FAB أبوظبـي الأول للأوراق المالية SECURITIES

Earnings Call Insight | 2Q25

UAE Equity Research Sector: Consumer Staples Market: ADX

Agthia Group PJSC

Current Price	Target Price
AED 4.06	Under Review

2Q25 Net Profit lower than our estimate

- Agthia Group's revenue rose 5.9% YOY to AED 1,140 Mn in 2Q25, primarily driven by growth in Snacking and Water & Food segment, partially offset by a decline in revenue of the Protein & Frozen segment and Agri-Business segment.
- Direct cost grew 12.5% YOY, higher than the revenue growth to AED 841 Mn in 2Q25.
- Thus, gross profit fell 9.0% YOY to AED 299 Mn in 2Q25. The gross profit margin declined 431 bps YOY to 26.2% in 2Q25.
- EBITDA declined from AED 150 Mn in 2Q24 to AED 43 Mn in 2Q25, driven by margin pressure in Dates and the Protein & Frozen segment. EBITDA margin fell from 13.9% in 2Q24 to 3.8% in 2Q25.
- Operating profit fell from AED 104 Mn in 2Q24 compared to a loss of AED 13 Mn in 2Q25.
- Agthia recorded a net loss of AED 41 Mn in 2Q25 compared to net profit of AED 56 Mn in 2Q24, impacted by catch-up bad debt provisions recorded in Water & Food of AED 37.7 Mn and Snacking segments of AED 9.4 Mn against legacy receivables, as well as the exit from a non-strategic JV "Timarat" of AED 4.4Mn.

Earnings Call Summary

- Agthia advanced its digital agenda, improving its Al Ain Water Home and Office Services app, leading to a 65% year-on-year reduction of complaints and 4% year-on-year improvement in the conversion rate.
- Agthia expanded its Turkish coffee range and introduced new snack formats in the Snacking segment. Similarly, the company launched new chicken products along with re-launching Meatland Luncheon range with a new packaging design in the Protein and Frozen segment.
- Phase 2 of the Protein and Frozen segment facility in KSA is expected to start operations in 2026 to improve margin absorption.
- Revamped packaging across the Water and Food segment for efficient utilization of shelf space.
- Board recommended to distribute a cash dividend of 10.31 fils per share for 1H25, subject to shareholder approval.
- Agthia's Egypt margins stood under pressure due to high input costs and limited ability to pass on pricing due to weak consumer power.
- The Company has largely completed legacy cleanups in water, food, and dates, addressing overdue receivables and slow-moving inventory by 1H25. Focus now shifts to stronger governance, credit discipline, and commercial controls to prevent recurrence.
- Agthia is using smart pricing and a tiered brand portfolio, including premium (Atyab) and value options (Meatland) to manage margins and cater to diverse consumer needs.
- The Company improved packaging that enhances shelf visibility and plans an upcoming media campaign to boost volumes in 2H25, along with changes to sales and incentive plans.
- The dates business revenue fell 18% in 1Q25 due to an oversupply driven by expanded procurement from Saudi and North Africa, without adequate market knowledge and commercial infrastructure for sales. This led to inventory write-offs and exposure to clients with liquidity issues. Agthia identified operational gaps like supply-demand planning and credit governance and is now fixing them with a turnaround plan. Most of the excess stock has been utilized with limited financial risk remaining.

Agthia - P&L

(AED mn)	2Q24	1Q25	2Q25	2Q25F	Var.	YOY Ch	QOQ Ch
Revenue	1,077	1,284	1,140	1,131	0.8%	5.9%	-11.2%
Cost of sale	-748	-922	-841	-826	1.8%	12.5%	-8.8%
Gross profit	**329**	**362**	**299**	**305**	**-1.9%**	**-9.0%**	**-17.3%**
Operating expenses	-225	-232	-313	-202	54.9%	39.3%	34.6%
EBITDA	**150**	**186**	**43**	**159**	**-73.2%**	**-71.6%**	**-77.1%**
Operating profit	**104**	**129**	**-13**	**103**	**NM**	**NM**	**NM**
Profit before tax and zakat	**73**	**107**	**-38**	**76**	**NM**	**NM**	**NM**
Income tax & zakat (exp) / credit	-11	-21	1	-14	NM	NM	NM
Profit of the year	**62**	**86**	**-37**	**61**	**NM**	**NM**	**NM**
Non-controlling interest	-7	-5	4	-4	NM	NM	NM
Net Profit	**56**	**82**	**-41**	**57**	**NM**	**NM**	**NM**

FABS estimate & Co Data

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani	+971-2-6161629	ahmad.banihani@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk	+971-2-6161700/1 +971-2-6161777	Online Trading Link
Institutional Desk	+971-4-4245765	

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