FAB أبوظبي الأول للأوراق المالية SECURITIES

Earnings Call Insight | 4Q25

UAE Equity Research | Sector: Consumer Staples | Market: ADX

Agthia Group PJSC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.73	AED 5.70	+53%	BUY

4Q25 Net Profit lower than our estimate

- Agthia Group's revenue declined 1.6% YOY to AED 1,286 Mn in 4Q25, primarily due to weaker performance in the Snacking and Agri-business segment, partially offset by strong performance in Protein & Frozen and Water & Food segment.
- Direct cost decreased 2.7% YOY to AED 896 Mn in 4Q25.
- Gross profit increased 0.9% YOY to AED 390 Mn in 4Q25, supported by stronger performance in the Water & Food segment. Gross margin improved 76 bps YOY to 30.3% in 4Q25.
- Total EBITDA increased 3.4% YOY to AED 146 Mn in 4Q25, with EBITDA margin improving from 10.8% in 4Q24 to 11.4% in 4Q25.
- Operating profit fell from AED 87 Mn in 4Q24 to AED 83 Mn in 4Q25.
- Agthia's net profit declined from AED 66 Mn in 4Q24 to AED 44 Mn in 4Q25, mainly due to lower revenue and finance income, coupled with higher selling and distribution expenses, R&D expenses, other expenses and finance costs, partially offset by lower cost of sales, G&A expenses, income tax charges, and lower share to NCI holders.
- The Company declared a full-year dividend of 22.102 fils per share for 2025 and recommended a 2H25 dividend of 11.792 fils per share, subject to AGM approval.

Earnings Call Summary

- The Company's reported revenue declined 1.4% YOY in 2025, primarily due to the Egyptian pound devaluation and one-off trading activity in 2024. On an underlying basis, revenue increased 3.5% YOY, reflecting resilient demand across key segments.
- Reported earnings were also impacted by several provisions, including AED 92 Mn related to Al-Foa counterparties and other legacy provisions.
- Water & Food revenue increased 18.0% YOY to AED 328 Mn in 4Q25, supported by strong bottled water demand in the UAE and contributions from the Rivière acquisition, excluding the Riviera acquisition, it was still 9.1%.
- Al Ain surpassed AED 1 Bn in annual sales during 2025, becoming the Company's first billion-dirham brand.
- Agri-Business revenue remained broadly stable at AED 299 Mn in 4Q25, while EBITDA declined 10.8% YOY, amid pricing pressure and intensified competition in the flour market.
- Snacking revenue declined 18.7% YOY to AED 402 Mn due to the ongoing reset in the Al Foah dates business and portfolio recalibration at BMB, although underlying EBITDA improved to AED 73 Mn as operational improvements began to materialize.
- Abu Auf continued to expand strongly, recording 12.8% YOY revenue growth and adding 67 net new stores during 2025, bringing its total store count to over 400.
- Protein & Frozen revenue increased 9.4% YOY to AED 256 Mn in 4Q25, led by strong performance at Nabil, while EBITDA declined 39.5% YOY due to higher marketing spend, transformation costs, and ramp-up expenses related to the KSA facility.
- Net debt-to-EBITDA increased to 2.9x at FY25, driven by acquisitions, lower EBITDA, and reduced supply chain financing usage, although underlying leverage stood at approximately 2.2x.
- The Company will present its new five-year strategic framework at the upcoming Capital Markets Day scheduled for April 2, 2026.

- The Company confirmed that the date supply issue has been fully addressed, with necessary provisions already recognized in 2025, and expects the business to normalize in 2026, while margins in the Snacking segment have already shown improvement in 4Q25.
- Agthia also stated that no further financial exposure is expected from the commercial counterparty, and a legal case has been initiated to recover potential losses.
- The Company indicated that the current geopolitical situation has not materially impacted operations, with production, distribution, and customer services continuing normally, supported by strong inventory levels and diversified sourcing.
- Agthia highlighted that its local manufacturing presence across the UAE, Egypt, Saudi Arabia, and Jordan reduces dependence on cross-border supply chains and strengthens supply resilience.
- The Company clarified that although it stopped operating certain corporate stores, it will continue supplying products to those outlets, meaning the sales channel remains intact with only a marginal revenue impact.
- The Company expressed confidence in the recovery of the Protein & Frozen segment, expecting high single-digit growth over the medium term.
- Agthia's capex was tightly controlled at c.2.9% of revenue in 2025 to preserve cash, though the Company expects investment levels to increase going forward in line with strategic priorities.
- The Company also confirmed that no impairment was identified during the annual impairment review, indicating that the issues faced in 2025 were related to working capital and governance rather than asset value deterioration.

Agthia - P&L

(AED Mn)	**4Q24**	**3Q25**	**4Q25**	**4Q25F**	**Var**	**YOY Ch**	**QOQ Ch**
Revenue	1,307	1,136	1,286	1,299	-1.1%	-1.6%	13.2%
Cost of sale	-921	-778	-896	-889	0.7%	-2.7%	15.1%
Gross profit	**386**	**358**	**390**	**410**	**-5.0%**	**0.9%**	**9.0%**
Operating expenses	-299	-329	-306	-341	-10.2%	2.4%	-7.0%
EBITDA	**141**	**89**	**146**	**108**	**35.4%**	**3.4%**	**64.9%**
Operating profit	**87**	**28**	**83**	**69**	**21.2%**	**-4.3%**	**NM**
Profit before tax and zakat	**87**	**5**	**61**	**53**	**13.9%**	**-30.1%**	**NM**
Income tax & zakat (exp) / credit	-15	-1	-13	-3	283.3%	-9.6%	NM
Profit for the year	**72**	**4**	**47**	**50**	**-4.7%**	**-34.3%**	**NM**
Non-controlling interest	-6	-3	-3	-1	461.4%	-42.5%	2.2%
Net Profit	**66**	**1**	**44**	**49**	**-10.3%**	**-33.6%**	**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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