

Agthia Group Reports 14.7% YoY Net Revenue Growth, 31.8% YoY Group Net Profit Growth During the First Half of 2024

Strong Revenue Growth with Significant Profitability Expansion, On Track to Meet Full Year Guidance; Interim Dividends Increased by 25%

AGTHIA GROUP, ABU DHABI, UNITED ARAB EMIRATES, August 6, 2024 /EINPresswire.com/ -- Abu Dhabi, UAE, 06 August 2024 – Agthia Group PJSC (“Agthia” or “the Group”), one of the region’s leading food and beverage companies, announced today its

results for the six-month period ending 30 June 2024. Agthia delivered strong performance during H1 2024, on track to meet its full-year 2024 guidance. The Group’s profitable growth across all four segments, combined with leveraging group-wide efficiencies, resulted in both Group EBITDA and Group net profit growing faster than revenue.



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Alan Smith

H1 2024 Financial highlights

□ Group net revenue increased 14.7% year-on-year to AED 2.5 billion (11.2% growth from volume and 3.5% from pricing). Excluding AED 120 million one-off wheat trading sales in Agri-Business recorded in Q1 2024, the year-on-year net revenue growth was 9.3%. This was primarily driven by a continued shift of the Group’s product portfolio towards higher growth segments in key target markets, along with innovations. Notably, 45% of Agthia's growth in H1 2024 came from innovation alone (excluding one-off in

Q1 2024). Group revenue, adjusted for the impact of currency devaluation in Egypt (AED -144.5 million), increased by 21.3% year-on-year. Despite the FX impact, Agthia’s Egyptian businesses combined delivered 20.3% year-on-year revenue growth in AED terms during the reporting period.

- Snacking: Revenue rose 19.5% year-on-year, led by the strong performance of the coffee segment, where Abu Auf continued to gain both volume and value share in the local market for premium-branded coffee in Egypt. Abu Auf's H1 2024 growth was further supported by the ongoing organic expansion of the retail chain, opening 44 new stores, including mobile kiosks, along Egypt's North Coast. Additionally, the dates category continued to deliver strong growth driven by innovations across mid and high-value ranges, along with an expansion in date varieties and significant value growth across retail channels in the UAE and internationally (e.g. India, Bangladesh, and Morocco). Excluding the FX impact, the segment's revenue growth was 29.6% year-on-year.

- Protein & Frozen: Revenue grew 7.2% year-on-year, despite the pressure from the EGP devaluation. Excluding the FX impact, the segment's revenue growth was 24.1% year-on-year. In Q2 2024, Agthia opened a new protein manufacturing plant in Jeddah. This facility offers local production with better economic advantages and positions Agthia as a domestic protein supplier in Saudi Arabia. With a AED 90 million investment, the facility boasts an annualized production capacity exceeding 7,000 tons and houses two production lines capable of producing over 50 stock-keeping units.

- Water & Food: Revenue increased 4.0% year-on-year, with Al Ain bottled water retaining its market leadership position. This reflects an 8.3% year-on-year increase in total UAE water revenue growth, fueled by premiumization and innovation, including a significant growth of glass bottled water sales. Agthia increased UAE glass bottle water capacity, which will enable the Group to triple its production of glass bottled water in the mid-term in response to strong consumer demand. Additionally, continuous improvements in customer service quality within the Home and Office Delivery (HOD) business led to strong growth of 9.9% year-on-year during the period. International business revenue also increased by 3.5% year-on-year, with notable performance in Oman and Kuwait.

- Agri-Business: Revenue increased 25.4% year-on-year (+5.2% excluding one-off wheat trading in Q1 2024). This was primarily driven by strong performance in Feed, which reflected effective sales execution, performance 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 19.9% year-on-year to AED 382.4 million, reflecting strong growth in profitability across all segments, combined with a continued focus on profit protection in Egypt and group-wide efficiency generation. This led to Group EBITDA margin expansion of 65bps year-on-year to 15.1%. Excluding the impact of EGP devaluation (AED -30.6 million), EBITDA would have grown 29.5% year-on-year, with EBITDA margin standing at 15.5% (an increase of 98bps year-on-year).

- Snacking: EBITDA growth of 42.5% reflected strong pricing, favorable mix effects in both domestic and international date markets, as well as strong profitability expansion in Abu Auf, which was supported by strong innovation, premiumization, and strategic buying initiatives, leading to Snacking EBITDA margin expansion of 330bps year-on-year.

- Protein & Frozen: EBITDA grew by 20.5% year-on-year, significantly outpacing revenue growth,

despite input cost volatility in Egypt and external challenges affecting Jordan. While currency headwinds continue to adversely impact the Protein segment's performance in Egypt, Agthia focused on productivity enhancement and disciplined cost management throughout the period. Thanks to these initiatives the segment profitability has expanded by 143bps in H1 2024.

- Water & Food: EBITDA increased 19.0% year-on-year on a combination of a favorable mix towards high-margin premium products and effective cost management, including strict control of overheads, streamlined routes to market, direct cost efficiencies, and overall procurement improvements. Accordingly, EBITDA margin expanded by 193bps. UAE bottled water (EBITDA +56.9% year-on-year) emerged as the top performer within the segment.

- Agri-Business: EBITDA growth of 35.3% year-on-year outpaced revenue growth, driven by a favorable shift in product mix, higher facility utilization rates, and enhanced cost efficiencies.

- Group net profit grew 31.8% year-on-year to AED 190.0 million during H1 2024, with net profit margin standing at 7.5%, reflecting a 98bps expansion, notwithstanding FX headwinds and the introduction of income tax in the UAE.

- Strong balance sheet: Agthia's balance sheet remains robust with cash and equivalents of AED 0.4 billion and liquidity of AED 1.8 billion. The Group's net debt to EBITDA ratio of 1.6x (net debt of AED 1.2 billion) was slightly up compared to December 2023.

- Proposed cash dividends: In line with the Group's semi-annual dividend policy, Agthia's board of directors has recommended the distribution of AED 85.7 million as an interim cash dividend (equivalent to 10.31 fils per share). This represents a 25% year-on-year increase. The dividend payment is subject to shareholder approval at Agthia's next AGM.

- Full-year guidance maintained: Considering both the ongoing momentum across Agthia's business and the continuing impact of currency headwinds on the Group's Egyptian operations, Agthia anticipates full-year 2024 revenue growth between 10% and 12%, with a 40-60bps increase in EBITDA margin and a 30-50bps increase in Group net profit margin.

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 continued to execute its strategy of transforming Egypt into export hub. In H1 2024, export revenue from Egypt reached AED 50.7 million (+53.6% growth year-on-year). Since its acquisition, Abu Auf has rapidly expanded its retail footprint, opening 44 new stores, including mobile kiosks, along Egypt's North Coast during H1 2024.

- Investing in innovation: Innovation plays a vital role in achieving Agthia's objective of becoming a leading food and beverage company in the MENA region. At the center of the Group's innovation initiatives is a dedicated Central Innovation Team, which coordinates innovation initiatives between business units, R&D, and external innovation. Notably, 45% of Agthia's H1 2024 growth came from innovation alone (excluding one-off in Q1 2024). Here are some of the Group's innovation highlights since the beginning of the year:

- Snacking: Abu Auf launched instant coffee jars and espresso beans to diversify its coffee portfolio and expanded its snacking portfolio with savory flavored popcorn, crackers, coated peanuts, protein bars, and nut bars. Date Crown launched an organic date range.

- Protein & Frozen: Launched new Nabil brand premium products in Jordan, including high-quality beef and chicken burgers as well as a new range of varieties within the frozen potato category in the UAE.
- Agri-Business: Launched two new specialty Flour products to meet specific client needs, as well as new Agrivita Dairy Premix in response to UAE farmers' growing needs for improved animal nutrition.

□ Progressed the Group's sustainability agenda: Agthia continues to make progress across its sustainability agenda. Notably, during H1 2024, the Group reduced CO2 emissions by 7.6% year-on-year. Agthia have also begun various trials to study the potential inclusion of electric trucks and other vehicles, where feasible, to further reduce CO2 emissions across a broader spectrum of its operations. Additionally, in Q2 2024, Agthia commissioned the ALPIN Turkey Solar Energy Plant, which consists of 1,088 solar panels with a total capacity of 850.45 kW per hour. This initiative aims to further increase the use of renewable energy as part of the Group's total energy mix.

□ Accelerating the digital roadmap: The Group continues to deliver on its 5-year digital transformation journey with a focus on improving the customer experience and its commercial foundations, making Agthia a data-driven organization connected with its customers, all while ensuring secure and reliable digital and technology operations. During Q2 2024, Agthia restructured its Digital & Technology leadership team with the arrival of external experienced professionals combined with internal talents.

Agthia launched the new Al Ain water home delivery application with new payment options and an improvement in the end-to-end customer experience. The Group also started rollout activities of a new point of sale across over 200 Abu Auf stores in Egypt and continued the rollout of Sales Force Automation across its Egyptian operations.

The adoption of new technologies to support its employee safety remains a top priority for Agthia. Recently, the Group launched AI Image Recognition to prevent accidents at its facilities. Additionally, the Group implemented a mobile time and attendance solution using geo-location monitoring, which helps prevent employees on-the-go from being involved in accidents due to overwork hours.

Khalifa Sultan Al Suwaidi, Chairman of Agthia Group, commented: "Agthia continues to deliver strong performance, solidifying our growth momentum in the first half of the year. Our unwavering commitment to strengthening our business and achieving our long-term goals remains clear. This quarter's results underscore our resilience and strategic focus on driving sustainable value across our diverse portfolio. Going forward, we are well-positioned to seize opportunities in the MENA region and beyond, leveraging our strengths in innovation, digitalization, and operational excellence."

Alan Smith, Group Chief Executive Officer of Agthia Group, commented: "Agthia delivered solid top and bottom-line results in the first half of the year, reaffirming our ability to navigate

effectively challenging and dynamic operating environments. Our teams maintained their focus and agility in the execution of our long-term growth strategy, and we continue our efforts to drive sustainable long-term growth by investing in our brands, capturing synergies and driving efficiency gains. In early July, we officially launched our state-of-the-art protein facility in Jeddah, solidifying our position and establishing one of the key growth drivers for Agthia in the largest market in the GCC. The results of the first half of the year build a strong foundation for Agthia, and we reiterate our full-year guidance. We are also pleased to confirm our first interim dividend payment, intending to return approximately AED 85.7 million to shareholders in September 2024.”

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