



نبض الحياة نبض الطبيعة
For Wholehearted Living



Agthia Group PJSC

9M18 Analyst & Investor Earnings Conference Call

Abu Dhabi, 29 October 2018

HIGHLIGHTS OF THE QUARTER

- Strong profit in the last quarter, AED 50 million
- Record-high group gross profit margin at 34.7 percent
- Kuwait factory inaugurated – commercially we started strong
- Market share growth of our Water products continued



BOTTLED WATER MARKET SHARES¹

Al Ain Water's strong leadership continues

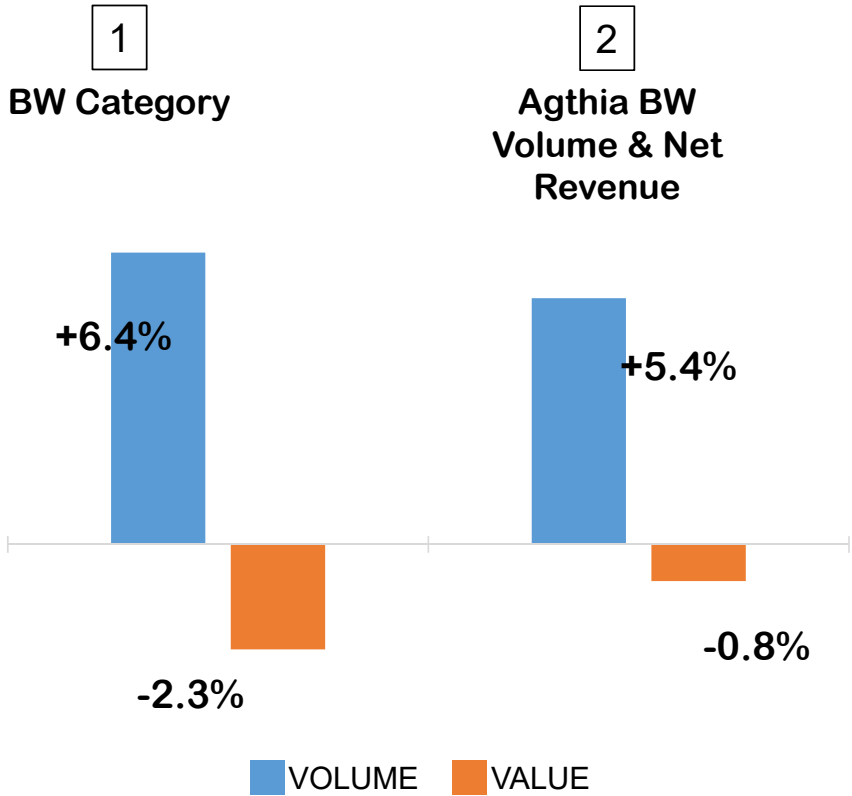
	Volume Share		Value Share	
	%	Change VYA	%	Change VYA
Al Ain Water	28.1	↑ +119bps	26.3	↑ +82bps
Al Bayan	1.1	▭ flat	1.0	▭ flat
Alpin	0.8	↑ +25bps	0.8	↑ +16bps
Agthia Total	30.0	↑ +134bps	28.1	↑ +98bps

- Strong share growth both in volume and value
- Increasing the gap versus competition – currently 1250 bps ahead of the second



BOTTLED WATER CATEGORY IN UAE¹

Growth YTD 18 V 17



- 1. **Category** volume growth accelerated against a backdrop of heavy promotions eroding value
- 2. **Agthia BW P&L** volume and value mirror category movement

4 ¹ ACNielsen retail audit YTD August share data for UAE retail market. Value data includes Agthia management approximations to net out VAT impact in 2018. | (Copyright © 2018 The Nielsen Company)



VOLUME SHIPMENTS

Water

- Strong volume growth
- UAE 82% of our volume
- Kuwait started to contribute

SHIPPED VOLUME <u>BOTTLED WATER</u>	YTD	CHANGE
	SEP'18	YTD 18 vs YTD 17
	Million Cases	
UAE	43.2	+5%
TURKEY	1.5	+10%
SAUDI (L4L)	7.2	+5%
KUWAIT	0.2	na
TOTAL	52.1	+5%

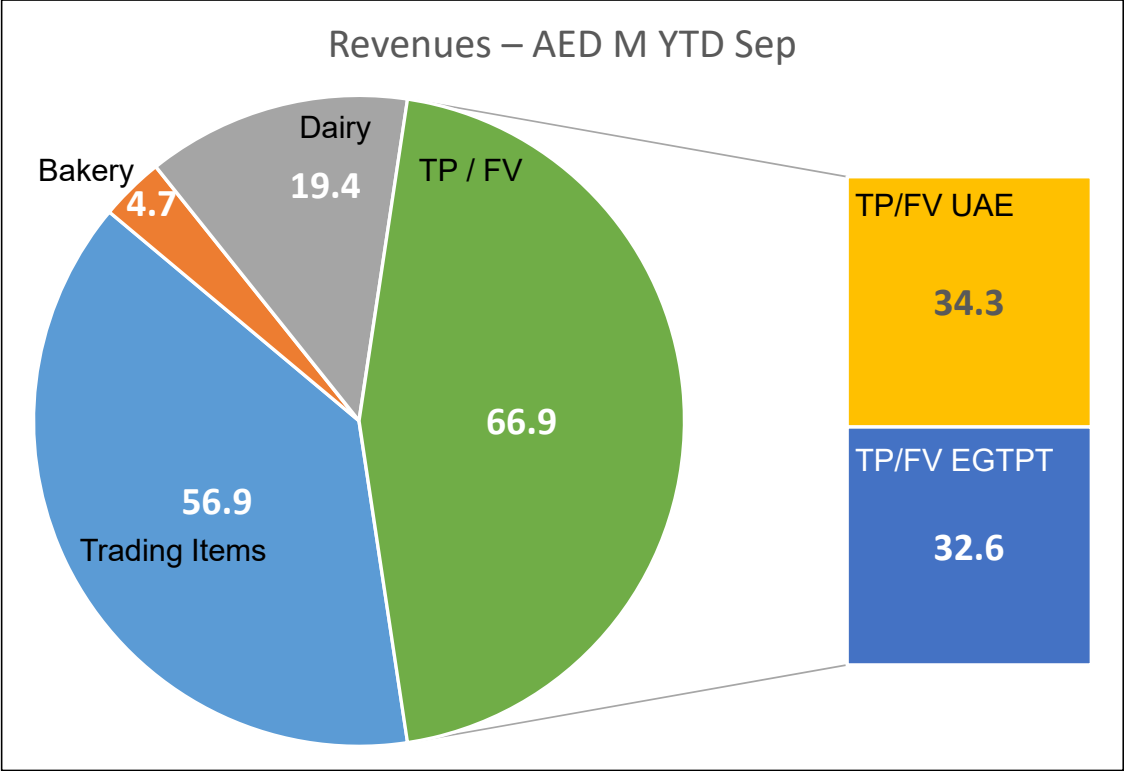


FOOD BUSINESS

<u>AED M – YTD SEP</u>	<u>2018</u>	<u>2017</u>
Segment Revenue	148	130
Segment Profit	3.5	-2.7

- Segment growth: +13%
- Trading Items: ~ 40% of segment
 - Revenue growing by 40%
 - Net profit growth 99%, NPM at 18%
- TP/FV growing by 14% - Egypt's growth 25%
- Dairy behind last year in declining market

	Change Vs. YA	
Market Share ¹	Value	Volume
Fruit Yogurt	-11%	-8%
Kids Yogurt	-6%	-12%



¹ ACNielsen retail audit MAT July share data for UAE retail market. Value data includes Agthia management approximations to net out VAT impact in 2018. | (Copyright © 2018 The Nielsen Company)



AGRI BUSINESS

ANIMAL FEED

- Stabilized performance
- Strong profitability – 22% GPM, +800bps
- Low milk prices (Saudi glut) forcing dairy farms to cut their herds

- Sales: AED 407M, +2% L4L
- Profit: AED 49M, +99% L4L
- Higher volume and better mix
- Emerging issue: Potential volume loss due to dairy farm scale-downs – up to 1K/ton

FLOUR

- Strong growth in retail segment (+22%)
- Bakery – offtake and competition issues
- Subsidy (Bakery) extended till year-end

- Sales: AED 263M, -6% L4L
- Profit: AED 46M, -27% L4L
- Impact of lower Bakery subsidy both on sales and profit
- Remaining (50%) subsidy in bakery extended till year-end





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FINANCIAL PERFORMANCE



GROUP REVENUE & PROFIT

Both metrics posted growth on like-for-like basis

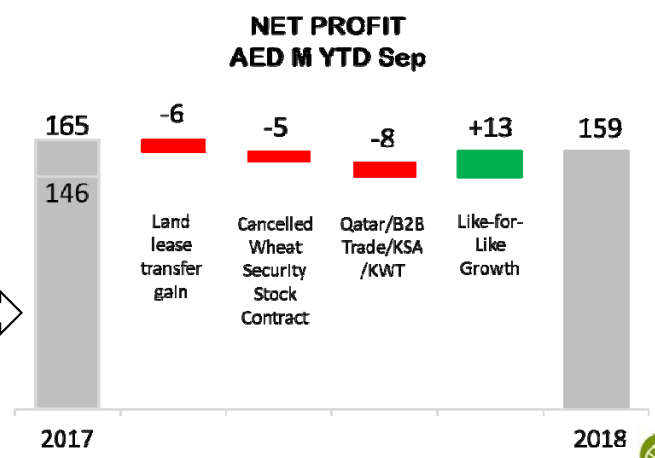
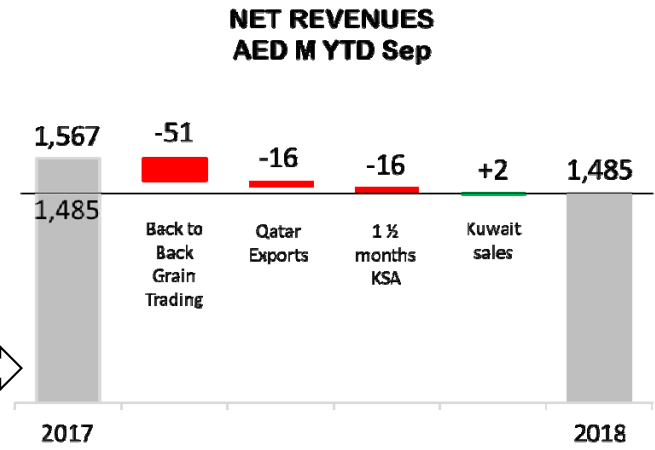
<u>AED M</u> <u>YTD September</u>	<u>2018</u>	Reported <u>2017</u>	Like-for-Like <u>2017</u>
Net Revenues	1,485	1,567 -5.2%	1,485 FLAT
Net Profit	158.6	164.7 -3.7%	145.8 +8.8%



GROUP P&L

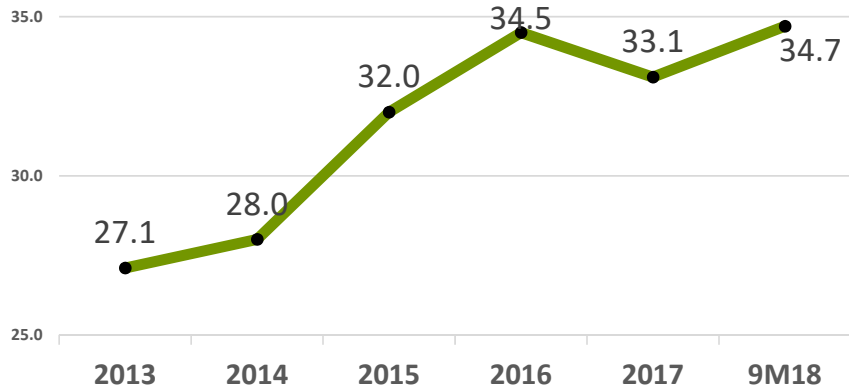
- Flat top line amid challenging headwinds
- Higher efficiency and lower expense
- Profit growth

	2018 Actual	2017 Reported	Variance	2017 L4L	Variance
Revenue	1,485	1,567	-5%	1,485	0%
Gross profit	515	525	-2%	514	0%
Gross profit margin	34.7%	33.5%		34.6%	
Operating expenses	358	362	-1%	370	-3%
OPEX margin	24.1%	23.1%		24.9%	
Operating profit	158	163	-3%	144	10%
Financial exp/(inc)	(1)	(2)	-62%	(2)	-62%
Net profit	159	165	-4%	146	9%
Net profit margin	10.7%	10.5%		9.8%	

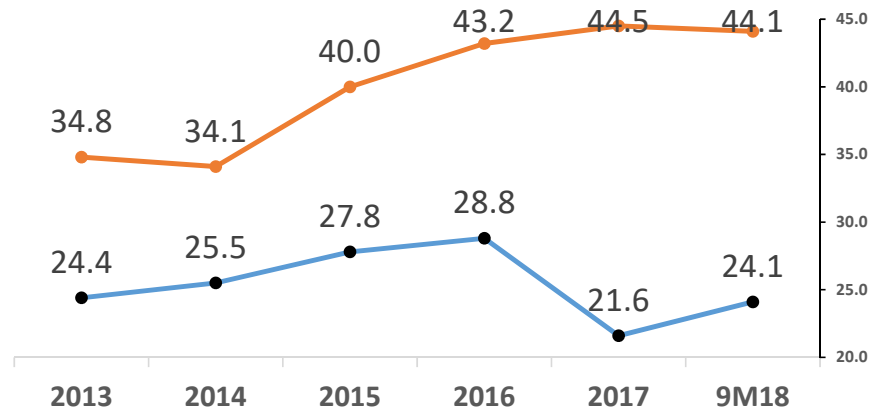


GROSS PROFIT MARGIN

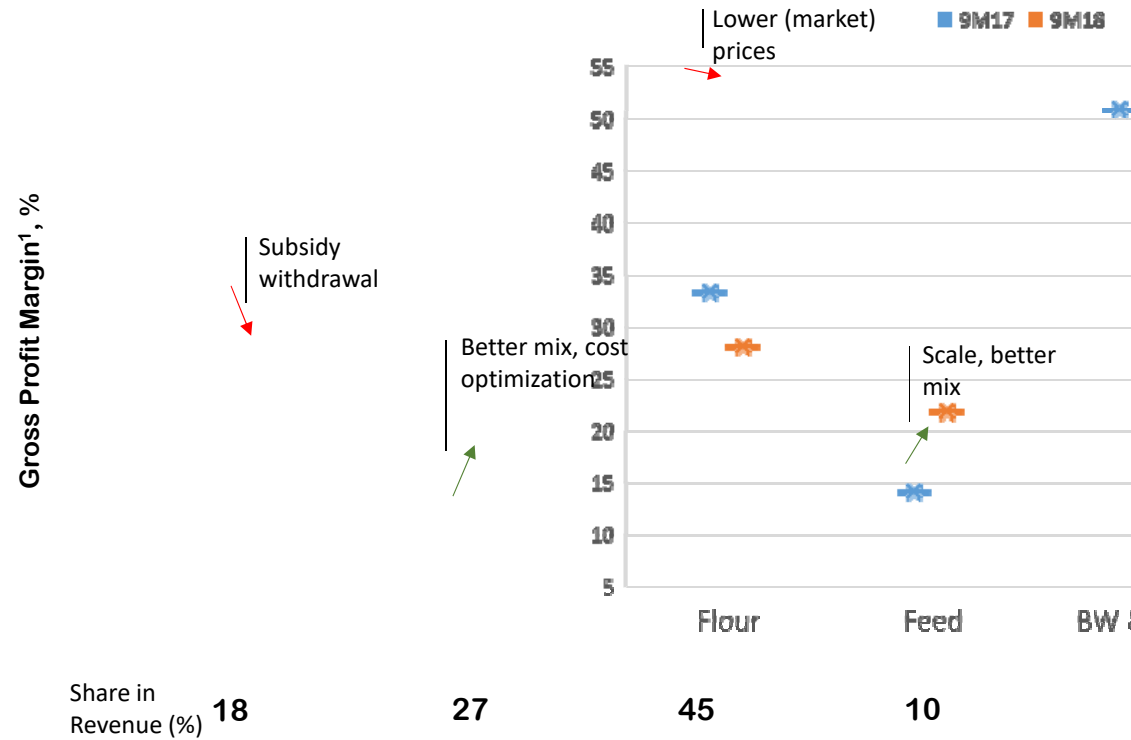
Group Gross Profit Margin, %



Division Gross Profit Margins¹, %



Segment Gross Profit Margins¹, %



11 ¹ Before Head Office charges' allocation.



2018 ESTIMATE

Protecting top and bottom lines despite significant pressure

2018 Full Year

Net Profit (M)

AED 200 – 205

(L4L growth

+ 5-8%)

Net Revenue (B)

AED 1.99 – 2.01

(L4L growth

+ 2-3%)



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Q&A

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