

Agthia Group Reports AED 4.56 Billion Net Revenue, AED 342 Million Underlying Group Net Profit During 2023

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/EINPresswire.com/ -- Agthia Group PJSC ("Agthia" or "the Group"), one of the region's leading regional food and beverage companies, today announced its final results for the fiscal year ending 31 December 2023. Agthia delivered strong performance during 2023, outperforming guidance ranges. The group's profitable growth across the Snacking, Water & Food, and Agri-Business segments, combined with leveraging group-wide efficiencies, resulted in both Group EBITDA and Group underlying net profit growing faster than revenue.



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Alan Smith

Financial highlights

□ Group net revenue increased 12.1% year-on-year to AED 4.56 billion (8.1% growth from volume# and 4.1% from pricing), with strong performance from the Snacking, Agri-Business, and Water & Food segments mitigating the adverse impact of continued currency devaluation in Egypt and increased competitiveness in the Jordan protein market. Adjusted revenue for the impact of currency devaluation in Egypt (AED -346.4 million), Group net revenue increased +20.7% year-on-year. LFL revenue, including Abu Auf in the prior comparable period, increased 5.7% year-on-year, or 13.8% excluding FX

impact.

- Snacking revenue grew 38.0% year-on-year (+9.3% on a LFL basis) on strong revenue growth

across the Group's snacking portfolio. This was led by dates strong innovations across mid and high value ranges, and expansion in 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'23 from BMB and Abu Auf collectively was AED 546.4 million, with the latter seeing stronger growth in core markets, and continued volume and value gain in premium-branded coffee at Abu Auf in Egypt resulting in a 72% increase in FY'23 local currency revenue.

- Water & Food revenue grew 6.0% year-on-year, reflecting significant growth in the UAE, driven by premiumization and innovation, with margins expanding on improved mix and productivity. The Group continued to retain its market leading position in the UAE bottled water segment, successfully launching value-added innovations such as Al Ain Plus (zinc fortified water), premium glass bottles, and a 100% rPET bottle (made of post-consumer recycled plastic which is infinitely recyclable). International business revenue also increased, with notable performances from Saudi Arabia, Kuwait, and Turkey.
 - Protein & Frozen showcased resilience despite a reported decline in AED terms, amid the challenging macro and consumer environment of 2023, which included the significant devaluation of EGP. Excluding impact of currency devaluation, revenue grew 19.3% year-on-year for the full-year period, with the segment proactively safeguarding and prioritizing its profitability and market leadership by implementing effective pricing strategies, portfolio tiering and optimizing costs.
 - Agri-Business revenue grew 19.9% year-on-year, with strong volume growth across Flour and Feed. This was driven by consistency in quality and product performance and excellent in-market execution in our Flour business, while strong performance in Feed reflected good open market growth, participation in Abu Dhabi Agriculture and Food Safety Authority's (ADAFSA) compound feed program and related new product development.
- EBITDA growth was ahead of revenue, up 21.2% year-on-year to AED 689.3 million (+30.5% excluding currency headwind), reflecting strong growth in Snacking, Water & Food and Agri-Business profitability, combined with a continuing focus on profit protection in Egypt and group-wide efficiency generation.
- 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 cost reset 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 modestly declined for the full-year period year-on-year, largely driven by increased competitiveness in Jordanian market, localization drive in Saudi market and EGP currency headwind.

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.

- 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).

- 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 profit¹ grew 25.5% year-on-year to AED 342.2 million, with the faster rate of growth relative to revenue reflecting EBITDA margin expansion. Underlying net profit margin expanded by +80bps (exceeding the guidance range of 30-50bps) to stand at 7.5%

□ Reported group net profit¹ increased 9.9% year-on-year to AED 299.6 million (one-off¹) for the full 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.

□ 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, as 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.

□ Strong balance sheet: Agthia's balance sheet remained robust with cash and equivalents of AED 0.6 billion. The Group's net debt to EBITDA ratio of 1.3x (net debt of AED 0.9 billion) was down from 2.3x as at December 2022 after the cumulative repayment of AED 839 million of debt in 2023.

Strategic highlights

Strong progress throughout the year in expanding the Group's capabilities and efficiencies to future proof the organization.

□ Leveraging Agthia's Egyptian platform: Agthia strengthened its 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. Abu Auf rapidly expanded its retail footprint to 300 stores as well as launched several new innovative SKUs into UAE and Saudi channels.

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

As a part of its growing innovation pipeline, Agthia launched the first locally produced 100% rPet water bottle in April, and a new functional water, "Al Ain Plus" in May, fortified with Zinc & Magnesium to meet the growing demand for healthier products and lifestyles, and glass bottle in the premium water range. In the 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.

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

□ Progressed the Group's sustainability agenda: Agthia made continued progress across the four pillars of its sustainability agenda and, during 2023, reduced its 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 Agthia's Responsible Sourcing Policy, which aims to integrate responsible procurement across all its suppliers and raw materials in order to promote sustainable processes throughout its value chain;

- Helping to uplift local communities through wide-ranging CSR initiatives across each business segment, including cooperation with leading community service and purpose-driven not-for-profit organizations.

- Initiatives to reduce CO2 emissions through operational efficiencies and investment in renewable energy sources, including 1) launching the first locally sourced and produced 100% rPET water bottle, and the continuing partnership with Veolia on the RECAPP program for curb side collection of recyclables such as PET, Aluminum, and HDPE to help drive circularity 2) reducing the energy ratio consumption in Grand 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 of reducing CO2 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 the digital roadmap: Agthia continued to progress its 5-year digital transformation journey, creating the foundations to transform it into a consumer centric data-driven organization. The Group grew its Digital & Technology competence center with new hires, released new features for its Water Home Delivery business as well as delivery services on the Agrivita app for farmers, and launched the B2B Portal for traditional trade channels. Agthia's Al Ain brand has also been nominated for three digital awards in the annual MENA Digital Awards.

Agthia's recently signed Memorandum of Understanding (MoU) with Microsoft UAE marked a significant milestone in its journey to become a regional digital leader in the consumer-packaged goods industry, enabling it 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.”

The Group’s FY 2023 results are available on the Group’s website www.agthia.com.

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