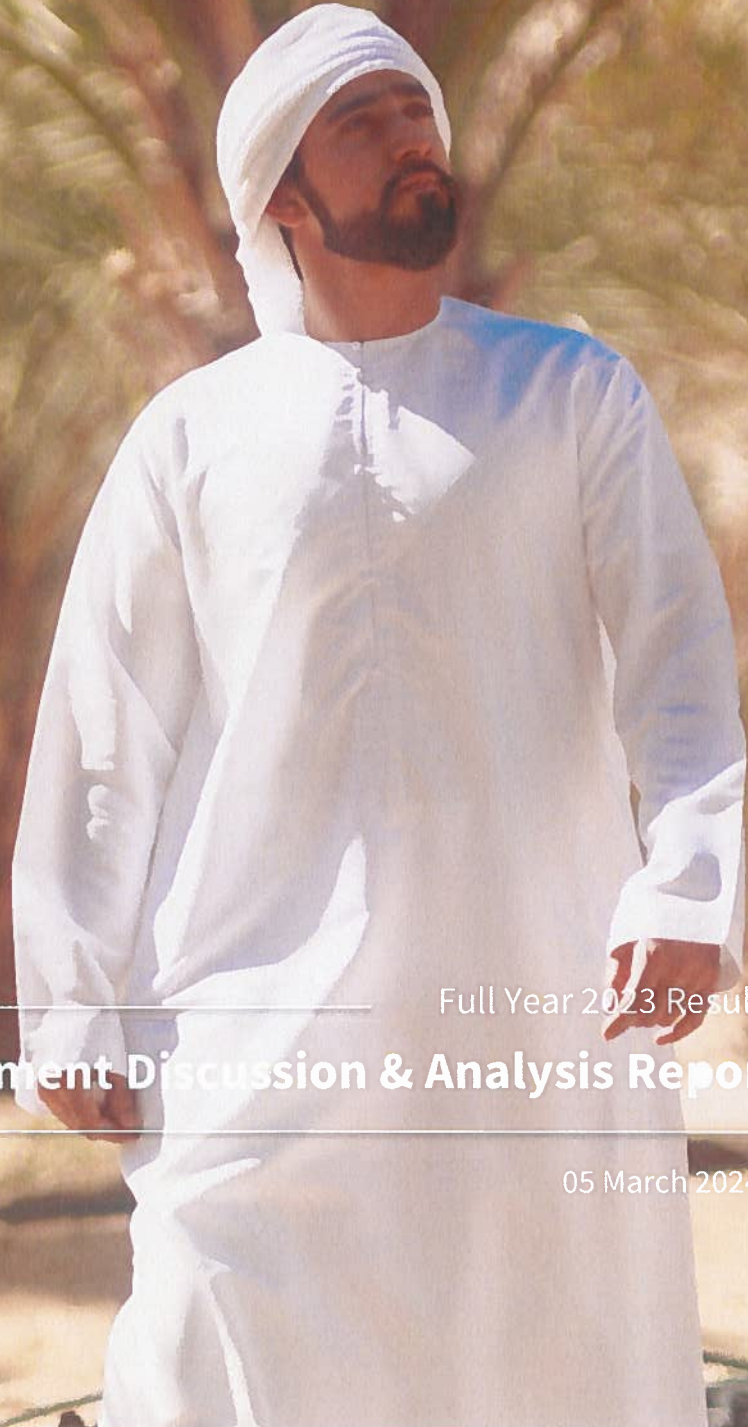




أغذية  
agthia

For The Better • من أجل الأفضل



Full Year 2023 Results

---

# Management Discussion & Analysis Report

---

05 March 2024

**2023 another year of strong and profitable growth, surpassing guidance ranges  
BoD approves 12% cash dividend increase and 5% bonus shares**

- Group net revenue +12.1% YoY (ahead of full-year guidance range of 10-12%), +20.7% excluding EGP devaluation impact; Like-for-like\* (LFL) revenue +5.7% YoY, +13.8% excluding impact of EGP devaluation
- Group EBITDA margin +113bps YoY (exceeding guidance range of 40-60bps) supported by margin expansion in Snacking and Water & Food
- Underlying group net profit<sup>1</sup> growth +25.5% YoY; margin at 7.5% (+80bps, surpassing guidance range of 30-50bps)
- Reported group net profit<sup>1</sup> growth +9.9% YoY; margin at 6.6%
- Increase in full-year cash dividends by +12% to 18.5 fils per share and additional 5% bonus shares to existing shareholders (subject to AGM approval)

Agthia Group PJSC (AGTHIA:UH) today announces its results for the fiscal year ending 31 December 2023.

### Financial highlights

#### Revenue

Group net revenue increased 12.1% year-on-year to AED 4.56 billion (8.1% growth<sup>#</sup> from volume and 4.1% from pricing), supported by a continued shift of our product portfolio towards higher growth segments in key target markets. LFL revenue, including Abu Auf in the prior comparable period, increased 5.7% year-on-year.

Accelerated revenue growth of 15.4% in Q4 year-on-year to AED1.29 billion, ahead of the 12.2% achieved in our third quarter, with Q4 LFL for revenue up 11.8% year-on-year.

**Figure 1: Reported and like-for-like revenue by segment – full year ending December 2023**

Revenue (AED MN)	FY 2023	FY 2022	% change YoY
<b>Snacking</b>			
- Total revenue	1,300.1	942.4	+38.0%
- LFL revenue*	1,300.1	1,189.1	+9.3%
<b>Protein &amp; Frozen</b>			
- Total revenue	1,026.2	1,150.9	-10.8%
- LFL revenue	1,026.2	1,150.9	-10.8%
<b>Water &amp; Food</b>			
- Total revenue	1,007.7	950.8	+6.0%
- LFL revenue	1,007.7	950.8	+6.0%
<b>Total Consumer Business</b>			
- Total revenue	<b>3,334.0</b>	<b>3,044.1</b>	<b>+9.5%</b>
- LFL revenue*	<b>3,334.0</b>	<b>3,290.8</b>	<b>+1.3%</b>
<b>Agri-Business</b>			
- Total revenue	1,227.2	1,023.3	+19.9%
- LFL revenue	1,227.2	1,023.3	+19.9%

<sup>1</sup> Underlying net profit (including minority interests) is net of AED 42.6 million one-off technical adjustment for a deferred tax liability on historical goodwill and intangible assets to comply with IFRS interpretation (IAS 12) due to the enactment of the new UAE corporate tax law. This had no impact on underlying business performance.

# including Abu Auf; \*Like-for-like (LFL) revenue includes Abu Auf (acquired in Q4 2022) in the prior comparable period

### Agthia Group PJSC

P.O.Box 37725, 17<sup>th</sup> Floor, Al Reem Island, Abu Dhabi, UAE • T +971 2 5960600 • F +971 2 6726070 • www.agthia.com



<b>Total Group</b>			
- Total revenue	<b>4,561.2</b>	<b>4,067.4</b>	<b>+12.1%</b>
- LFL revenue*	<b>4,561.2</b>	<b>4,314.1</b>	<b>+5.7%</b>

**Figure 2: Revenue and like-for-like revenue growth, adjusted for EGP devaluation.**

This shows revenue and like-for-like revenue growth for the 2023, adjusted for the adverse impact of currency devaluation in Egypt (AED -346.4m).

Revenue growth (FY 2023 YoY, adjusted for EGP devaluation)	Protein & Frozen	Total Consumer Business	Total Group
Total revenue growth (%)	+19.3%	+20.9%	+20.7%
LFL revenue growth (%)	+19.3%	+11.8%*	+13.8%*

\*Like-for-like (LFL) revenue includes Abu Auf (acquired in Q4 2022) in the prior comparable period

- **Snacking:** Strong revenue growth across our snacking portfolio (+38.0% year-on-year, +23.3% growth in Q4). This was led by dates strong innovations across mid and high value ranges, and expansion in our date varieties, and strong value growth across retail channels in the UAE and internationally (e.g. India, Indonesia, Malaysia, and Brazil).

Besides dates, revenue contribution for FY 2023 from BMB and Abu Auf collectively was AED 546.4m, with the latter seeing stronger growth in core markets, and continued volume and value gain in premium-brand coffee at Abu Auf in Egypt resulting in a 72% increase in FY 2023 local currency revenue (+7.0% increase in AED terms).

- **Water & Food:** Mid-single digit revenue growth for the full-year period (+4.2% in Q4 year-on-year) driven by premiumization and innovation, such as Al Ain Plus (zinc fortified water), premium glass bottles, and an 100% rPET bottle (made of post-consumer recycled plastic and is infinitely recyclable). UAE revenue (excluding dairy) rose 3.1% year-on-year, with Al Ain bottled water retaining its market leadership position. International businesses revenue increased 18.3% year-on-year, with notable performances from Saudi Arabia (revenue +17.0%), Kuwait (+25.0%), and Turkey (+33.1%). Excluding the adverse impact from Dairy, aggregate segment revenue growth would have been 6.7% for FY 2023 and 4.4% in Q4.

- **Protein and Frozen:** While reported revenue across our Protein & Frozen segment declined 10.8% year-on-year, this was primarily a function of currency headwinds in Egypt, with revenue growth of 19.3% for the full-year period excluding impact of currency devaluation. Q4 revenue excluding impact of currency headwinds grew +18.7% year-on-year, reflecting our ability to manage pricing and optimize costs, while maintaining our market leading position. In Jordan, we have seen increased competitiveness and some consumer downtrading pressure that had an adverse impact on our business during Q4.

Export operations also reported lower volume growth across Saudi QSR and Catering channels, reflecting the ongoing impact of increased localization of production. The completion of our new Protein facility in Jeddah in Q2 2024 will provide localized production capacity at comparatively favorable economics and establish Agthia as a local protein producer in Saudi Market.

- **Agri-Business:** Revenue growth of 19.9% year-on-year (+34.1% in Q4) was largely volume driven, supported by increased wheat trading volume, with share gain in Flour (Q4 revenue +42.9% year-on-year) underpinned by a growing proportion of premium and specialty products. Strong volume growth in Feed (Q4 revenue +24.6% year-on-year) reflected good open market execution, participation in Abu Dhabi Agriculture and Food Safety Authority's (ADAFSA) compound feed program and related new product development. Feed sales through our Agrivita app continue to perform well, offering end users added convenience and increasing our economic moat.

## Agthia Group PJSC

P.O.Box 37725, 17<sup>th</sup> Floor, Al Reem Island, Abu Dhabi, UAE. • T +971 2 5960600. • F +971 2 6726070 • www.agthia.com

## EBITDA (Earnings before interest, tax, depreciation, and amortization)

Strong growth in Snacking, Water & Food, and Agri-Business profitability, combined with our continuing focus on profit protection in Egypt and group-wide efficiency generation. EBITDA growth was ahead of revenue, up +21.2% year-on-year to AED 689.3m. Like-for-like EBITDA growth, including Abu Auf in the prior comparable period, was +10.0% year-on-year.

Group EBITDA margin increased +113bps year-on-year to 15.1%, with like-for-like EBITDA margin +59bps year-on-year.

**Figure 3: Reported EBITDA and margin by segment, full year ending December 2023**

EBITDA (AED MN)	FY 2023	FY 2022	% change YoY
<b>Snacking</b>			
- EBITDA	288.6	178.2	+62.0%
- EBITDA margin	22.2%	18.9%	+329 bps
<b>Protein &amp; Frozen</b>			
- EBITDA	146.2	178.5	-18.1%
- EBITDA margin	14.3%	15.5%	-127 bps
<b>Water &amp; Food</b>			
- EBITDA	177.7	146.0	+21.8%
- EBITDA margin	17.6%	15.4%	+229 bps
<b>Total Consumer Business</b>			
- EBITDA	<b>612.5</b>	<b>502.7</b>	<b>+21.8%</b>
- EBITDA margin	<b>18.4%</b>	<b>16.5%</b>	<b>+186 bps</b>
<b>Agri-Business</b>			
- EBITDA	200.5	167.4	+19.8%
- EBITDA margin	16.3%	16.4%	-2 bps
<b>Total Group</b>			
- EBITDA	<b>689.3</b>	<b>568.8</b>	<b>+21.2%</b>
- EBITDA margin	<b>15.1%</b>	<b>14.0%</b>	<b>+113 bps</b>

**Figure 4: Total and like-for-like EBITDA growth, adjusted for EGP devaluation**

Figure 4 below shows EBITDA and like-for-like EBITDA growth for FY 2023, adjusted for the adverse impact of currency devaluation in Egypt (AED -53m).

EBITDA growth (Full Year 2023 YoY, adjusted for EGP devaluation)	Protein & Frozen	Total Consumer Business	Total Group
Total EBITDA growth (%)	+11.6%	+32.4%	+30.5%
LFL EBITDA growth (%)	+11.6%	+18.8%*	+18.5%*

\*Like-for-like (LFL) EBITDA includes Abu Auf (acquired in Q4 2022) in the prior comparable period

## Agthia Group PJSC

P.O.Box 37725, 17<sup>th</sup> Floor, Al Reem Island, Abu Dhabi, UAE. • T +971 2 5960600. • F +971 2 6726070 • www.agthia.com

- **Snacking:** EBITDA growth of +62.0% (+47.2% in Q4) reflected positive price and mix effects in both domestic and international date markets, strong growth in Abu Auf's market-leading premium coffee, and a step up in profitability from BMB post operational restructuring in Saudi. LFL EBITDA, including Abu Auf in the prior comparable period, increased +22.4% year-on-year, with LFL EBITDA margin expanding +237bps year-on-year.
- **Protein and Frozen:** A combination of channel optimization, productivity enhancements and disciplined cost management resulted in EBITDA growth (excluding devaluation impact) of +11.6% year-on-year, notwithstanding the inflationary cost environment in Egypt and external challenges affecting Jordan.  
  
Reported EBITDA margin declined -127bps for the full-year period year-on-year, largely driven by lower revenue in Jordan during the fourth quarter, as well as the continuing EGP currency headwind.
- **Water & Food:** A combination of positive volume growth, favorable mix toward high-margin premium products, further cost efficiencies in the UAE and Saudi, and a more benign commodity environment resulted in EBITDA growth of +21.8% year-on-year (Q4 EBITDA +8.9%), and EBITDA margin +229bps (+76bps in Q4). Notable performances came from UAE bottled water (EBITDA +15.8% year-on-year), Home and Office Delivery (+14.4%), Saudi (>+100% post cost reset last year), and Oman (+51.9%).
- **Agri-Business:** EBITDA growth of +19.8% year-on-year (+28.9% in Q4), underpinned by improved Flour volumes and mix, cost efficiencies, and a more favorable commodity backdrop.
- **Underlying group net profit<sup>1</sup>** grew +25.5% year-on-year to AED 342.2 million, ahead of revenue growth (Q4 underlying net profit +51.6% year-on-year), reflecting EBITDA margin expansion. Underlying net profit<sup>1</sup> margin expanded by +80bps (exceeding the guidance range of 30-50bps) to stand at 7.5%, with Q4 underlying margin +253bps year-on-year to 10.6%.
- **Reported group net profit<sup>1</sup>** increased +9.9% year-on-year to AED 299.6 million (one-off<sup>1</sup>) for the full year (Q4 reported net profit +4.3% year-on-year), with net profit margin standing at 6.6%, notwithstanding further FX and interest rate headwinds throughout 2023 and the AED 42.6 million one-off technical adjustment for a deferred tax liability on historical goodwill and intangibles (refer to footnote 1 on first page).

**Strong balance sheet:** Our balance sheet remains robust with cash and equivalents of AED 0.6 billion and liquidity of AED 2.5 billion. Our net debt to EBITDA ratio of 1.3x (net debt of AED 0.9 billion) was down from 2.3x as at December 2022 following the cumulative repayment of AED 839m of debt in 2023. Our debt is dollar and AED-denominated, and we continue to achieve favorable borrowing terms leveraging our strong balance sheet and network of leading banks.

**Exceeded 2023 full-year guidance targets:** Agthia was able to exceed FY 2023 guidance targets, despite EGP currency weakness and the current geopolitical outlook. Revenue growth stood at 12.1% (exceeding guidance of 10%-12% growth), EBITDA margin at +113bps (exceeding the guidance range of 40-60bps), and underlying group net profit margin recorded +80bps (exceeding the guidance range of 30-50bps).

**Cash dividends and bonus shares:** Agthia's board of directors has recommended a full-year cash dividend payment of 18.5 fils per share, along with bonus shares equivalent to 5% of share capital. Total dividends distributed for the year amounted to AED 146.5 million, reflecting a 12% increase compared to the cash dividend distributed in 2022. Subject to AGM approval, Agthia will pay a cash dividend of 10.25 fils per share for the second half of 2023 aligning with the Group's semi-annual dividend policy, and distribute 5% bonus shares. The Group has already paid an interim cash dividend of 8.25 fils per share (AED 65.31 million) for the 6 months ending on 30 June 2023.

**2024 guidance:** We remain committed to releasing full-year guidance ranges<sup>2</sup>, with our 2024 guidance standing at revenue growth between 10% and 12%, EBITDA margin expansion of 40-60 bps, and a 30-50bps improvement

<sup>1</sup> Assumes FX rate of USD/EGP37 (20% devaluation), no further acquisitions, 3M SOFR rates of 5.5%, and no significant deterioration in geopolitical outlook

in underlying group net profit margin. We also reaffirm our previously announced 2025 mid-term guidance figures. Our next scheduled update will be our Q1'24 preliminary results in May 2024.

## Expanding in-house capabilities and leveraging efficiencies to future proof our growth

We continue to make strong progress in expanding our capabilities and driving efficiencies.

- **Leveraging our Egyptian platform:** Egypt is a strategically important market for Agthia, not only in the favorable, long-term socio-demographics and structural demand for Protein, Snacking and Coffee products, but increasingly as a manufacturing hub for key regional and international export markets, leveraging low-cost capacity in our well-invested facilities and favorable trade agreements.

We strengthened our export focused resource during the year, with new Food Service volumes in both regional and international markets underpinning growth in export revenue from Egypt of 22% year-on-year. Since its acquisition, Abu Auf rapidly expanded its retail footprint to 300 stores as well as launched a number of new innovative SKUs into UAE and Saudi channels during the fourth quarter.

- **Investing in innovation:** Innovation is the lifeblood of Agthia and plays a vital role in our strategic vision of being a leading food and beverage company in the MENA region and beyond by 2025. Our dedicated Central Innovation Team supports Agthia's commitment to doing things for the better, from new products that meet the evolving needs of consumers to process innovation that underpins our commitment to the planet.

As part of its growing innovation pipeline, Agthia launched the first locally produced 100% rPet water bottle in April 2023, and a new functional water, "Al Ain Plus" in May 2023, fortified with Zinc & Magnesium to meet the growing demand for healthier products and lifestyles. In our snacking portfolio, the rollout of new gifting and value-added ranges in dates (for example, chocolate enrobed dates), as well as product and packaging innovation (snack packs, date pouches) have supported strong growth across the category. BMB also launched during 2023 a new travel retail range at the Dubai International Airport.

We also launched a number of new products in our Agri-Business to support our participation in ADAFSA's compound feed program, including Mumtaz Premium Mixed Grain and Agrivita Ruminants Feed 13%.

- **Launching of "Agthia Ventures":** During 2023, we launched "Agthia Ventures", a Corporate Venture Capital Fund designed to expand Agthia's innovation capabilities as it continues to drive profitable growth in both new and existing markets. Funded by Agthia and its parent company ADQ, and managed together with Touchdown Ventures, Agthia Ventures seeks to identify attractive early-stage, seed, and growth investment opportunities in Agthia's current and target geographies.
- **Progressing on our sustainability agenda:** We continue to make progress across the four pillars of our sustainability agenda and, during 2023, reduced our water usage ratio by 3.7%. Additionally, around 96% of Group packaging is now fully recyclable or reusable. Other key initiatives during the year included:
  - Developing our Responsible Sourcing Policy, which aims to integrate responsible procurement across all our suppliers and raw materials in order to promote sustainable processes throughout our value chain;
  - Helping to uplift local communities through wide-ranging CSR initiatives across each of our business segments, including cooperation with leading community service and purpose-driven not-for-profit organizations;
  - Initiatives to reduce CO<sub>2</sub> emissions through operational efficiencies and investment in renewable energy sources, including 1) launching the first locally sourced and produced 100% rPET water bottle, and our continuing partnership with Veolia on the RECAPP program for curbside collection of recyclables such as PET, Aluminum, and HDPE to help drive circularity 2) reducing the energy ratio consumption in Grand

---

## Agthia Group PJSC

P.O.Box 37725, 17<sup>th</sup> Floor, Al Reem Island, Abu Dhabi, UAE. • T +971 2 5960600. • F +971 2 6726070 • www.agthia.com



Mills and Al Ain through a real-time smart energy monitoring system, as well as the installation of solar paneling across other sites, with the aim reducing CO<sub>2</sub> emissions by 11,000tn (15% of total emissions) over the next three years.

During 2023, Agthia gained recognition at the Asian Water Awards for its sustainability initiatives and optimally balanced Zinc water (Al Ain Plus), as well as the Middle East Waste and Recycling (MEWAR) - Recycled Product of the Year Award and the ESG Business Awards for Green Packaging Solutions.

- **Accelerating our digital roadmap:** We continue to make good progress in our 5-year digital transformation journey, creating the foundations to transform Agthia into a consumer centric data-driven organization. We have grown our Digital & Technology competence center with new talents, released new features for our Water Home Delivery business as well as delivery services on our Agrivita app for farmers, and we launched our B2B Portal for our traditional trade channels. We continue to improve our services to and interactions with all our customers and consumers. We have also successfully rolled out our Oracle template via our Oracle Center of Excellence at our Saudi Arabia and Kuwait units. Our Al Ain social media has received the MENA Digital Awards.

Our recently signed Memorandum of Understanding (MoU) with Microsoft UAE marked a significant milestone in our journey to become a regional digital leader in the consumer-packaged goods industry, enabling us to utilize new tools to navigate the digital landscape and identify opportunities for market expansion, operational excellence, and commercial success, while accelerating innovation and responsible, sustainable business practices throughout the FMCG value chain.

**Khalifa Sultan Al Suwaidi, Chairman of Agthia Group, commented:** “Agthia’s 2023 results reinforce our growth story and continued progress against our strategic objectives, namely protecting the core business, reaping the rewards of recent value-accretive acquisitions, and investing in capability and innovation to deliver on its strategic vision of becoming a leading food and beverage company in the MENA region and beyond. At a time when the world’s attention is focused on decarbonization initiatives across the region, I am particularly pleased with the progress made across its sustainability agenda and am positive that Agthia will continue to create value for all stakeholders in both the near and medium term. We continue to be inspired by the UAE’s leadership with its commitment to pushing boundaries and showcasing what is possible when a well-defined vision meets seamless execution.”

**Alan Smith, Group Chief Executive Officer of Agthia Group, commented:** “Agthia’s robust performance for the past fiscal year demonstrates the effectiveness of our strategic initiatives across key business segments and the sustained demand for our products across diverse markets. We have been able to successfully implement operational efficiency strategies that have helped us consistently deliver and minimize the impact of global economic headwinds. These results are also a testament to the agility of our business and the dedication and resilience of all our colleagues across the Group. I am confident that Agthia is well-positioned on the path towards sustained growth.”

– End of announcement –



Khalifa Sultan Al Suwaidi  
Chairman  
05 March 2024

#### Conference Call Details

The Consolidated Financial Statements for the Fiscal Year ended 31<sup>st</sup> December 2023 will be available through the following link on Agthia Website: <https://www.agthia.com/investors/quarterly-results/>.

---

#### Agthia Group PJSC

P.O.Box 37725, 17<sup>th</sup> Floor, Al Reem Island, Abu Dhabi, UAE. • T +971 2 5960600. • F +971 2 6726070 • [www.agthia.com](http://www.agthia.com)

A conference call for analysts and investors will be held at 4:00pm UAE time on March 11<sup>th</sup> 2024. The presentation accompanying the call will be available on Agthia Group's website under the Investors section from 4:00pm on March 11<sup>th</sup> 2024: <https://www.agthia.com/investors/results-call-materials/>

## Investor Relations Enquiries

### Agthia Group PJSC:

Tatiana Vlasova, Investor Relations Director  
+971 50 593 4921

Amr Amin, Senior Manager Investor Relations  
+971 56 680 4872

*Agthia Group PJSC and its management may make certain statements that constitute "forward-looking statements" with respect to the financial condition, results of operations and business of the Group. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "anticipates," "targets," "expects," "hopes," "estimates," "intends," "plans," "goals," "believes," "continues" and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would" and "could." Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Agthia Group PJSC to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Examples of such statements include, but are not limited to, comments with respect to: 1. outlook for the markets for products; 2. expectations regarding future product pricing; 3. outlook for operations; 4. expectations regarding production capacity and volumes; 5. objectives; 6. strategies to achieve those objectives; 7. expected financial results; 8. sensitivity to changes in product prices; 9. sensitivity to key input prices; 10. sensitivity to changes in foreign exchange rates; 11. expectations regarding income tax rates; 12. expectations regarding compliance with environmental regulations; 13. expectations regarding contingent liabilities and guarantees; 14. expectations regarding the amount, timing and benefits of capital investments. Although Agthia Group PJSC believes it has a reasonable basis for making these forward-looking statements, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to: 1. assumptions in connection with the economic and financial conditions in the UAE, Middle East, and globally; 2. effects of competition and product pricing pressures; 3. effects of variations in the price and availability of manufacturing inputs; 4. various events which could disrupt operations, including natural events and ongoing relations with employees; 5. impact of changes to or non-compliance with environmental regulations; 6. impact of any product liability claims in excess of insurance coverage; 7. impact of future outcome of certain tax exposures; 8. effects of currency exposures and exchange rate fluctuations. The above list of important factors affecting forward-looking information is not exhaustive. Additional factors are noted elsewhere and reference should be made to the other risks discussed in filings with UAE securities regulatory authorities. Except as required by applicable law, Agthia Group PJSC does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of the Company, whether as a result of new information, future events or otherwise, or to publicly update or revise the above list of factors affecting this information.*

---

## Agthia Group PJSC

P.O.Box 37725, 17<sup>th</sup> Floor, Al Reem Island, Abu Dhabi, UAE. • T +971 2 5960600. • F +971 2 6726070 • [www.agthia.com](http://www.agthia.com)