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# Investor Presentation

Q1'23 results



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10 May 2023

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# Agenda

1

Strategic  
update

2

Key financials

3

Segmental  
performance

4

Guidance

5

Appendix

# Recap: Our strategic vision to become a regional F&B leader by 2025



**Becoming a regional F&B leader by 2025**

**From...**



UAE centric



Commoditized portfolio



Stable financial performance



Local organization mindset



**To...**



Footprint MENAP & beyond



Value-add F&B brands



Strong shareholder returns



Consumer-centric & performance-driven



**Three strategic pillars to deliver on the vision**



**Growth**

Pursue disciplined expansion plan focused on M&A



**Efficiency**

Protect the core business and get leaner



**Capability**

Ensure our organization is set-up to deliver our strategy

## Progress on strategic vision – Q1'23

### Delivering Growth

- **Reported revenue growth** +12% YoY; 6% from volume<sup>1</sup> & 6% from pricing
- Revenue growth +23% YoY and LFL +20% YoY **excluding EGP devaluation** impact
- **LFL revenue growth** +4.5% YoY
- Double digit growth from Snacking, Agri and Protein excluding FX impact and mid single-digit growth in Water & Food

### Driving Efficiency

- Focus on **productivity enhancement**:
  - >AED 145MN since Jan'21
- **EBITDA margin expansion +89bps**:
  - Strong margin expansion in Snacking and Water + good cost discipline across board
- **Leveraging our Egyptian platform**:
  - Strengthening our export focused resources; focusing on cross-selling opportunities across snacking portfolio

### Expanding Capabilities

- **Accelerating innovation**: new gifting ranges and product and packaging innovation within the snacking portfolio
- Launched the first locally-produced **100% rPET** water bottle
- **Progressed our digital roadmap** through new hires, loyalty programs, and partnership with Microsoft

<sup>1</sup>Volume growth including Abu Auf inorganic growth



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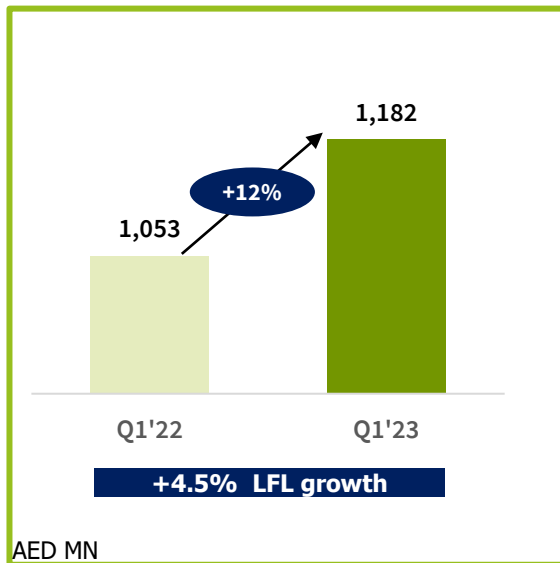
# Key Financials

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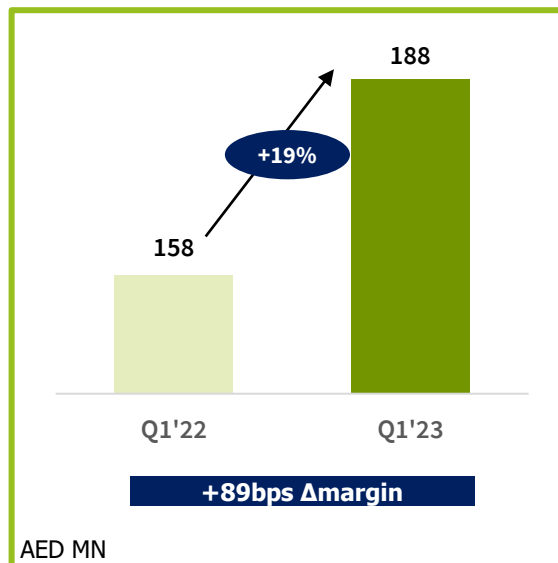


## Q1'23 headlines: Strong and profitable growth across the quarter

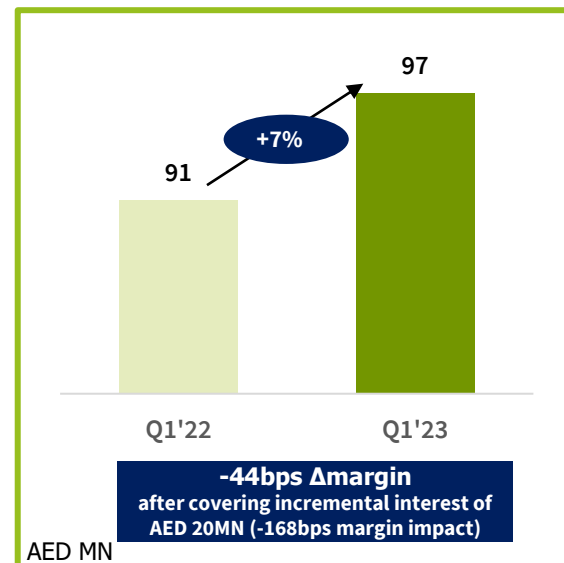
### Strong revenue growth..



### ..outpaced by EBITDA



### Healthy net profit<sup>1</sup> growth..



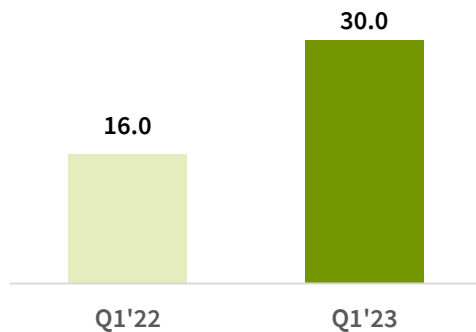
<sup>1</sup>Group net profit including minority interests

## ...amidst a challenging backdrop

### Commodity inflation

**+ AED  
55 MN**  
*additional  
commodity costs*

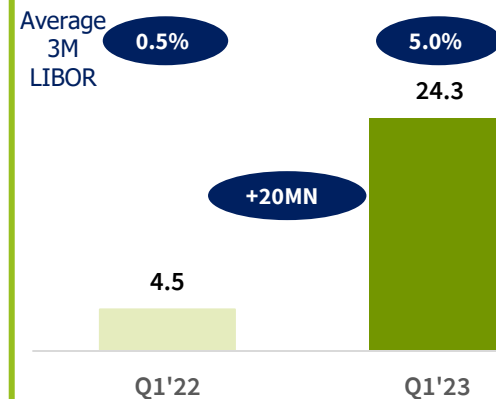
### EGP devaluation



Average EGP vs USD FX rate

Devaluation impact vs last year  
Revenue AED 112MN  
EBITDA AED 20MN  
Group Net income AED 11MN

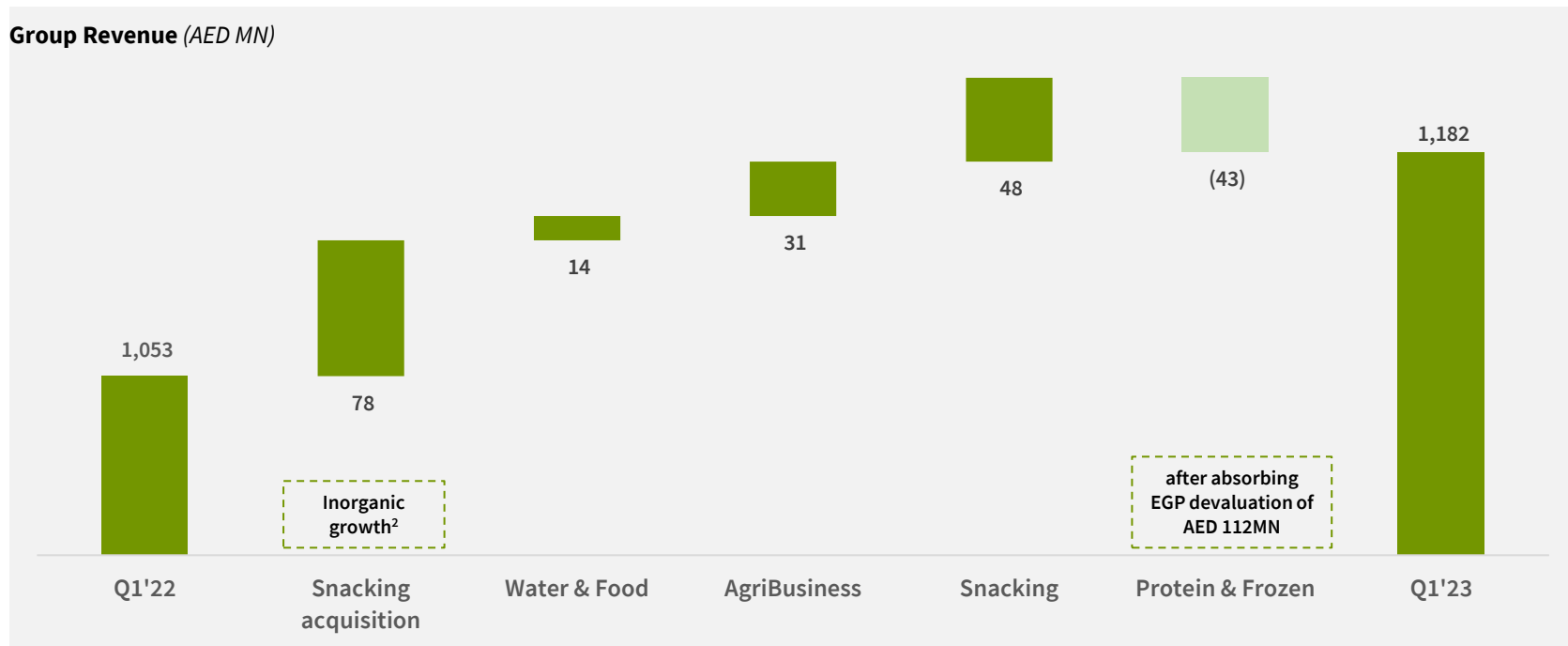
### Rising interest rates



Net Interest cost (AED MN)

# Strong topline growth driven by increased diversification and optimized mix

Q1 2023 revenue growth +12% YoY, with 6% from volume<sup>1</sup> and 6% from pricing; +23% pre devaluation



<sup>1</sup>Includes Abu Auf

<sup>2</sup>Snacking acquisitions (inorganic growth) includes Abu Auf (Q1'22)

# EBITDA growth ahead of revenue driven by Snacking & Water segments

Q1 2023 EBITDA growth +19% YoY, +32% pre devaluation

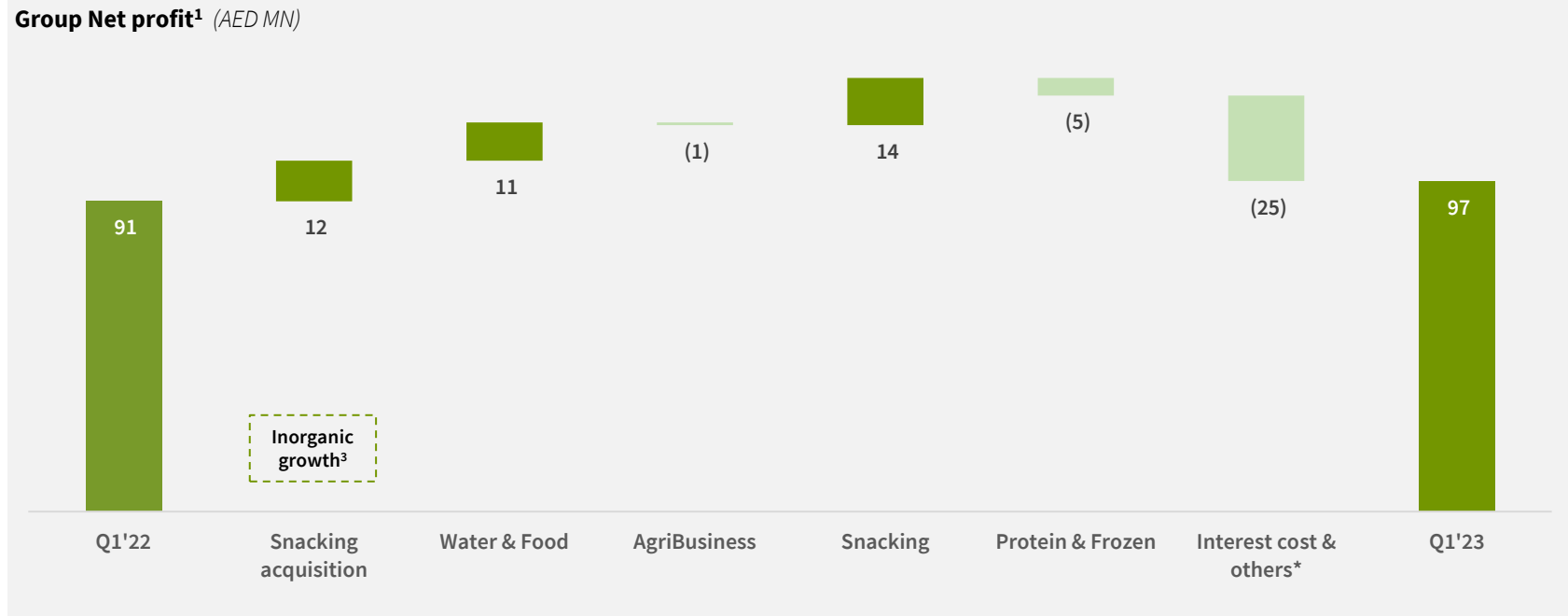


<sup>1</sup>Snacking acquisitions (inorganic growth) includes Abu Auf (Q1'22)

\*Others include digital and capability investments

# Net profit growth despite higher interest rate environment

Q1 2023 net profit growth +7% YoY, +19% pre devaluation



<sup>1</sup>Net profit including minority interest

<sup>2</sup>Q1'23 includes incremental finance costs of AED 20MN + digital and capability investments

<sup>3</sup>Snacking acquisitions (inorganic growth) includes Abu Auf (Q1'22)

## Robust balance sheet with low leverage

Net debt / EBITDA

**1.9x**

*Down from FY'22 of 2.3x*

Interest coverage<sup>1</sup>

**7.7x**

*Up from FY'22 of 7.2x*

Liquidity<sup>2</sup>

**AED 2.2BN**

Dividend yield<sup>3</sup>

**4.0%**

FY'22 DPS = **AED 0.165<sup>2</sup>**

<sup>1</sup>Interest coverage = EBITDA / (interest expense net of interest income)

<sup>2</sup>Liquidity = Available borrowing capacity (at 4x EBITDA less Q1'23 net debt) + Q1'23 Cash balance

<sup>3</sup>Yield at Agthia's closing share price on 31-Mar-2023



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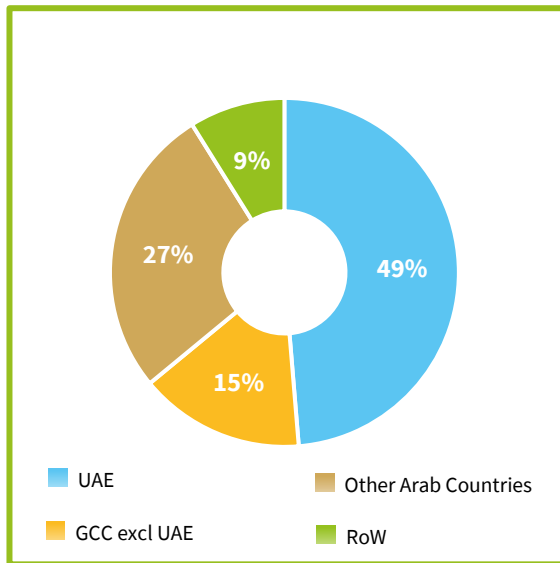
# Segmental performance

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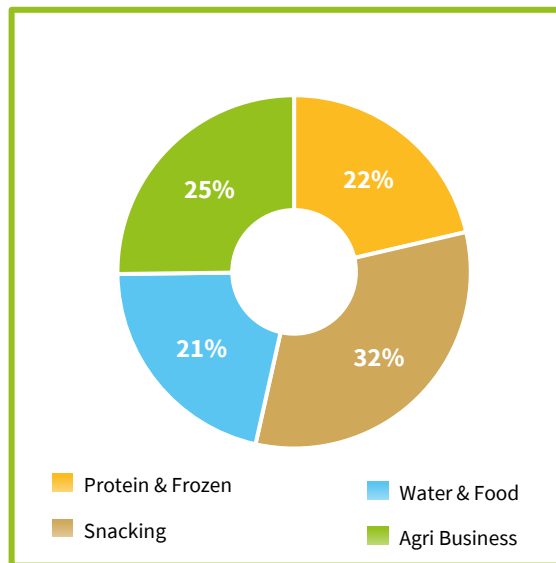


# Diversified growing portfolio in large growing scalable markets

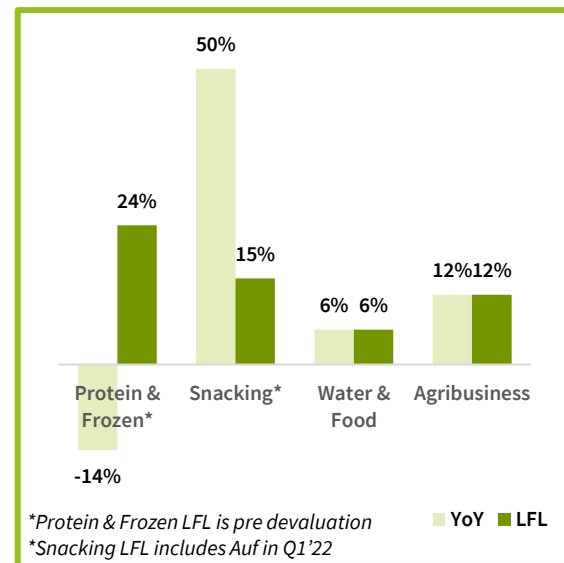
## Diversified revenue by geography..



## ..and segments..

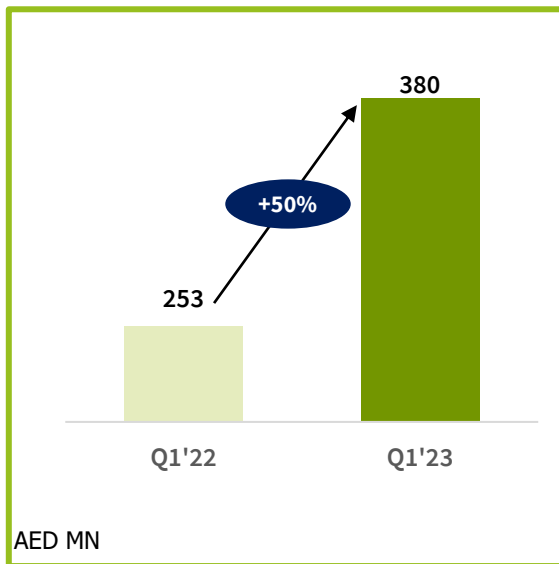


## ..with positive LFL growth

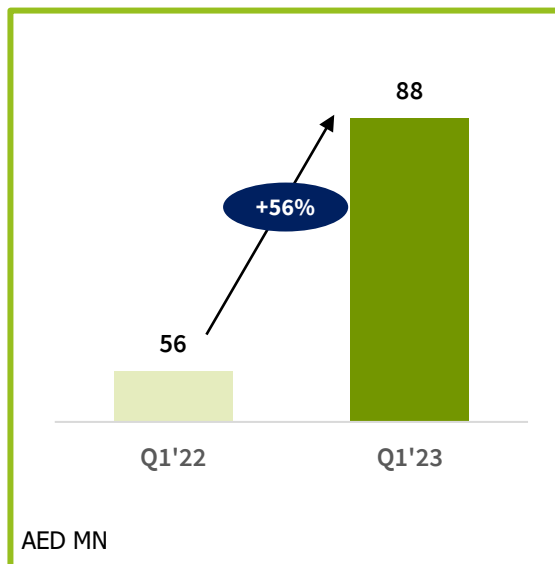


# Snacking: strong growth in dates and contribution from Auf

## Revenue



## EBITDA



## Commentary

### Revenue

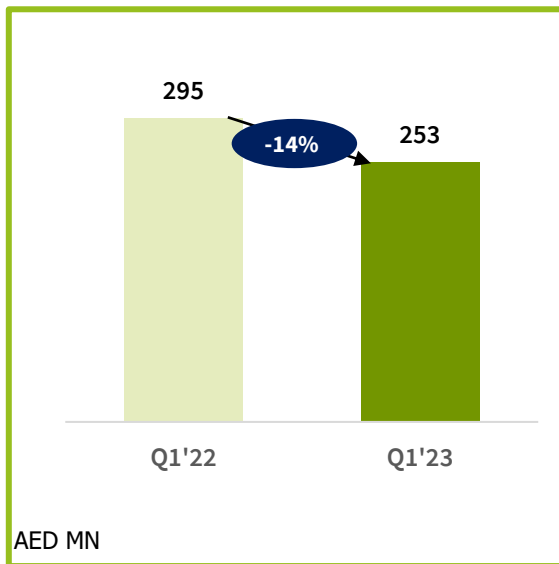
- LFL growth of 15% including Auf
- Dates: strong growth across key export markets (India, Indonesia, Malaysia, Brazil), and market share gains from innovative products
- Confectionery: sequential sales momentum from BMB snacks and Al Faysal Bakery; AED 76MN contribution from Auf
- For Auf, local currency revenue +64% YoY on strong pricing and share gain in domestic coffee

### EBITDA

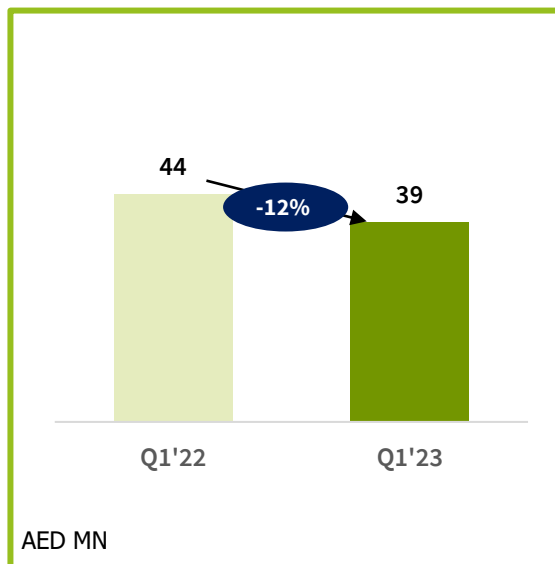
- EBITDA grew ahead of revenue on strong pricing, favourable channel mix and production and distribution optimization

## Protein: improved margin despite revenue decline on FX headwinds

### Revenue



### EBITDA



### Commentary

#### Revenue

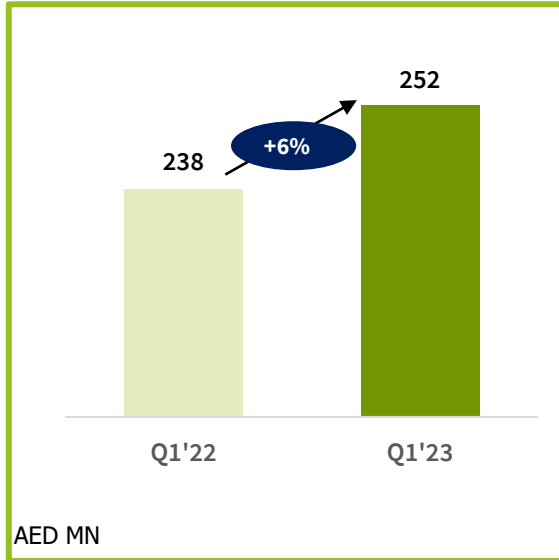
- -14% YoY after absorbing FX devaluation impact of AED 112MN
- +24% YoY excluding FX devaluation
- Egypt: strong brand equity and effective tiering; double digit sales growth in Frozen Vegetables / Tomato Paste sales
- Jordan: good volume growth in retail exports offset by lower food service sales and aggressive competitive landscape domestically

#### EBITDA

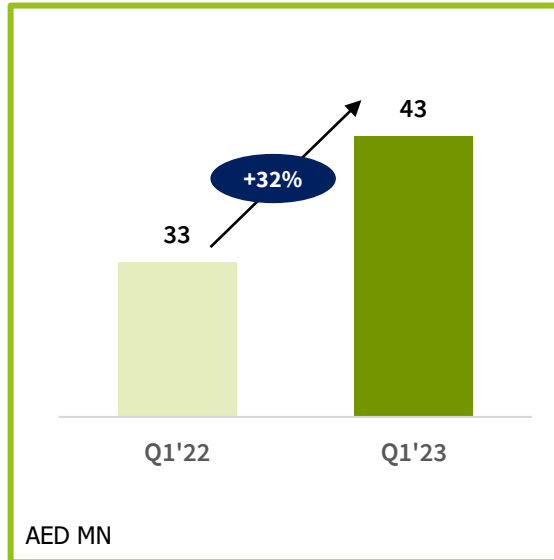
- Focus on productivity enhancement led to margin expansion despite ongoing currency headwinds and significant raw material cost inflation
- +33% YoY excluding FX devaluation

## Water & Food: positive growth with improved profitability on cost optimization and SKU premiumization

### Revenue



### EBITDA



### Commentary

#### Revenue

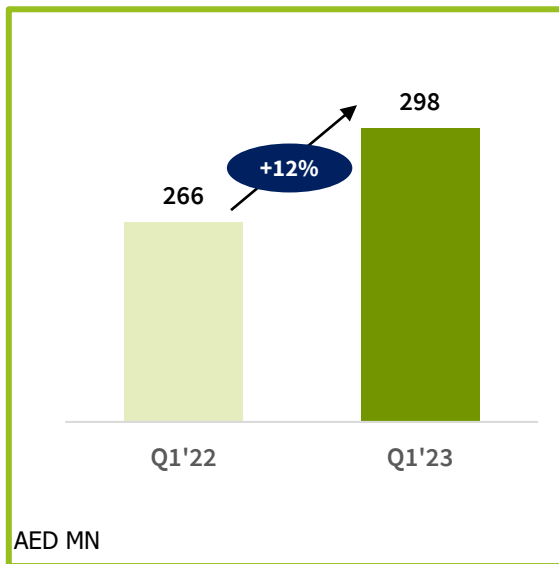
- +6% YoY on positive growth across international channels (KSA +26%, Kuwait +19%) slightly offset by volume phasing in UAE water from shift in Ramadan timing
- UAE Bottled Water maintained market leadership

#### EBITDA

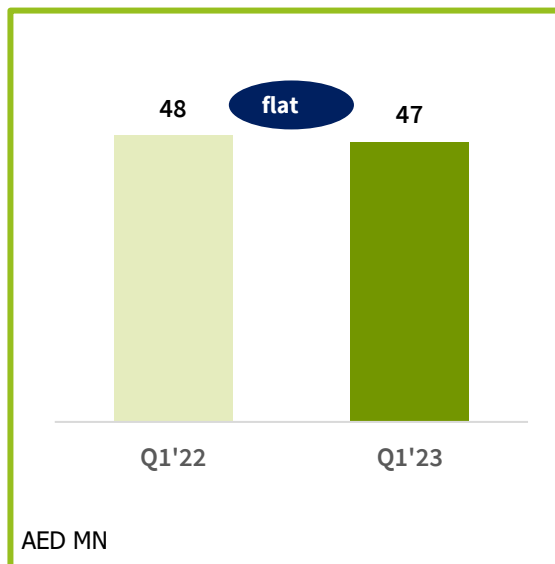
- Significant margin expansion on channel optimization, SKU rationalization and premiumization, and benefits from restructuring of KSA Water BU last year (positive EBITDA vs losses in Q1'22)

## Agri: resilient performance despite significant commodity inflation

### Revenue



### EBITDA



### Commentary

#### Revenue

- +12% YoY on strong volume and value growth in Flour and strong pricing in Feed

#### EBITDA

- Margin compression on unfavourable mix and higher raw material cost (+AED 27mn additional grain cost YoY)



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# Guidance

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## Reconfirming FY'23 Guidance

### Revenue growth

**+10 to 12%**

### EBITDA margin

**+40 to 60bps**

### Group net profit margin

**+30 to 50bps**

Assumptions

- Current FX rates for USD / EGP 30.7
- No further acquisition

- Current FX rates for USD / EGP 30.7
- No further acquisition

- 100% of Group profit including minorities
- Current FX rates for USD / EGP 30.7
- No further acquisition
- 3M Libor rates 4.96% (28Feb23)

## A forward looking company



Market leading position across key categories and geographies



Growing portfolio of consumer-centric brands in large, scalable markets



Growth-oriented mindset focused on leveraging synergies, innovation and digitization



Attractive economics with clear strategy for continued value creation



Financial strength and resilience



Experienced leadership team with proven track record



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Q&A

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# Appendix

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## Historical dividend trend

Dividend  
Payout  
%

32%

35%

44%

43%

66%

85%<sup>1</sup>

58%

55%

51%

53%

Dividends  
per Share  
(AED)

0.125

0.150

0.150

0.150

0.150

0.165

0.165

0.0825

0.0825

0.165

2015

2016

2017

2018

2019

2020

2021

H1 2022

H2 2022\*

2022\*

<sup>1</sup>Normalized EPS for 2020

\*H2'2022 approved by shareholders on 17 April 2023

## A balanced mix of growing brands



# Strong leadership team with track record of value creation

## Group Functions

## Business Unit Functions



**Alan  
Smith**

Chief Executive  
Officer

**29 Years**



**Sherif  
Elfaham**

Chief Financial  
Officer

**24 Years**



**Ramy  
Merdan**

Chief Operating  
Officer

**35 Years**



**Vandy Dos  
Santos**

Chief Digital  
Officer

**30 Years**



**Mujtaba  
Hussain**

Chief M&A  
Officer

**14 Years**



**Abdulla  
Al Marzooqi**

Sr. Vice President  
Human Capital

**22 Years**



**Mubarak  
Al Mansoori**

President – Snacking &  
Government Relations

**21 Years**



**Ahmad  
Yahya**

President - Water  
& Food (GCC)

**29 Years**



**Ahmad  
Sallakh**

President - Protein

**28 Years**



**Declan  
Bennett**

President – Flour & Feed

**33 Years**



Total  
Experience:

Previous  
Notable  
Experience:

# Investing in growth: Protein expansion in KSA

## Project overview

- Location: Jeddah, KSA
- Category: Protein
- Capex c. AED 84MN (Phase 1)
- Available land 9,436 sqm; Built-up area 6,600 sqm
- Capacity  $\approx$  6,500- 8,700 tons/annum
- $\approx$  50 SKUs

## Rationale

- Strengthen footprint in KSA
- Strong local demand; leverage strong QSR relationships
- Drive growth of key protein vertical



**Expected to come onstream by Q1 2024**

# 5-year digital roadmap with clear priorities

## Priority #1

### Best customer / consumer experience

- **Seamless omnichannel experience** with optimised online and in-store execution
- **Strongest e-commerce brand** through digital marketing
- **Regional leader in F&B innovation** through consumer and customer driven initiatives



## Priority #2

### Empowered employees in a collaborative environment

- **Integrated business planning** and cross-domain collaboration
- **Resilient operations** to meet customers / consumers expectations in all circumstances
- **Optimized and automated** internal processes



## Our Sustainability Agenda: adopting a “4 P” approach

### Packaging

- Target **packaging material reduction** of 3,000 tons
- **+3x PLA** YoY volume growth in Q1'23
- MoU with Veolia & Bee'ah for **first plastic recycling plant** in UAE
- Launched UAE's first local produced **100% rPET** water bottle in Gulfood Feb'23

### Processes

- **2.43% reduction in water usage ratio** (Q1'23 vs Q1'22)
- 4.9% reduction in water usage for Water BU (Q1'23 vs Q1'22)
- **1.9% reduction in GHG scope 2 emissions** (Q1'23 vs Q1'22)
- **1.3% decrease in electricity usage** (Q1'23 vs Q1'22)

### Partnerships

- **RECAPP partnership with Veolia:** free door-to-door collection service for recyclables
  - Collected 919 tons
  - 37,233 covered users

### People

- **Consumers:**
  - Packaging optimization, recyclable products, innovative sustainable products
  - Key advocate on sustainability and circular economy
- **Employees:**
  - Upskill workforce to transform and accelerate innovation and sustainability

## Summary Profit & Loss Statement

AED'000	Q1'23	Q1'22	YoY
<b>Revenue</b>	<b>1,182,357</b>	<b>1,053,140</b>	12%
Cost of sales	-844,880	-744,875	13%
<b>Gross profit</b>	<b>337,477</b>	<b>308,265</b>	9.5%
Selling and distribution expenses	-133,837	-128,608	4%
General and administrative expenses	-86,486	-81,462	6%
Research and development cost	-2,061	-2,519	-18%
Other income, net	12,171	6,204	96%
<b>Operating profit</b>	<b>127,264</b>	<b>101,880</b>	25%
Finance income	10,004	5,252	90%
Finance expense	-31,492	-9,817	221%
Share of profit/ (loss) from investment in JV/associate	1,594	1,036	54%
<b>Profit for the period before income tax and zakat</b>	<b>107,370</b>	<b>98,351</b>	9%
Income tax and zakat expenses	-10,678	-7,590	41%
<b>Profit for the period</b>	<b>96,692</b>	<b>90,761</b>	7%
<b>Attributable to:</b>			
<b>Owners of the Company</b>	<b>86,833</b>	<b>82,194</b>	6%
Non-controlling interest	9,859	8,567	15%
<b>Basic and diluted EPS (AED)</b>	<b>0.110</b>	<b>0.104</b>	6%

## Summary Balance Sheet Statement

AED'000	Q1'23	Q1'22
Property, plant and equipment	1,407,355	1,469,793
Intangible assets & Goodwill	2,416,600	2,078,998
Others	100,471	127,314
<b>Total non-current assets</b>	<b>3,924,426</b>	<b>3,676,105</b>
Inventories	768,633	664,528
Trade and other receivables	994,062	871,088
Cash and bank balances	674,055	1,302,670
Others	64,370	49,493
<b>Total current assets</b>	<b>2,501,120</b>	<b>2,887,779</b>
<b>Total assets</b>	<b>6,425,546</b>	<b>6,563,884</b>
Bank borrowings	50,364	70,386
Others	1,582,482	1,767,095
<b>Total non-current liabilities</b>	<b>1,632,846</b>	<b>1,837,481</b>
Bank borrowings	423,252	541,614
Trade and other payables	1,075,515	987,559
Others	153,808	167,362
<b>Total current liabilities</b>	<b>1,652,575</b>	<b>1,696,535</b>
<b>Total liabilities</b>	<b>3,285,421</b>	<b>3,534,016</b>
<b>Total equity</b>	<b>3,140,125</b>	<b>3,029,868</b>
Equity attributable to the owners of the Company	2,869,521	2,827,827
Non-controlling interests	270,604	202,041
<b>Total equity and liabilities</b>	<b>6,425,546</b>	<b>6,563,884</b>

# Summary Cash Flow Statement

AED'000	Q1'23	Q1'22	YoY
<b>Profit before tax &amp; zakat expenses</b>	<b>107,370</b>	<b>98,351</b>	<b>9%</b>
<i>Adjustments for:</i>			
Depreciation & Amortization	58,235	56,228	4%
Provisions & Allowances	6,122	6,286	-3%
Others	22,483	3,083	629%
<i>Change in:</i>			
Inventories	77,107	43,598	77%
Trade and other receivables	-111,107	-58,866	89%
Government compensation receivable	-3,143	-18,307	-83%
Due from / to a related party	-5,667	-6,125	-7%
Trade and other payables	84,612	12,813	560%
Deferred government grant	-2,692	-2,535	6%
Others	-22,790	-14,974	52%
<b>Net cash generated from operating activities</b>	<b>210,530</b>	<b>119,552</b>	<b>76%</b>
Purchase of PPE (CAPEX)	-30,647	-30,491	1%
Others	367,603	-56,167	-754%
<b>Net cash generated from/( used in) investing activities</b>	<b>336,956</b>	<b>-86,658</b>	<b>-489%</b>
Bank borrowings, net	-475,505	106,183	-548%
Others	-44,966	-20,919	115%
<b>Net cash (used in)/generated from financing activities</b>	<b>-520,471</b>	<b>85,264</b>	<b>-710%</b>
<b>Increase in cash and cash equivalents</b>	<b>27,015</b>	<b>118,158</b>	<b>-77%</b>
Effect of foreign exchange	-6,583	-3,256	102%
<b>Beg. Cash &amp; Equivalents balance</b>	<b>221,121</b>	<b>227,863</b>	<b>-3%</b>
<b>End. Cash &amp; Equivalents balance</b>	<b>241,553</b>	<b>342,765</b>	<b>-30%</b>



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# Thank you



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May 2023