

Agthia Group PJSC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.64	Under Review	Under Review	Under Review

3Q25 Net Profit lower than our estimate

- Agthia Group's revenue rose 5.0% YOY to AED 1,136 Mn in 3Q25, primarily due to growth across all business segments.
- Direct cost grew 4.2% YOY to AED 778 Mn in 3Q25.
- Gross profit rose 7.0% YOY to AED 358 Mn in 3Q25, supported by improved performance in the Company's Snacking and Water & Food segments. Gross Margins also improved 57 bps YOY to 31.5% in 3Q25.
- Total EBITDA fell from AED 155 Mn in 3Q24 to AED 89 Mn in 3Q25, with EBITDA margin declining from 14.3% in 3Q24 to 7.8% in 3Q25.
- Operating profit fell from AED 99 Mn in 3Q24 to AED 28 Mn in 3Q25.
- Agthia's net profit declined from AED 59 Mn in 3Q24 to AED 1 Mn in 3Q25, mainly due to a one-off provision of AED 58.3 Mn recognized in relation to a commercial counterparty, along with higher finance costs.
- Excluding the non-recurring impact, the Company's Underlying Net Profit would have declined by 4.0% YOY to AED 62.3 Mn in 3Q25.

Earnings Call Summary

- Agthia recorded an AED 58.3 Mn provision related to the under-delivery of dates by a prepaid commercial counterparty and estimates a potential additional exposure of AED 30–40 Mn from the same party.
- The Company's new product innovations contributed AED 127 Mn, representing 3.6% of total revenue, while e-commerce sales grew 20.7% YOY to AED 220 Mn, accounting for 6.2% of total revenue during 9M25.
- Free cash flow turned negative at AED 18 Mn in 9M25, compared to AED 430 Mn in 9M24, primarily due to higher working capital following the discontinuation of supply chain financing.
- The Company's cost optimization initiatives generated AED 133 Mn in savings across procurement, manufacturing, and logistics during 9M25.
- Agthia expanded its Turkish coffee range and launched date-filled biscuits under Abu Auf, while introducing new chicken products and refreshed packaging in the Protein & Frozen segment to boost shelf appeal.
- The Company reiterated its medium-term target to reduce leverage below 2x, supported by a solid interest coverage ratio of 4.4x and healthy liquidity.
- Agthia's c.50% of total revenue is now generated outside the UAE, with contributions evenly distributed across the four business segments.
- Al Ain Water maintained a market-leading position in the UAE, with market share rising to 30.5%, supported by robust retail and HoReCa channel performance.
- The Company does not anticipate any new material provisions for 4Q25 in the Water, Food, or Snacking segments.
- Agthia aims to reset its Snacking segment by implementing stronger commercial discipline and optimizing its product portfolio.
- The Company plans to turn around its Protein & Frozen segment through strategic cost management and pricing restructuring, while it expects the Protein margins to improve by c. 200 bps in 2026 as new leadership and KSA capacity ramp-up take effect.
- International water sales declined 9.7% YOY in 3Q25, mainly due to heightened competition and sales phasing in Kuwait and Turkey.

- Egypt remains a strategic export hub for Agthia, as its export revenue reached AED 83.1 Mn (12% of total sales) in 9M25.
- Agthia declared an interim dividend of 10.31 fils per share for 1H25.
- The Company reaffirmed that M&A remains central to its growth strategy, with active discussions focused on expanding in existing markets and pursuing new opportunities only if strategically aligned.
- Agthia's conversion cycle remained stable at c. 45 days, excluding supply chain financing, while the Company has assigned a dedicated task force to optimize both receivables and payables.
- Agri-business segment margins may moderate by 50–100 bps to maintain market share amid competition, while the segment continues to serve as a key cash generator.
- Agthia expects 2026 to mark a year of stabilization and normalization for the dates business, enabling renewed growth thereafter.

Agthia - P&L

(AED Mn)	3Q24	2Q25	3Q25	3Q25F	Var	YOY Ch	QOQ Ch
Revenue	1,082	1,140	1,136	1,135	0.1%	5.0%	-0.4%
Cost of sale	-747	-841	-778	-799	-2.6%	4.2%	-7.4%
Gross profit	334	299	358	336	6.4%	7.0%	19.5%
Operating expenses	-235	-313	-329	-254	29.5%	39.9%	5.3%
EBITDA	155	43	89	140	-36.9%	-42.9%	106.0%
Operating profit	99	-13	28	82	-65.5%	-71.5%	NM
Profit before tax and zakat	81	-38	5	61	-91.3%	-93.4%	NM
Income tax & zakat (exp) / credit	-11	-21	1	-14	NM	NM	NM
Profit for the year	65	-37	4	50	-91.9%	-93.7%	NM
Non-controlling interest	-6	-4	-3	-4	-19.4%	-48.2%	-18.3%
Net Profit	59	-41	1	46	-98.2%	-98.6%	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%

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