

Agthia Group PJSC

Transformation initiatives begin supporting earnings recovery

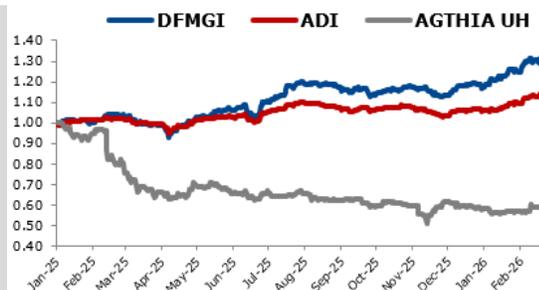
Current Price
AED 3.73

Target Price
AED 5.70

Upside/Downside (%)
+53%

Rating
BUY

- In the Water & Food segment, the Company recorded 8.7% YOY growth on a like-for-like basis, excluding Riviere, reflecting strong organic momentum.
- The Company expects recovery in the Protein & Frozen segment, with high single-digit growth anticipated over the medium term.
- Abu Auf expanded rapidly in Egypt during 2025, adding 67 new stores and increasing its total branded outlet network to over 400.
- 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.



4Q25 Net Profit lower than our estimate

Agthia Group's (AGTHIA/the Company) net profit declined 33.6% YOY to AED 44 Mn in 4Q25, lower than our estimate of AED 49 Mn. The decline in profit was primarily driven by 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.

P&L Highlights

AGTHIA's revenue fell 1.6% YOY to AED 1,286 Mn in 4Q25, primarily due to a decline in the Snacking and Agri-Business segment partially offset by an increase in revenue from Protein & Frozen and Water & Food segments. Revenue from the Protein & Frozen segment grew 9.4% YOY to AED 256 Mn in 4Q25, led by strong performance at Nabil. Water & Food segment revenue grew 18.0% YOY to AED 328 Mn in 4Q25, supported by strong bottled water demand in the UAE and contributions from the Riviere acquisition, excluding the Riviere acquisition, the revenue grew 9.1% YOY. Snacking segment revenue fell 18.7% YOY to AED 402 Mn in 4Q25, due to the ongoing reset in the Al Foah dates business and portfolio recalibration at BMB. However, Abu Auf recorded a revenue growth of 12.8% YOY in AED terms. Agri-business revenue declined marginally by 0.2% YOY to AED 299 Mn in 4Q25, amid pricing pressure and intensified competition in the flour market. The Company's direct costs fell 2.7% YOY to AED 896 Mn in 4Q25. Thus, gross profit rose 0.9% YOY to AED 390 Mn in 4Q25, supported by improved gross profits from the Company's Water & Food, Protein & Frozen and Agri-Business segments. Gross profit margin also improved 76 bps YOY to 30.3% in 4Q25. Total EBITDA increased from AED 141 Mn in 4Q24 to AED 146 Mn in 4Q25, with the EBITDA margin improving by 55 bps YOY to

Stock Information

Market Cap (AED, mn)	3,100.21
Paid Up Capital (mn)	831.16
52 Week High	4.74
52 Week Low	3.32
3M Avg. daily value (AED)	969,700

4Q25 Result Review (AED, Mn)

Total Assets	6,313
Total Liabilities	3,526
Total Equity	2,788
EBITDA	146
Net Profit	44

Financial Ratios

Dividend Yield (12m)	5.71
Dividend Pay-out (%)	100.21
Price-Earnings Ratio(x)	35.70
Price-to-Book Ratio (x)	1.16
Book Value (AED)	3.16
Return-on Equity (%)	3.14

Stock Performance

5 Days	-3.62%
1 Months	1.08%
3 Months	-6.05%
6 Months	-8.80%
1 Year	-18.91%
Month to Date (MTD%)	-2.10%
Quarter to Date (QTD%)	-1.32%
Year to Date (YTD%)	-1.32%

11.4% in 4Q25. Snacking segment EBITDA increased significantly from AED 7 Mn in 4Q24 to AED 40 Mn in 4Q25. Additionally, the segment's underlying EBITDA improved to AED 73 Mn in 4Q25 as operational improvements began to materialize. Protein & Frozen segment EBITDA declined significantly from AED 22 Mn in 4Q24 to AED 12 Mn in 4Q25, primarily due to higher marketing spend, transformation costs, and ramp-up expenses related to the KSA facility. Water & Food Segment EBITDA grew 10.8% YOY to AED 51 Mn in 4Q25. Additionally, Agri-business EBITDA declined 10.8% YOY to AED 50 Mn in 4Q25, driven by higher SG&A expenses. Selling and distribution expenses increased 25.9% YOY to AED 186 Mn in 4Q25, while G&A expense decreased 30.6% YOY to AED 115 Mn in 4Q25. R&D costs increased 4.0% YOY to AED 2 Mn in 4Q25. The Company recorded other expenses of AED 3 Mn in 4Q25, compared to other income of AED 16 Mn in 4Q24. Thus, operating profit decreased 4.3% YOY to AED 83 Mn in 4Q25, and operating profit margin declined 18 bps YOY to 6.5% in 4Q25. Furthermore, finance income decreased from AED 9 Mn in 4Q24 to AED 4 Mn in 4Q25, while finance expenses increased from AED 10 Mn in 4Q24 to AED 27 Mn in 4Q25. Additionally, Agthia recorded tax and zakat charges of AED 13 Mn in 4Q25, compared to AED 15 Mn in 4Q24. The Company's share to non-controlling interest holders decreased from AED 6 Mn in 4Q24 to AED 3 Mn in 4Q25.

Balance Sheet Highlights

AGTHIA's gross debt fell from AED 2.0 Bn in 3Q25 to AED 1.9 Bn in 4Q25. Net debt also decreased from AED 1.6 Bn in 3Q25 to AED 1.3 Bn in 4Q25. Net Debt-to-EBITDA ratio increased to 2.9x in 2025, compared to 1.5x in 2024, 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. The Company's cash and bank balances increased to AED 531 Mn in 4Q25, compared to AED 366 Mn in 3Q25.

Target Price and Rating

We maintain our BUY rating on Agthia with a target price of AED 5.70. Agthia delivered a mixed performance in 4Q25, with revenue declining 1.6% YOY to AED 1.3 Bn in 4Q25, primarily due to softer pricing and an unfavorable product mix despite higher volumes. However, the Company continues to demonstrate strong underlying growth drivers supported by portfolio strength, innovation, and geographic diversification. On an underlying basis, revenue increased 3.5% YOY, reflecting resilient demand across key segments. Agthia's Water & Food segment remained the key growth driver, recording strong 14.6% YOY revenue growth to AED 1.2 Bn in 2025. On a like-for-like basis, excluding the contribution from Riviere, the segment grew 8.7% YOY, indicating healthy organic momentum. Within this segment, Al Ain Water maintained its leadership position in the UAE bottled water market, supported by expansion in HoReCa channels. Notably, Al Ain crossed a major milestone in 4Q25, becoming Agthia's first Bn-dirham brand with sales reaching AED 1 Bn, reflecting strong brand equity and distribution capabilities. In the Snacking segment, the Company strengthened its portfolio by increasing its stake in Abu Auf from 70% to 80%, while profitability improved significantly in 4Q25, following the operational reset. Abu Auf expanded aggressively in Egypt during 2025, adding 67 new stores and taking its total branded outlet count to over 400 stores, reinforcing Agthia's presence in high-growth consumer markets. The Company also stated that the dates supply issue has been fully resolved, with provisions already recognized. Additionally, Agthia's Protein & Frozen segment recorded a 9.4% YOY increase in revenue in 4Q25. The segment is expected to recover gradually, with high single-digit growth anticipated over the medium term as operational improvements continue. Agthia's flour segment is facing increasing competition and pricing pressure, with management focusing on specialty flour products and maintaining pricing discipline to protect margins rather than pursuing aggressive volume growth. Strategically, Agthia continues to diversify its revenue base and expand into scalable markets, with approximately 47% of revenue now generated from outside the UAE. Innovation remains a key growth pillar, contributing AED 208 Mn in 2025, through new product launches across snacking, coffee, and protein categories, along with refreshed packaging initiatives that enhanced brand visibility and product mix. Digital channels are also gaining traction, with digital revenue reaching AED 309 Mn in 2025, accounting for 6.4% of total sales and growing 20% YOY. On the capital allocation front, Agthia maintained balance sheet discipline with capex tightly controlled at c.2.9% of revenue in 2025 to preserve cash, although investment levels are expected to increase going forward in line with strategic priorities. The Company also ended the year with AED 531 Mn in cash and strong liquidity headroom. Moreover, Agthia's board proposed 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, while maintaining its strategy of growing dividends over time. Thus, based on these factors, we continued to maintain a BUY rating on this stock.

Agthia - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	13.30	12.33	11.65	10.29	55.40	1.93
PB	1.10	1.08	1.05	1.08	1.16	1.13
EV/EBITDA	9.25	8.02	6.16	6.23	13.45	3.63
BVPS	3.321	3.385	3.501	3.377	3.163	3.227
EPS	0.275	0.297	0.314	0.356	0.103	0.289
DPS	0.165	0.165	0.176	0.210	0.221	0.231
Dividend yield	4.5%	4.5%	4.8%	5.7%	6.0%	6.2%

FABS Estimates & Co Data

Agthia - P&L

(AED Mn)	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch	2024	2025	Change
Revenue	1,307	1,136	1,286	1,299	-1.1%	-1.6%	13.2%	4,915	4,846	-1.4%
Cost of sale	-921	-778	-896	-889	0.7%	-2.7%	15.1%	-3,448	-3,437	-0.3%
Gross profit	386	358	390	410	-5.0%	0.9%	9.0%	1,466	1,408	-3.9%
Selling & distribution expense	-148	-178	-186	-183	1.6%	25.9%	4.3%	-612	-670	9.4%
G&A expense	-166	-156	-115	-164	-29.7%	-30.6%	-26.2%	-449	-518	15.4%
Research & development costs	-2	-2	-2	-3	-27.9%	4.0%	11.6%	-8	-8	3.8%
Other (expenses) / income	16	6	-3	8	NM	NM	NM	47	15	NM
EBITDA	141	89	146	108	35.4%	3.4%	64.9%	679	463	-31.7%
Operating profit	87	28	83	69	21.2%	-4.3%	NM	444	227	-48.8%
Finance income	9	3	4	7	-42.5%	-52.7%	NM	17	12	-30.6%
Finance expense	-10	-26	-27	-25	10.0%	NM	6.0%	-81	-107	31.6%
Share of loss from inv in a JV	2	0	0	2	NM	NM	NM	4	2	-41.3%
Profit before tax & zakat	87	5	61	53	13.9%	-30.1%	NM	384	135	-64.9%
Income tax & zakat exp/benf	-15	-1	-13	-3	NM	-9.6%	NM	-62	-34	-45.2%
Profit of the year	72	4	47	50	-4.7%	-34.3%	NM	322	101	-68.7%
Non-controlling interest	-6	-3	-3	-1	NM	-42.5%	2.2%	-31	-15	NM
Net Profit	66	1	44	49	-10.3%	-33.6%	NM	291	86	-70.6%

FABS estimate & Co Data

Agthia - Margins

	4Q24	3Q25	4Q25	YOY Ch	QOQ Ch	2024	2025	Change
Gross profit	29.6%	31.5%	30.3%	76	-116	29.8%	29.1%	-77
Operating Profit	6.7%	2.5%	6.5%	-18	401	9.0%	4.7%	-434
EBITDA	10.8%	7.8%	11.4%	55	356	13.8%	9.6%	-425
Net profit	5.1%	0.1%	3.4%	-165	336	5.9%	1.8%	-416

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	5.91	70.0%	4.14
Relative Valuation (RV)			
EV/EBITDA	5.80	15.0%	0.87
PE	4.62	15.0%	0.69
Weighted Average Valuation (AED)			5.70
Current market price (AED)			3.73
Upside/Downside (%)			+53%

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 7.5%. It is arrived after using the cost of equity of 9.6% and after-tax cost of debt of 4.2% with a debt-to-equity ratio of 38.0%. Cost of equity is calculated by using a 10-year government bond yield of 4.9%, beta of 1.0 and equity risk premium of 4.6%. 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)	1,550
Terminal value (AED, Mn)	4,976
FV to Common shareholders (AED, Mn)	4,915
No. of shares (Mn)	831
Current Market Price (AED)	3.73
Fair Value per share (AED)	5.91

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	360	398	437	467	494
D&A	226	231	236	241	246
Change in working capital	-158	-27	-25	-28	-130
(-) Capex	-193	-201	-210	-218	-228
Free Cash Flow to Firm (FCFF)	235	401	439	462	383
Discounting Factor	0.94	0.88	0.81	0.76	0.70
Discounted FCFF	222	351	357	350	270

Source: FAB Securities

2) Relative Valuation:

We have used local as well as international peers to value Agthia, and it is valued using the EV/EBITDA and P/E multiple. It is valued at a 2026 EV/EBITDA and P/E multiple of 9.9x and 15.2x, respectively, in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Juhayna Food Industries SAE	640	7.2	5.5	12.2	10.3
Suntory Beverage & Food Ltd	9,254	5.9	5.7	15.2	14.4
Bunge Ltd	22,567	10.5	9.3	14.4	11.8
Tate & Lyle PLC	2,076	6.1	5.8	8.6	8.0
Almarai	10,930	10.3	9.2	16.3	14.4
Savola Group	1,664	4.7	4.5	10.4	9.5
Kewpie Corporation	3,866	9.9	9.3	23.5	21.6
Anjoy Foods Group	4,939	10.7	9.6	18.8	16.9
Saudi Dairy & Foodstuff Co	1,671	9.9	8.7	15.6	12.9
Average		8.4x	7.5x	15.0x	13.3x
Median		9.9x	8.7x	15.2x	12.9x
Max		10.3x	9.3x	16.3x	14.4x
Min		6.1x	5.7x	12.2x	10.3x

Source: FAB Securities

