First Look Note | 3Q26

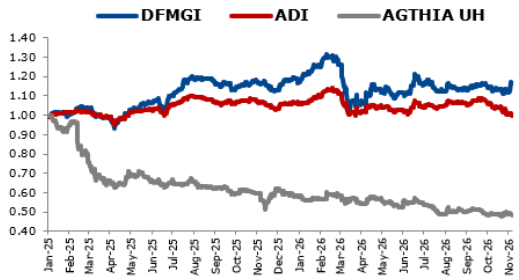
UAE Equity Research | Sector: Consumer Staples | Market: ADX

Agthia Group PJSC

One-offs lift reported earnings, while input cost inflation squeezes underlying margins

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.17	AED 5.10	+61%	BUY

- Al Ain continued to strengthen the leadership position in the UAE bottled water market, gaining 0.8 percentage points of value market share to reach 31.2%.
- Net Debt-to-EBITDA ratio rose to 2.4x in 3Q26 from 1.8x in 2Q26.
- Abu Auf delivered revenue growth of 21.7% YOY, expanded the network to 468 stores and increased ground coffee value share to 12.5%.
- Distributed an interim cash dividend of 11.792 fils per share for 1H26.
- Free cash flow stood at AED 212 Mn in 9M26, compared with negative AED 18 Mn in 9M25.



Stock Information	
Market Cap (AED, mn)	2,634.76
Paid Up Capital (mn)	831.16
52 Week High	4.04
52 Week Low	3.10
3M Avg. daily value (AED)	3,105,143

3Q26 Result Review (AED, Mn)	
Total Assets	6,420
Total Liabilities	3,701
Total Equity	2,719
EBITDA	123
Net Profit	27

Financial Ratios	
Dividend Yield (12m)	7.44
Dividend Pay-out (%)	100.21
Price-Earnings Ratio(x)	14.40
Price-to-Book Ratio (x)	1.03
Book Value (AED)	3.07
Return-on Equity (%)	7.14

Stock Performance	
5 Days	0.00%
1 Months	-0.63%
3 Months	-3.65%
6 Months	-12.43%
1 Year	-8.38%
Month to Date (MTD%)	-0.94%
Quarter to Date (QTD%)	0.00%
Year to Date (YTD%)	-16.14%

3Q26 Net Profit higher than our estimate

Agthia Group (AGTHIA/the Company) reported a net profit attributable to shareholders of AED 27 Mn in 3Q26, compared with AED 1 Mn in 3Q25, higher than our estimate of AED 15 Mn. The increase in net profit was primarily driven by higher revenue, other income and finance income, coupled with lower G&A expenses. This was partially offset by higher cost of sales, selling & distribution expenses, R&D expenses, finance costs, income tax expense, a higher share of loss from associates and a higher share of profit attributable to non-controlling shareholders.

P&L Highlights

AGTHIA's revenue increased 14.4% YOY to AED 1,300 Mn in 3Q26, primarily driven by strong performance in the Water & Food, Protein & Frozen and Agri-Business segments, partially offset by weaker performance in the Snacking segment. Revenue from the Protein & Frozen segment increased 25.1% YOY to AED 315 Mn in 3Q26, with growth across all businesses, led by Nabil, followed by Frozen Vegetables & Tomato Paste and Atyab, while KSA protein sales increased 282.7% YOY following the commissioning of Phase II of the KSA facility. Revenue from the Water & Food segment increased 36.7% YOY to AED 419 Mn in 3Q26, supported by AED 104.7 Mn of one-off sales under the UAE food security program. Excluding these one-off sales, the segment's revenue increased 2.5% YOY in 3Q26. Snacking segment revenue declined 14.7% YOY to AED 247 Mn in 3Q26, as lower export sales at Al Foah and BMB due to regional logistics route disruptions weighed on performance, although Abu Auf recorded strong revenue growth of 21.7% YOY in 3Q26, supported by solid consumer demand and an established position in Egypt. Agri-Business revenue increased 10.5% YOY to AED 319 Mn in 3Q26,

driven by in feed and flour sales. The Company's cost of sales increased 20.3% YOY to AED 936 Mn in 3Q26. Thus, gross profit increased 1.6% YOY to AED 363 Mn in 3Q26, while the gross profit margin contracted by 353 bps YOY to 27.9% in 3Q26. Total EBITDA increased 38.9% YOY to AED 123 Mn in 3Q26, with the EBITDA margin improving by 167 bps YOY to 9.5% in 3Q26. Snacking segment EBITDA improved significantly to AED 24 Mn in 3Q26 from a loss of AED 30 Mn in 3Q25, mainly driven by the absence of impairment provisions recorded in 3Q25 and Abu Auf's EBITDA margin expansion, partially offset by continued margin pressure at BMB. Protein & Frozen EBITDA declined marginally 0.9% YOY to AED 22 Mn in 3Q26, as margin improvement at the KSA facility was offset by lower profitability in other businesses, reflecting higher direct material costs, particularly beef. Water & Food segment EBITDA increased 0.6% YOY to AED 51 Mn in 3Q26, while the EBITDA margin contracted by 437 bps YOY, mainly due to higher raw material costs, particularly PET, and higher selling and distribution expenses. Agri-Business EBITDA declined 39.3% YOY to AED 31 Mn in 3Q26, with the EBITDA margin contracting by 807 bps YOY, primarily reflecting input cost pressures as pre-conflict inventory was replaced at higher costs, further compounded by higher distribution costs. Selling and distribution expenses increased 8.3% YOY to AED 193 Mn in 3Q26, while G&A expenses decreased 25.4% YOY to AED 116 Mn in 3Q26. R&D costs increased 16.8% YOY to AED 2 Mn in 3Q26. The Company recorded other income of AED 12 Mn in 3Q26, compared with AED 6 Mn in 3Q25. Consequently, operating profit increased from AED 28 Mn in 3Q25 to AED 64 Mn in 3Q26, with the operating profit margin improving by 246 bps YOY to 4.9% in 3Q26. Furthermore, finance income increased from AED 3 Mn in 3Q25 to AED 9 Mn in 3Q26, while finance expenses increased 18.5% YOY to AED 30 Mn in 3Q26. Additionally, Agthia recorded income tax and zakat charges of AED 9 Mn in 3Q26, compared with AED 1 Mn in 3Q25. The Company's share of profit attributable to non-controlling interest holders increased from AED 3 Mn in 3Q25 to AED 6 Mn in 3Q26.

Balance Sheet Highlights

AGTHIA's gross debt remained stable at AED 1.9 Bn in 3Q26, unchanged from 2Q26. Net debt increased from AED 1.0 Bn in 2Q26 to AED 1.4 Bn in 3Q26. Consequently, the Net Debt-to-EBITDA ratio rose to 2.4x in 3Q26 from 1.8x in 2Q26. The Company's cash and bank balances declined to AED 536 Mn in 3Q26 from AED 870 Mn in 2Q26. Free cash flow stood at AED 212 Mn in 9M26, compared with negative AED 18 Mn in 9M25.

Target Price and Rating

We maintain our BUY rating on Agthia with a target price of AED 5.10. Agthia delivered a resilient top-line performance in 3Q26, with reported revenue increasing 14.4% YOY to AED 1.3 Bn, supported by AED 104.7 Mn of one-off sales under the UAE food security program. Excluding these one-off sales, underlying revenue grew 5.2% YOY, demonstrating the resilience of the Company's core business despite a challenging operating environment. EBITDA increased 38.9% YOY to AED 123 Mn, benefiting from the absence of prior-year impairments in Snacking, although underlying EBITDA declined 26.2% YOY as elevated input and supply chain costs weighed on the Water & Food and Agri-Business segments. The Water & Food segment recorded revenue growth of 36.7% YOY in 3Q26, while revenue excluding food security-related sales increased 2.5% YOY. Al Ain continued to strengthen the leadership position in the UAE bottled water market, gaining 0.8 percentage points of value market share to reach 31.2%, while the Home & Office Services business, including Riviere, grew 12.9% YOY and expanded the customer base to c. 400,000 delivery points. However, higher PET, freight and distribution costs led to a 28.4% YOY decline in the segment's underlying EBITDA. The Agri-Business segment delivered revenue growth of 10.5% YOY, driven by an 18.3% increase in feed sales, but EBITDA declined 39.3% YOY in 3Q26 as pre-conflict inventory was replaced at higher costs and grain shipments were rerouted through Fujairah port and transported by road to Abu Dhabi. The Company expects Agri-Business margins to remain under pressure, as the normalisation of costs would take at least five months even after the conflict is resolved, owing to long procurement lead times. The Snacking segment continued to recover, with EBITDA improving to AED 24 Mn in 3Q26 from a loss of AED 30 Mn in 3Q25 and gross margin expanding 613 bps YOY. Abu Auf delivered revenue growth of 21.7% YOY, expanded the network to 468 stores and increased ground coffee value share to 12.5%, overtaking the long-standing local market leader for the first time in August 2026, although lower export sales at Al Foah and BMB due to regional logistics disruptions remain a headwind ahead of the seasonally strong fourth quarter dates season. The Protein & Frozen segment recorded robust revenue growth of 25.1% YOY in 3Q26, driven by broad-based growth led by Nabil and a 282.7% increase in KSA

protein sales following the commissioning of Phase II of the Saudi facility, which also passed a McDonald's audit with zero findings, although segment EBITDA declined 0.9% YOY due to higher beef costs and transformation-related expenses at Atyab. The Company's financial position remained sound, generating AED 212 Mn in free cash flow during 9M26 compared with an outflow of AED 18 Mn in 9M25, while the cash conversion cycle improved from 60 days in 9M25 to 46 days in 9M26. Net Debt-to-EBITDA improved to 2.4x in 3Q26 from 2.9x in December 2025, borrowing capacity increased to c. AED 1 Bn and interest coverage improved to 7.2x. Innovation remained a key growth pillar, contributing AED 165.8 Mn to revenue growth in 9M26, including the launch of FUELL, the UAE's first date-sweetened energy drink, while e-commerce sales grew 18.1% YOY in 3Q26 to account for 7.6% of underlying revenue. The Company also launched the Data Foundation program, with AI pilots underway to improve sales effectiveness and optimise delivery routes. However, cost pressures from the regional conflict are intensifying, and the Company does not expect to fully offset higher input, freight and distribution costs, as pricing in the UAE operates within a monitored environment. Agthia also noted an increased risk of goodwill impairment owing to the geopolitical situation and movements in long-term rates, with goodwill of AED 1.9 Bn and other intangible assets of c. AED 0.5 Bn to be assessed at the year-end review. Additionally, the Company distributed an interim cash dividend of 11.792 fils per share for 1H26, reflecting the Company's continued commitment to enhancing shareholder returns. Thus, based on these factors, we maintain our BUY rating on the stock.

Agthia - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	11.52	10.68	10.09	8.91	30.81	12.67
PB	0.95	0.94	0.91	0.94	1.00	1.00
EV/EBITDA	8.35	7.31	5.57	5.63	8.91	6.53
BVPS	3.321	3.385	3.501	3.377	3.163	3.170
EPS	0.275	0.297	0.314	0.356	0.103	0.250
DPS	0.165	0.165	0.176	0.210	0.221	0.236
Dividend yield	5.2%	5.2%	5.6%	6.7%	7.0%	7.5%

FABS Estimates & Co Data

Agthia – P&L

(AED Mn)	3Q25	2Q26	3Q26	3Q26F	Var.	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	1,136	1,275	1,300	1,220	6.5%	14.4%	1.9%	4,846	5,371	10.8%
Cost of sales	-778	-897	-936	-852	9.9%	20.3%	4.4%	-3,437	-3,762	9.4%
Gross profit	**358**	**378**	**363**	**369**	**-1.5%**	**1.6%**	**-4.0%**	**1,408**	**1,610**	**14.3%**
Selling & distribution expense	-178	-196	-193	-200	-3.5%	8.3%	-1.4%	-670	-779	16.3%
G&A expense	-156	-121	-116	-131	-11.2%	-25.4%	-4.4%	-518	-478	-7.8%
Research & development costs	-2	-2	-2	-2	2.9%	16.8%	10.9%	-8	-10	22.2%
Other (expenses) / income	6	-1	12	5	NM	NM	NM	15	32	NM
EBITDA	**89**	**117**	**123**	**126**	**-2.6%**	**38.9%**	**5.0%**	**463**	**584**	**26.0%**
Operating profit	**28**	**58**	**64**	**41**	**NM**	**NM**	**10.6%**	**227**	**375**	**NM**
Finance income	3	6	9	5	NM	NM	35.0%	12	27	NM
Finance expense	-26	-28	-30	-28	8.8%	18.5%	7.8%	-107	-118	10.5%
Share of loss from inv in a JV	0	0	0	1	NM	NM	NM	2	2	-26.4%
Profit before tax & zakat	**5**	**37**	**42**	**19**	**NM**	NM	**15.5%**	**135**	**285**	**NM**
Income tax & zakat exp	-1	-12	-9	-3	NM	NM	-24.8%	-34	-54	NM
Profit of the year	**4**	**25**	**33**	**16**	**NM**	NM	**35.4%**	**101**	**231**	**NM**
Non-controlling interest	-3	-5	-6	-1	NM	NM	14.1%	-15	-23	NM
Net Profit	**1**	**19**	**27**	**15**	**NM**	**NM**	**40.9%**	**86**	**208**	**NM**

FABS estimate & Co Data

Agthia - Margins

	3Q25	2Q26	3Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Gross profit	31.5%	29.7%	27.9%	-353	-171	29.1%	30.0%	90
Operating Profit	2.5%	4.5%	4.9%	246	39	4.7%	7.0%	229
EBITDA	7.8%	9.2%	9.5%	167	28	9.6%	10.9%	130
Net profit	0.1%	1.5%	2.1%	204	58	1.8%	3.9%	211

FABS estimate & Co Data

Key Developments:

- **06 May 2026:** Agthia Group launched the Agthia Academy, a capability-building platform developed with Bühler, to equip Emirati talent with food manufacturing expertise, strengthen the UAE's food security agenda, and support workforce development through industry and academic partnerships.

- **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 a 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	5.48	70.0%	3.84
Relative Valuation (RV)			
EV/EBITDA	4.31	15.0%	0.65
PE	4.12	15.0%	0.62
Weighted Average Valuation (AED)			**5.10**
Current market price (AED)			3.17
Upside/Downside (%)			+61%

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 7.6%. It is arrived after using the cost of equity of 10.2% and after-tax cost of debt of 4.0% with a debt-to-equity ratio of 58.1%. Cost of equity is calculated by using a 10-year government bond yield of 5.5%, 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)	1,416
Terminal value (AED, Mn)	4,830
FV to Common shareholders (AED, Mn)	**6,247**
No. of shares (Mn)	831
Current Market Price (AED)	3.17
Fair Value per share (AED)	**5.48**

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
NOPAT	305	339	374	363	354	361
D&A	231	241	246	251	258	264
Change in working capital	-190	-38	-29	-25	-36	-1
(-) Capex	-204	-216	-237	-246	-253	-260
Free Cash Flow to Firm (FCFF)	**143**	**327**	**354**	**344**	**323**	**364**
Discounting Factor	0.99	0.92	0.85	0.79	0.74	0.74
Discounted FCFF	**35[1]**	**300**	**302**	**273**	**238**	**268**

Source: FAB Securities [1]Adjusted for Partial Year

2) Relative Valuation:

We have used local as well as international peers to value Agthia, and it is valued using the median EV/EBITDA and PE multiple. It is valued at a 2027 EV/EBITDA and PE multiple of 8.0x and 15.0x, respectively, in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Juhayna Food Industries SAE	644	8.4	7.0	15.0	11.7
Suntory Beverage & Food Ltd	9,449	6.4	6.2	18.0	17.1
Bunge Ltd	18,640	9.5	8.5	10.3	8.7
Tate & Lyle PLC	3,390	8.6	8.0	15.2	13.7
Almarai	11,269	10.4	9.6	17.3	16.2
Savola Group	1,994	5.4	5.3	10.2	10.1
Kewpie Corporation	4,097	11.0	10.3	25.3	23.0
Anjoy Foods Group	4,087	4.4	3.9	17.3	15.0
Saudi Dairy & Foodstuff Co	1,554	11.5	11.2	17.9	17.4
Average		**8.4x**	**7.8x**	**16.3x**	**14.8x**
Median		**8.6x**	**8.0x**	**17.3x**	**15.0x**
Max		**10.4x**	**9.6x**	**17.9x**	**17.1x**
Min		**6.4x**	**6.2x**	**15.0x**	**11.7x**

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%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani	+971-2-6161629	Ahmad.Banihani@Bankfab.com
Shahrukh Nawaz	+971-2-6161612	Shahrukh.Nawaz@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

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

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorised by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.