Opportunities are evaluated on a case-by-case basis, with feasibility studies currently underway

Baladna has successfully integrated operations at the E-Life Detergent Factory and revenue contribution from this business will be consolidated with Baladna's results from Q2 2023 onwards

Baladna is also assessing value accretive options for backward integration to support self-sufficiency and the certainty of the supply and quality of feed



Strong financial position

Having a strong financial position, Baladna is well placed 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 2023



QAR m

	Q1 2023		Q1 2022		Change
Revenue	254.4	100%	239.3	100%	6%
Cost of revenue	(200.3)	-79%	(187.9)	-79%	7%
Gross profit	54.2	21%	51.4	21%	5%
Other income	30	12%	29.6	12%	1%
(Loss)/Income from Investment Securities	0.5	0%	(5.1)	-2%	n.m
Dividend income	-	-	5.1	2%	n.m
Selling and distribution expenses	(18.8)	-7%	(22.5)	-9%	-17%
General and administrative expenses	(24.1)	-9%	(21.6)	-9%	11%
Operating profit for period	41.8	16%	36.8	15%	14%
Finance costs and bank charges	(21.7)	-9%	(10.7)	-4%	102%
Profit before income tax	20.2	8%	26.1	11%	-23%
Income tax expense	(0.2)	-0.1%	(0.2)	-0.1%	-26%
Profit after tax for the period	20.0	8%	25.9	11%	-23%
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	20.0	8%	25.9	11%	-23%
Basic and diluted earnings per share (QAR per share)	0.011		0.014		-23%

Source: Q1 2023 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 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

+3,500
Points of sale

24,077
Herd size

256
Products available

+2,000
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



Malcolm Jordan
Chief Executive Officer



Saifullah Khan
Chief Financial Officer



Paul Kenny
GM - Sales



Talal Madi
GM - Marketing



Vedavyas Vemuri
GM – Supply Chain



Imad Baker Saleh
GM - Farms



David Stuart
GM - Manufacturing



Julian Marcolini
GM - Quality



Nasser Al Maslamani
Group HR Director



Omar Marar
Project Management / Engineering Director



Firas Khalil
Information Technology Director



Francis Higgins
Head of Sustainability and Communications

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