

Chairman's Statement



773

(QR) million Revenue

17.3%

net profit margin

in 2021

“ We have ensured that the service to our customers, clients and the people of Qatar has been flawless, the value to our shareholders and the vision for our future are reaching new heights. ”

Moutaz Al Khayyat
Chairman

In a year when so many businesses felt the full force of COVID-19's devastating effects, Baladna showed how the strength of our resolve and the depth of our conviction can steer us through the most testing of times. To not only survive but positively thrive in such circumstances is a testament to every colleague who kept us on course to meet our targets, expand our reach and diversify our products. The results we have delivered would be considered great progress in any year but to create the opportunities and realise their potential in 2021 has been a momentous achievement.

We have ensured that the service to our customers, clients and the people of Qatar has been flawless, the value to our shareholders and the vision for our future are reaching new heights. We can all allow ourselves to take great pride in our resilience and the unwavering will to succeed.

Resilience and Recovery

Regardless of our successes, the inevitable fluctuations in the market due to the pandemic caused their own challenges for many of our peers and competitors. A significant rise in freight charges along with increase in feeds, raw materials and packaging materials set the course for extremely hard times. Again, Baladna's foresight and strategies of innovation and expansion provided ideal solutions to some of the market's most difficult questions for generations.

The tightening of restrictions and dramatic fall in the population of Qatar as a consequence of COVID-19 had a direct effect on many businesses in the hospitality sector. As normality began to resume, we realised the vast potential of renewing and expanding our products in the hotels, restaurants and catering sector. Baladna focussed on ensuring our quality products were competitive in the industry.

Commitment to our Country

It is a key priority and a promise to the people of Qatar, that throughout the year our role in the nation's food security is delivered and the population has access to sufficient, safe, and nutritious food at affordable prices in abundant supplies. This is a basic premise of our own success as a company and a duty of care to the nation.

Many of our achievements last year were inspired by Qatar Vision 2030 in terms of local and international expansion, diversification, innovation, self-sufficiency and ongoing contribution to the nation's economy as a whole. Our growth in 2021 applied to international opportunities as well as domestic diversification and we are making new inroads into foreign territories which could be profoundly beneficial and open up new markets.

Our investment in the progress and wellbeing of Baladna's 1,750 plus employees has been extremely positive as we continue to combine a collective culture of respect and a drive for success. Having completed more than 20,000 training hours in 2021, we have a workforce which is more capable of working to a technical and operational level than ever before. With regards to Qatar Vision 2030, our commitment to our employees is perfectly aligned.

Broadening Boundaries

We had a number of innovation and diversification strategies across the year which we achieved largely through internal research and development, assessing local market trends, bridging sector gaps and identifying overseas opportunities. Our anticipation of the effects of the pandemic and reaction to the subsequent economic recovery were also paramount.

As the market leader in Qatar across four separate dairy and beverage categories, our brand and production excellence provides the perfect opportunity to enter more sectors. With the new evaporated milk plant and processed cheese diversification, for example, Baladna has the prospect of not just tapping into new lines but making rapid headway as a leading producer and provider.

Looking at the new markets in terms of geography as well as sectors, 2021 was a remarkable year. We initiated discussions with Azerbaijan, Indonesia and Philippines in addition to Malaysia.

We have delivered **QR 773 million** revenue for year 2021 with **17.3%** net profit margin



The agreement with Malaysia's Federal Land Consolidation and Rehabilitation Authority will initially focus on establishing a dairy herd of 10,000 high-yielding milking cows to reduce the country's reliance on milk and dairy imports and supply local communities.

With regards to Azerbaijan, Indonesia and Philippines, we are planning to progress for feasibility studies in early 2022.

Growth with Integrity

Baladna's transparency, integrity and governance form the pillars of our company guide our direction in all aspects of the business. We are collectively aligned with the company's directions, goals, methods and criteria, which maintain our operations and brand as a benchmark for excellence. Through an ongoing philosophy of honesty, accountability and efficiency, we have succeeded in our 2021 strategy of innovation and expansion in the knowledge that our actions are both responsible and beneficial to both our customers and the community.

As part of that governance we must also ensure that we are unified in ensuring our ambitions and our actions are not detrimental in any way to the company. In a time of expansion our enterprise risk management is vitally important and is constantly reviewed and updated in order for us to drive our operations at the pace and effectiveness we have dictated.

Powering Sustainability

Our environmental, social and governance practices in 2021 were both wide and effective, building excellent relationships with partners and consultants who continue to provide expert advice and analysis on how to implement our sustainability strategy.

We have initiated the process of establishing a water treatment unit with the aim of creating a closed loop system for dairy effluent and improving the ecology by re-using water to create additional revenue by capturing and composting fine solids. Among our other environmental initiatives, a new effluent treatment plant with a Biogas reactor will produce gas from our factory waste to generate energy.

A Promising Future

Next year we will be building on the enormous possibilities we initiated in 2021. We have implemented the means to diversify and expand and in 2022 we will realise that potential given to us.

We will look to new markets, new categories and new product lines to drive progressive growth and diversification across our business.

As our evaporated milk plant and can factory become fully completed, we will have a new good avenue into a new market. Our cheese capacity expansion will also be a major factor in how we increase our market share even further.

In addition, the FIFA World Cup will provide excellent opportunities before, during and after the competition – a landmark event for Qatar and for Baladna to showcase our market-leading products for the whole world to enjoy.

Acknowledgements

I would like to thank all those at Baladna who have made 2021 such a successful year and been so resolute in the face of adversity. Every employee has played an essential role in helping us to achieve our ambitions and I am sure this will continue. My thanks also to all consumers and stakeholders for their loyalty, support and confidence that Baladna will always provide them with the highest service possible.

The Baladna management team has shown great dedication, insight and professionalism and in a time of business turmoil, they have maintained our common vision and acted to realise our unified goals. We owe our shareholders unqualified gratitude for their belief in Baladna and support in our strategies and successes. I am confident that 2022 will provide great opportunities and rewards for all.

To my fellow Board Members, many thanks and appreciation for your endorsement and guidance. We look forward to another year of growth and diversification.

Moutaz Al-Khayyat

Chairman



Sustainable value creation through innovation

Exhibiting exceptional resilience and agility, Baladna navigated the volatility and continuing challenges of the operating environment this year to emerge stronger, maintaining industry leading profit margins and growing our market share.

Through the outstanding effort, focus and dedication of our people, we delivered on our promises to our clients and consumers, maintaining the highest standards of quality and living up to our reputation for efficient and trusted service across our growing footprint.

Through a commitment to continuous innovation, built on a solid foundation of close engagement with our consumers for deep understanding of their constantly evolving needs, we improve productivity, we enhance efficiency and strive for operational excellence.

In a year of memorable milestones, we launched new products, entered new categories and invested for the future, in order to grow our consumer base, generate sustainable value for our shareholders and ensure long-term food security for the people of Qatar.

