

Agthia Group PJSC

One-off dates provision weighs on net profit

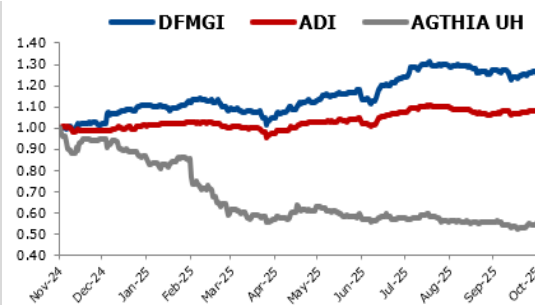
Current Price
AED 3.71

Target Price
AED 5.70

Upside/Downside (%)
+54%

Rating
BUY

- Agthia's 3Q25 profitability was impacted due to a one-off provision related to a commercial counterparty.
- Water & Food segment's Like-for-like revenue (Excluding the contribution from Riviere) increased 1.5% YOY in 3Q25.
- The Company delivered 20.7% growth in e-commerce revenue in 9M25, constituting 6.2% of total Group sales.
- The Company reaffirmed its medium-term objective of reducing leverage below 2x, supported by robust liquidity and a solid interest coverage ratio of 4.4x.
- Agthia's cost optimization initiatives delivered AED 133 Mn in savings across procurement, manufacturing, and logistics in 9M25.



3Q25 Net Profit lower than our estimate

Agthia Group's (AGTHIA/the Company) recorded net profit of AED 1 Mn in 3Q25, lower than our profit estimate of AED 46 Mn. The decline in profitability was primarily driven by a one-off provision of AED 58.3 Mn recognized in relation to a commercial counterparty, along with higher finance costs. However, excluding this non-recurring impact, the Company's Underlying Net Profit would have declined by 4.0% YOY to AED 62 Mn in 3Q25.

P&L Highlights

AGTHIA's revenue rose 5.0% YOY to AED 1,136 Mn in 3Q25, primarily due to growth across all business segments. Revenue from the Protein and Frozen segment grew 4.9% YOY to AED 252 Mn in 3Q25, driven mainly by enhanced commercial execution and a stronger portfolio focus across key markets. Snacking business revenue rose 3.9% YOY to AED 289 Mn in 3Q25, supported by Abu Auf's strong performance. In contrast, Al Foah and BMB experienced softer sales during 3Q25, owing to the ongoing business recalibration aligned with the Company's strategy to optimize product portfolios and enhance route-to-market capabilities. Water and Food business revenue grew 10.1% YOY to AED 306 Mn in 3Q25, driven by growth in both organic and non-organic water sales, along with strong customer service delivery within the Home and Office Services business. Excluding the contribution from Riviere, which was consolidated from May 2025, the Water and Food segment's like-for-like (LFL) revenue grew by 1.5% YOY in 3Q25. Agri-business revenue grew 1.3% YOY to AED 289 Mn in 3Q25, primarily due to lower average selling prices, partially offset by an improvement in sales volumes. The Company's direct cost rose 4.2% YOY to AED 778 Mn in 3Q25. Thus, 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

Stock Information

Market Cap (AED, mn)	3,083.59
Paid Up Capital (mn)	831.16
52 Week High	7.06
52 Week Low	3.32
3M Avg. daily value (AED)	2,000,372

3Q25 Result Review (AED, Mn)

Total Assets	6,306
Total Liabilities	3,559
Total Equity	2,746
EBITDA	89
Net Profit	1

Financial Ratios

Dividend Yield (12m)	5.67
Dividend Pay-out (%)	60.01
Price-Earnings Ratio(x)	30.32
Price-to-Book Ratio (x)	1.19
Book Value (AED)	3.12
Return-on Equity (%)	3.82

Stock Performance

5 Days	8.38%
1 Months	-6.55%
3 Months	-9.51%
6 Months	-17.00%
1 Year	-43.45%
Month to Date (MTD%)	-4.13%
Quarter to Date (QTD%)	-3.64%
Year to Date (YTD%)	-42.92%

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. Snacking segment EBITDA continued to turn negative to AED 30 Mn in 3Q25 from positive AED 30 Mn in 3Q24, primarily due to a provision of AED 58.3 Mn recognized in relation to a commercial counterparty. Excluding this, the Underlying EBITDA declined 5.1% YOY in 3Q25, primarily due to margin pressures at Abu Auf and BMB, while Al Foah recorded an improvement in underlying margins during 3Q25. Protein & Frozen segment EBITDA declined 19.0% YOY to AED 22 Mn in 3Q25. Consequently, Water & Food Segment EBITDA grew 9.9% YOY to AED 51 Mn in 3Q25, while margins remained largely stable over the period. Agri-business EBITDA declined 11.5% YOY to AED 52 Mn in 3Q25. Furthermore, the finance income increased from AED 1 Mn in 3Q24 to AED 3 Mn in 3Q25. Finance cost also grew 39.3% YOY to AED 26 Mn in 3Q25, due to an increase in borrowings. Additionally, Agthia recorded tax and zakat charges of AED 1 Mn in 3Q25, compared to AED 17 Mn in 3Q24.

Balance Sheet Highlights

AGTHIA's gross debt grew from AED 1.9 Bn in 2Q25 to AED 2.0 Bn in 3Q25. Net debt remained broadly stable from AED 1.60 Bn in 2Q25 to AED 1.63 Bn in 3Q25. Net Debt-to-EBITDA ratio increased to 3.6x in 3Q25, compared to 3.0x in 2Q25, mainly due to a decline in EBITDA, further impacted by cash outflows related to the acquisitions of Riviere and the minority stake in Abu Auf, along with lower utilization of supply chain financing.

Target Price and Rating

We maintain our BUY rating on Agthia with a revised target price of AED 5.70. The Company continued to build momentum in 3Q25, delivering 5.0% YOY revenue growth to AED 1.1 Bn, supported by solid performance across all core segments. While profitability was impacted by a one-off provision related to a commercial counterparty, underlying performance remained resilient, with Underlying EBITDA margins at 12.9% and Underlying net profit margin at 5.5% during 3Q25. Agthia aims to reposition its Snacking segment by enforcing stronger commercial discipline and optimizing its product portfolio. Furthermore, in the Protein & Frozen segment, the Company plans to drive a turnaround through strategic cost management and pricing restructuring. Additionally, it expects Protein margins to improve by c. 200 bps in 2026 as new leadership and KSA capacity ramp-up would take effect going forward. These developments reflect the Company's ability to enhance profitability and strengthen market position through disciplined execution across business segments. Agthia's Egypt market remains a strategic export hub for the Company, with export revenue reaching AED 83.1 Mn in 9M25, representing 12% of total sales. Furthermore, Agthia's innovation contributed AED 126.8 Mn to revenue in the 9M25, remaining a key driver for Agthia's growth. This performance is driven by the launch of new products across multiple categories. To drive growth and capture more consumer demand, the Company 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. Agthia's bottled water brand, Al Ain Water, maintained a strong market position in the UAE, with market share rising to 30.5%, supported by solid performance across retail and HoReCa channels. Additionally, the Company also delivered 20.7% growth in e-commerce revenue during 9M25, constituting 6.2% of total Group sales. These demonstrate the Company's capability to enhance operational efficiency and deepen its investments in innovation and digital capabilities. On the cost front, the Company's cost optimization initiatives delivered AED 133 Mn in savings across procurement, manufacturing, and logistics in 9M25. Based on its strong operation and financial performance, the Company reiterated its medium-term target to reduce leverage to below 2x, supported by a solid interest coverage ratio of 4.4x and strong liquidity. Furthermore, Agthia expects 2026 to mark a year of stabilization and normalization for the dates business, laying the foundation for renewed growth thereafter. Agthia also declared an interim dividend of 10.31 fils per share for 1H25, resulting in a dividend yield of 5.1% for 2025. Thus, based on these factors, we continued to maintain a BUY rating on this stock.

Agthia - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	66.71	13.26	12.29	11.62	10.91	45.58
PB	1.60	1.10	1.08	1.04	1.08	1.08
EV/EBITDA	16.81	9.24	8.00	6.15	6.27	14.94
BVPS	2.284	3.321	3.385	3.501	3.377	3.366
EPS	0.055	0.275	0.297	0.314	0.335	0.125
DPS	0.165	0.165	0.165	0.176	0.210	0.191
Dividend yield	4.4%	4.4%	4.4%	4.7%	5.6%	5.1%

FABS Estimates & Co Data

Agthia – P&L

(AED Mn)	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	1,082	1,140	1,136	1,135	0.1%	5.0%	-0.4%	4,915	4,902	-0.3%
Cost of sale	-747	-841	-778	-799	-2.6%	4.2%	-7.4%	-3,448	-3,433	-0.4%
Gross profit	334	299	358	336	6.4%	7.0%	19.5%	1,466	1,469	0.2%
Selling & distribution expense	-148	-158	-178	-159	12.2%	20.8%	12.7%	-612	-676	10.5%
G&A expense	-93	-156	-156	-102	52.3%	66.6%	-0.4%	-449	-572	27.3%
Research & development costs	-2	-2	-2	-2	-14.7%	-1.2%	-3.9%	-8	-9	15.8%
Other (expenses) / income	8	4	6	9	-28.7%	-14.3%	NM	47	27	-42.4%
EBITDA	155	43	89	140	-36.9%	-42.9%	106.0%	679	437	-35.7%
Operating profit	99	-13	28	82	-65.5%	-71.5%	NM	444	239	-46.3%
Finance income	1	2	3	6	-53.4%	NM	NM	17	15	-13.1%
Finance expense	-18	-27	-26	-27	-5.8%	39.3%	-6.2%	-81	-104	28.5%
Share of loss from inv in a JV	0	0	0	1	NM	NM	NM	4	4	5.0%
Profit before tax & zakat	81	-38	5	61	-91.3%	NM	NM	384	153	-60.2%
Income tax & zakat exp/benf	-17	1	-1	-11	NM	NM	NM	-62	-29	-53.1%
Profit of the year	65	-37	4	50	NM	NM	NM	322	124	-61.6%
Non-controlling interest	-6	-4	-3	-4	-19.4%	-48.2%	-18.3%	-31	-15	-51.4%
Net Profit	59	-41	1	46	NM	NM	NM	291	109	-62.6%

FABS estimate & Co Data

Agthia - Margins

	3Q24	2Q25	3Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross profit	30.9%	26.2%	31.5%	57	523	29.8%	30.0%	13
Operating Profit	9.1%	-1.2%	2.5%	-666	366	9.0%	4.9%	-417
EBITDA	14.3%	3.8%	7.8%	-654	403	13.8%	8.9%	-490
Net profit	5.4%	-3.6%	0.1%	-535	367	5.9%	2.2%	-371

FABS estimate & Co Data

Key Developments:

- **05 November 2025:** Agthia initiated enforcement proceedings against a commercial counterparty for failing to meet 2025 Dates delivery obligations, seeking AED 142 Mn in recovery. The Company has recognized an AED 50 Mn provision and an additional AED 58 Mn in 3Q25. The relationship has been suspended, alternative sourcing activated, and remaining exposure will be reviewed under Agthia's provisioning policy.
- **06 May 2025:** Agthia confirmed completion of all administrative steps for acquiring 100% of Riviere Mineral Water Desalination & Filling Factory LLC. The full share capital has been transferred to its subsidiary, Al Ain Food & Beverages PJSC, following the earlier disclosure on 28 March 2025.
- **06 May 2025:** Agthia completed the 100% acquisition of Riviere, significantly expanding its water business, tripling its household customer base, and adding major operational scale. The deal is immediately earnings accretive and is expected to lift Water & Food segment revenues by ~6.5%, while Riviere continues operating under its existing brand.
- **20 February 2025:** Agthia increased its stake in Abu Auf to 80%, strengthening its position in high-growth healthy snacks and coffee.

Valuation:

We use Discounted Free Cash flow (DCF) and Relative Valuation (RV) to value Agthia. We have assigned 70% weight to DCF, and 30% to RV method. In the relative valuation, we have used both PE and EV/EBITDA to value the Company.

Valuation Method	Target	Weight	Weighted Value
DCF Method	5.67	70.0%	3.97
Relative Valuation (RV):			
EV/EBITDA	6.56	15.0%	0.98
PE	4.99	15.0%	0.75
Weighted Average Valuation (AED)			5.70
Current market price (AED)			3.71
Upside/Downside (%)			+54%

1) DCF Method:

Agthia is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 7.9%. It is arrived after using the cost of equity of 9.5% and after-tax cost of debt of 5.6% with a debt-to-equity ratio of 39.7%. Cost of equity is calculated by using a 10-year government bond yield of 4.8%, beta of 1.0 and equity risk premium of 4.7%. Government bond yield is calculated after adding Abu Dhabi 10-year spread over a 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	1,680
Terminal value (AED, Mn)	4,951
FV to Common shareholders (AED, Mn)	4,716
No. of shares (Mn)	831
Current Market Price (AED)	3.71
Fair Value per share (AED)	5.67

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	196	367	383	400	420	431
D&A	222	227	232	236	240	245
Change in working capital	-16	-11	-13	-15	-17	-29
(-) Capex	-186	-192	-199	-207	-215	-224
Free Cash Flow to Firm (FCFF)	217	391	403	414	428	423
Discounting Factor	0.99	0.92	0.85	0.79	0.73	0.68
Discounted FCFF	54¹	359	342	326	313	286

Source: FAB Securities, ¹Adjusted for partial year

2) Relative Valuation:

We have used local as well as international peers to value Agthia, and it is valued using the EV/EBITDA and PE multiple. It is valued at a 2026 EV/EBITDA and PE multiple of 8.3x and 14.8x, respectively, in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Juhayna Food Industries SAE	633	7.4	6.4	12.9	10.3
Suntory Beverage & Food Ltd	9,390	6.1	5.7	16.1	14.8
Bunge Ltd	19,120	13.2	9.6	13.2	11.0
Tate & Lyle PLC	2,177	7.0	6.3	12.3	9.1
Almarai	12,696	11.4	10.3	19.1	17.5
Savola Group	1,975	5.5	5.1	13.3	11.5
Kewpie Corporation	3,719	10.2	9.2	19.7	22.5
Anjoy Foods Group	3,802	9.1	8.3	17.3	15.1
Saudi Dairy & Foodstuff Co	2,227	12.1	12.2	17.9	16.9
Average		9.1x	8.1x	15.8x	14.3x
Median		9.1x	8.3x	16.1x	14.8x
Max		11.4x	9.6x	17.9x	16.9x
Min		7.0x	6.3x	13.2x	11.0x

Source: FAB Securities

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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