

Baladna (BLDN)

Recommendation	MARKET PERFORM	Risk Rating	R-4
Share Price	QR1.601	Target Price	QR1.577
Implied Upside	-1.5%		

Underlying 3Q Beat On Stronger Sales; Interim Bonus Div Proposed – Market Perform

Baladna's 3Q2025 results saw net profit normalize after the extraordinary 2Q investment gain windfall, even as core performance exceeded expectations somewhat. Attributable net profit came in at QR50.3mn in 3Q2025 (+24.0% YoY, -81.5% QoQ), which was far below our QR208.6mn estimate that had anticipated another large fair-value gain. The shortfall stemmed entirely from the absence of investment portfolio revaluation gains in 3Q (vs. ~QR231mn fair-value gain in 2Q). **Excluding non-core items, underlying net profit was roughly QR32mn (flat YoY), actually a beat of sorts (~5% above our forecast).** Revenue grew 13.0% YoY to QR298.9mn, about 4.2% above our QR286.8mn estimate, driven primarily by the new evaporated milk product line and yogurt sales. Gross profit rose to QR71.7mn (+20.9% YoY), with a gross margin of 24.0% (vs. 24.2% est.) improving from 22.4% a year ago, though down from 25.5% in 2Q2025. Operating income was QR52.6mn (+10.8% YoY), translating to a margin of 17.6%, and in-line with expectations. On an underlying basis (excluding fair-value gains and investment dividends), Baladna's net profit margin was 10.7% in 3Q (vs. 12.1% in 3Q2024; 10.6% est.), indicating some net margin compression from higher financing costs (up 33.7% YoY) even as gross margins held up. This quarter also underscores a running theme of earnings volatility introduced by Baladna's growing equities portfolio – the flip side of 2Q's boost. Indeed, ~85% of 2Q's net profit was non-core, whereas that ratio declines to 37% in 3Q's, highlighting the unpredictability of quarterly earnings when fair-value swings are involved. We have largely maintained our full-year 2025 earnings forecast, anticipating continued normalization of investment gains in 4Q (see page 2 for more). **Our fundamental view is unchanged – Baladna's core business trends remain intact (resilient margins and steady top-line growth), and the company continues to make headway in finding new avenues for growth (e.g. evaporated milk); management pits juice and cheese product lines as potential areas of growth given low markets shares they have in both categories.** The Board's proposal of a 1-for-14 bonus share interim dividend (7.1% increase in shares outstanding) was a surprise but we still do not expect cash dividends near-term as internal cash is earmarked for expansion. Net debt stood at ~49% of equity as of 3Q (versus ~71% at end-2024, aided by 2Q's colossal gain). **International expansion plans are progressing well:** during 3Q, groundbreaking began on the **Algeria** project, with land development, well drilling and farming prep underway in Adrar; in **Egypt**, a back-office hub is now fully operational to drive cost efficiencies; and in **Syria**, preparatory work continues on the newly approved \$250mn integrated dairy/juice venture. These initiatives underscore Baladna's "From Qatar to the World" growth strategy while management continues to uphold operational discipline in the home market. **We maintain our PT but revise our rating to Market Perform from Accumulate, as the recent share price appreciation brings the stock closer to our assessment of fair value. That said, we continue to view the company's medium- to long-term growth potential – driven by its strategic initiatives – as compelling for investors seeking strategic exposure.** Please note that our valuation model does not incorporate the Algeria and Syria projects.

Highlights

- Net profit normalizes as investment gains fade; core slightly beats estimates.** Baladna's 3Q2025 attributable profit printed at QR50.3mn (+24.0% YoY, -81.5% QoQ), a sharp drop sequentially after 2Q's windfall and -79.5% below our forecast. This miss was entirely due to much lower fair-value gain on the equity portfolio in 3Q than modeled (vs. an outsized QR231mn gain in 2Q). Excluding the fair-value gains (and related dividend income), underlying net profit was ~QR32mn (flat YoY), which actually slightly beat our estimate by 4.7%. The reported net profit margin normalized to 16.8% (vs. an inflated 87.4% in 2Q), while underlying margin was 10.7% (3Q2024: 12.1%; 10.6% expected) as higher interest costs weighed on the bottom-line. This quarter illustrates further Baladna's investment portfolio-related earnings volatility – after contributing ~85% of net profit in 2Q, non-core items contributed ~37% in 3Q, underscoring our cautious view on forecasting such gains.
- Revenue climbs on evaporated milk, yogurt & "other" sales; core dairy stable, juice still weak: 3Q2025 revenue rose 13.0% YoY QR298.9mn (-4.2% QoQ), coming in an ounce above our estimate of QR286.8mn.** Top-line growth was again driven by new products, notably the evaporated milk line supported by the ~QR100mn annual government contract. Dairy segment sales rose 12.1% YoY (though -5.8% QoQ off a strong 2Q), and close to our estimates as evaporated milk continued to add incremental volume. The "other sales" category jumped 63.4% YoY to QR19.1mn, contributing meaningfully. However, **juice sales** remained soft, declining 7.5% YoY. Baladna's gross profit margin was 24.0% in 3Q (vs. 22.4% in 3Q2024) although margin dipped from 25.5% in 2Q. (See page 2 for more details.)

Catalysts

- Catalysts: (1) Upside Surprise from FVG (2) New product launches (3) Market share gains (4) Advanced manufacturing capabilities (5) Fruition of international expansion plans, exporting the "Baladna Model." (6) Moderating feed costs**

Recommendation, Valuation and Risks

- Recommendation and Valuation: We change our rating on the stock to Market Perform from Accumulate and maintain our 12-month TP of QR1.577, implying a 1.5% downside potential.** Our TP is a weighted average of various valuation models: DCF, EBITDA Exit Multiple & Relative-Valuation methodologies. Our primary thesis is that, internally, there is headway for volume growth in select product lines, complemented by scope for margin expansion. Inorganically, the scope to export its model creates PE-like payoff optionality.
- Key risks: (1) Price controls (2) Volatile soft commodity prices (3) Cessation of government support (4) High and sticky interest rates on elevated debt burden (5) Animal disease outbreak (6) Dairy alternatives, i.e., plant-based substitutes.**

Key Data

Current Market Price	QR1.601
Dividend Yield (%)	0.0
Bloomberg Ticker	BLDN QD
ADR/GDR Ticker	N/A
Reuters Ticker	BLDN.QA
ISIN	QA000T98R9J4
Sector*	Consumer Goods
52wk High/Low (QR)	1.723/1.080
3-m Average Vol. (mn)	28.4
Mkt. Cap. (\$ bn/QR bn)	0.9/3.2
EV (\$ bn/QR bn)	1.3/4.6
Shares O/S (mn)	2,001.1
FO Limit* (%)	49.0
FO (Institutional)* (%)	4.4
1-Year Total Return (%)	25.1
Fiscal Year-End	December 31

Source: Bloomberg (as of October 22, 2025), *Qatar Exchange (as of October 22, 2025); Note: FO is foreign ownership

Key Financial Data and Estimates

Group	2024a	2025e	2026e
EPS (QR)	0.097	0.220	0.110
P/E (x)	16.45	7.27	14.62
EV/EBITDA (x)	14.50	11.43	10.23
DPS (QR)	-	-	-
DY (%)	0.0%	0.0%	0.0%

Source: Company data, QNBFS Research; Note: All data based on current number of shares; These estimates may not reflect the most recent quarter

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Financial Statements and Forecasts

3Q2025 Condensed Income Statement vs. Estimates (QR)

Income Statement	3Q2024	2Q2025	3Q2025	3Q2025e	YoY	QoQ	Vs. Est.
Revenue	264,366,812	311,987,371	298,865,028	286,805,692	13.0%	-4.2%	4.2%
Dairy Sales	234,360,856	279,053,103	262,807,600	257,794,977	12.1%	-5.8%	1.9%
Juice Sales	18,302,794	18,562,205	16,932,139	15,869,996	-7.5%	-8.8%	6.7%
Other Sales	11,703,162	14,372,063	19,125,289	13,140,719	63.4%	33.1%	45.5%
Gross Profit	59,296,396	79,510,948	71,704,601	69,316,052	20.9%	-9.8%	3.4%
GP M	22.4%	25.5%	24.0%	24.2%			
Operating income	47,459,504	61,748,243	52,582,454	50,470,362	10.8%	-14.8%	4.2%
EBIT M	18.0%	19.8%	17.6%	17.6%			
Attributable Earnings	40,593,541	272,779,129	50,335,155	208,567,788	24.0%	-81.5%	-75.9%
Earnings ex. FVG	31,952,024	41,728,834	35,257,376	33,530,786	10.3%	-15.5%	5.1%
Earnings ex. FVG+Div. Inc.	31,952,024	41,728,834	31,958,099	30,530,786	0.0%	-23.4%	4.7%

Source: Company data, QNBFS Research

QNB FS Estimates Revision (QR)

	2024a	2025e			2026e			2027e		
		Current	Previous	▲	Current	Previous	▲	Current	Previous	▲
REVENUE	1,145,227,183	1,239,804,197	1,239,804,197	0.0%	1,268,245,374	1,268,245,374	0.0%	1,292,481,722	1,292,481,722	0.0%
Dairy Sales	1,012,218,029	1,114,617,116	1,114,617,116	0.0%	1,134,921,028	1,134,921,028	0.0%	1,150,982,447	1,150,982,447	0.0%
Juice Sales	73,935,069	68,466,953	68,466,953	0.0%	71,718,223	71,718,223	0.0%	75,007,157	75,007,157	0.0%
Other Sales	59,074,085	56,720,128	56,720,128	0.0%	61,606,123	61,606,123	0.0%	66,492,119	66,492,119	0.0%
GROSS PROFIT	260,336,984	319,727,643	319,727,643	0.0%	351,529,175	351,529,175	0.0%	383,011,467	383,011,467	0.0%
OTHER INCOME	111,087,411	89,484,901	89,484,901	0.0%	69,405,679	69,405,679	0.0%	54,082,493	54,082,493	0.0%
EBITDA	340,932,810	393,906,305	390,456,488	0.9%	402,705,458	399,130,797	0.9%	415,880,902	412,196,168	0.9%
OPERATING PROFIT	206,123,442	242,856,492	242,856,492	0.0%	253,856,587	253,852,214	0.0%	272,751,941	272,741,477	0.0%
NET PROFIT	185,012,156	440,788,173	431,460,176	2.2%	219,156,304	220,629,534	-0.7%	244,343,171	246,423,760	-0.8%

Source: Company data, QNBFS Research

Condensed Income Statement (QR)

	2024a	2025e	2026e	2027e	2028e
REVENUE	1,145,227,183	1,239,804,197	1,268,245,374	1,292,481,722	1,315,422,528
Dairy Sales	1,012,218,029	1,114,617,116	1,134,921,028	1,150,982,447	1,165,678,039
Juice Sales	73,935,069	68,466,953	71,718,223	75,007,157	78,854,975
Other Sales	59,074,085	56,720,128	61,606,123	66,492,119	70,889,514
GROSS PROFIT	260,336,984	319,727,643	351,529,175	383,011,467	434,804,815
OTHER INCOME	111,087,411	89,484,901	69,405,679	54,082,493	6,030,335
EBITDA	340,932,810	393,906,305	402,705,458	415,880,902	416,518,451
OPERATING PROFIT	206,123,442	242,856,492	253,856,587	272,751,941	275,754,668
NET PROFIT	185,012,156	440,788,173	219,156,304	244,343,171	254,756,635

Source: Company data, QNBFS Research]

Condensed Cash Flow Statement (QR)

CASH FLOW STATEMENT	2024a	2025e	2026e	2027e	2028e
Cash Flow from Operating Activities	189,429,338	275,833,535	298,260,066	319,166,454	366,492,720
Cash Flow from Investing Activities	(174,589,480)	(148,779,083)	47,710,837	48,949,996	49,460,936
Cash Flow from Financing Activities	(128,948,834)	(9,348,747)	(8,463,263)	(7,643,487)	(6,882,988)
Change in Cash	(114,108,976)	117,705,706	337,507,640	360,472,963	409,070,668
Cash Beginning of Period	(33,365,461)	(147,474,437)	(29,768,731)	307,738,909	668,211,872
Cash End of Period	(147,474,437)	(29,768,731)	307,738,909	668,211,872	1,077,282,541

Source: Company data, QNBFS Research

Balance Sheet

	2024a	2025e	2026e	2027e	2028e
Non-current asset					
Property and equipment	3,188,264,216	3,202,766,952	3,076,589,687	2,951,656,935	2,828,765,075
Right of use assets	110,394,944	108,265,290	96,135,637	84,005,983	71,876,330
Intangible assets	7,948,693	4,525,798	1,102,903	1,102,903	1,102,903
FVTPL assets	523,694,449	848,477,757	886,042,943	923,608,129	961,173,315
Biological assets	176,904,780	164,694,705	153,022,111	141,863,338	131,195,767
Goodwill	6,792,635	6,792,635	6,792,635	6,792,635	6,792,635
Total non-current assets	4,013,999,717	4,335,523,138	4,219,685,916	4,109,029,923	4,000,906,025
Current assets					
Biological assets	482,800	449,477	417,621	387,167	358,053
Inventories	430,058,802	447,159,457	445,526,316	442,004,770	427,982,364
Accounts receivable and prepayments	404,279,931	392,586,386	375,032,973	362,141,172	316,324,125
Due from related parties	57,020,723	57,020,723	57,020,723	57,020,723	57,020,723
Cash and bank balances	27,623,729	145,329,435	482,837,075	843,310,038	1,252,380,707
Total current assets	919,465,985	1,042,545,478	1,360,834,707	1,704,863,869	2,054,065,972
Total assets	4,933,465,702	5,378,068,615	5,580,520,623	5,813,893,792	6,054,971,997
EQUITY AND LIABILITIES					
Equity	1,901,000,000	2,001,052,631	2,001,052,631	2,001,052,631	2,001,052,631
Legal reserve	66,621,736	110,700,554	132,616,184	157,050,501	182,526,165
Acquisition reserve	201,123,011	201,123,011	201,123,011	201,123,011	201,123,011
Retained earnings	235,285,614	520,922,634	712,684,400	926,484,675	1,149,396,730
Common equity	2,404,030,361	2,833,798,829	3,047,476,226	3,285,710,818	3,534,098,536
Non-controlling interest	3,011,202	3,328,167	3,724,373	4,199,821	4,746,585
Total equity	2,407,041,563	2,837,126,996	3,051,200,599	3,289,910,638	3,538,845,122
Non-current liability					
Islamic financing	1,707,522,765	1,707,522,765	1,707,522,765	1,707,522,765	1,707,522,765
Lease liabilities	102,724,863	103,323,044	95,549,478	88,528,883	82,206,812
Employees' end of service benefits	19,057,564	22,105,197	24,910,180	27,498,201	29,892,378
Total non-current liability	1,829,305,192	1,832,951,006	1,827,982,423	1,823,549,849	1,819,621,954
Current liability					
Lease liabilities	9,114,108	9,167,181	8,477,483	7,854,591	7,293,675
Due to related parties	3,669,134	3,669,134	3,669,134	3,669,134	3,669,134
Accounts payable and accruals	212,831,282	223,649,875	217,686,560	217,405,156	214,037,689
Islamic financing	211,153,966	211,153,966	211,153,966	211,153,966	211,153,966
Short term borrowings	85,252,291	85,252,291	85,252,291	85,252,291	85,252,291
Bank overdraft	175,098,166	175,098,166	175,098,166	175,098,166	175,098,166
Total current liability	697,118,947	707,990,613	701,337,600	700,433,304	696,504,920
Total liabilities	2,526,424,139	2,540,941,619	2,529,320,024	2,523,983,153	2,516,126,875
Total equity and liabilities	4,933,465,702	5,378,068,615	5,580,520,623	5,813,893,792	6,054,971,997

Source: Company data, QNBFS Research

Ratios

	2024a	2025e	2026e	2027e	2028e
Growth Rates					
Revenue	8.4%	8.3%	2.3%	1.9%	1.8%
Gross Profit	23.7%	22.8%	9.9%	9.0%	13.5%
EBITDA	16.7%	15.5%	2.2%	3.3%	0.2%
EBIT	38.4%	17.8%	4.5%	7.4%	1.1%
NP	68.8%	138.2%	-50.3%	11.5%	4.3%
FCFF	75.2%	72.8%	4.4%	10.2%	-13.0%
EPS	68.8%	126.3%	-50.3%	11.5%	4.3%
CDPS	-100.0%	N.A.	N.A.	N.A.	N.A.
Operating Ratios					
Gross Margin	22.7%	25.8%	27.7%	29.6%	33.1%
EBITDA Margin	29.8%	31.8%	31.8%	32.2%	31.7%
EBIT Margin	18.0%	19.6%	20.0%	21.1%	21.0%
Net Margin	16.2%	35.6%	17.3%	18.9%	19.4%
Working Capital Ratios					
Inventory Days	177.4	177.4	177.4	177.4	177.4
Average Collection Period	36.8	36.8	36.8	36.8	36.8
Payable Days	45.9	45.9	45.9	45.9	45.9
NWC days	168.3	168.3	168.3	168.3	168.3
Finance Ratios					
Debt-Equity Ratio	95%	81%	75%	69%	64%
Net Debt -to-Equity Ratio	72%	46%	30%	15%	2%
Net Debt -to-Capital	37%	26%	19%	11%	1%
Net Debt -to-EBITDA	5.10	3.29	2.27	1.22	0.13
Interest Coverage	3.43	3.23	3.38	3.64	3.68
Return Ratios					
ROIC	4.4%	4.8%	5.2%	5.8%	6.0%
ROE	7.7%	15.5%	7.2%	7.4%	7.2%
ROA	3.8%	8.2%	3.9%	4.2%	4.2%
FCF Yield	4.2%	5.5%	10.7%	11.4%	12.8%
Liquidity Ratios					
Current Ratio	1.32	1.47	1.94	2.43	2.95
Quick Ratio	0.70	0.84	1.30	1.80	2.33
Valuation					
EV/Sales	4.32	3.63	3.25	2.87	2.48
EV/EBITDA	14.50	11.43	10.23	8.93	7.82
EV/EBIT	23.98	18.54	16.22	13.61	11.82
P/E	16.45	7.27	14.62	13.11	12.58
P/CF	16.07	11.61	10.74	10.04	8.74
P/BV	1.26	1.13	1.05	0.97	0.91
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Company data, QNBFS Research

Recommendations		Risk Ratings	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

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