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# Agthia Group PJSC

Q1 2019

Analyst & Investor Earnings Call

Abu Dhabi, 1 May 2019

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# QUARTER SNAPSHOT

- **Resilient revenue growth (+3.4% y-o-y)**; driven by Food and Flour
  - **Food segment** (+41% y-o-y), elevated by Community Support Division and Egypt
  - **Flour Revenues** (+14% y-o-y), on strong retail and wheat sales
  - **International operations** (+24% y-o-y), on track to become a stable contributor
  - **HOD – UAE revenues** (+8% y-o-y), on new customer acquisitions
- **Bottled Water** portfolio maintained leadership position in the UAE market in both volume and value share
- **Group profit prevailed at AED 40m** in the face of water pricing pressures, zeroed out flour-subsidy in the Bakery channel
- **We remained committed to *innovation*** with the launch of 5 new products
- Embracing **Sustainability** practices and applying **ESG standards** across business operations

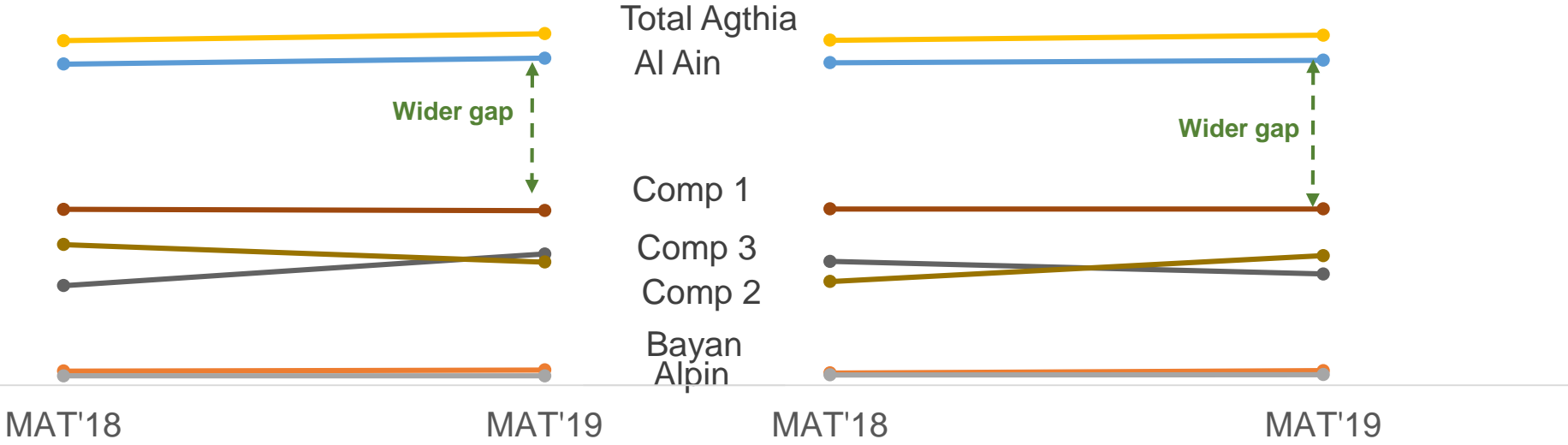


# BOTTLED WATER MARKET SHARES<sup>1</sup>

Agthia's water portfolio on the rise in the UAE

Volume share %

Value share %



- **Highest market share- total Agthia**, 32.1% volume and 29.4% value (Feb'19 exit)
- **Al Ain Water** clear market leader with wider lead, 29.6% volume and 27.3% value (Feb'19 exit)
- **Alpin**, #1 volume market share among Mineral Water brands



# WATER | SHIPPED VOLUMES

Robust international operations support home market

Shipped volume	Q1 2019	y/y
<i>HOD - UAE (million bottles)</i>	5.2	+10.1%
<i>Bottled Water (million cases)</i>		
<b>UAE</b>	12.9	+0.5%
KSA	2.9	+26.8%
Turkey	0.3	+4.2%
Kuwait	0.9	nm
<b>Total International Ops</b>	4.1	+59.3%
<b>Total Bottled Water</b>	17.0	+10.2%

- Notable volume growth of **HOD**
- Buoyant performance across **international operations**
- Strong contribution from **KSA**
- Higher-than-expected running rates in **Kuwait**



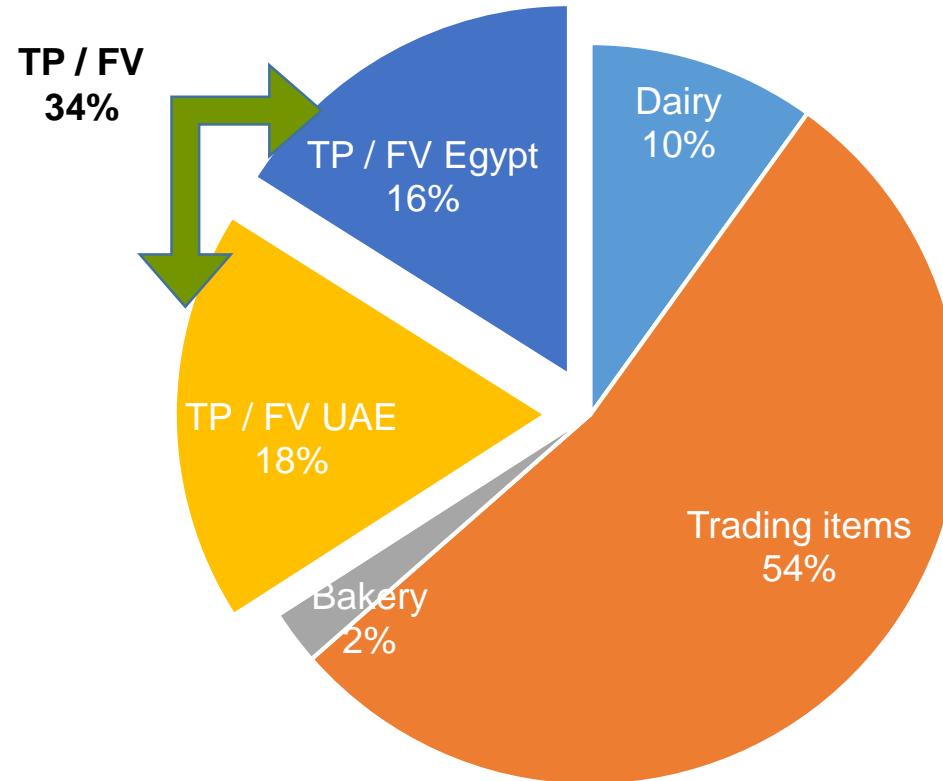
# FOOD

Trading items drive top-line growth; enhanced profitability across board

AED M	Q1 2019	Q1 2018	y/y
Segment Revenues	67.5	47.8	41.3%
Segment Profit	3.5	2.0	76.4%
Profit margin	5.1%	4.1%	102 bps

- **Trading Items:** 54% of segment
  - Revenues +107% y/y
  - Net profits +10% y/y
- **TP/FV incl. Egypt ops.:** 34% of segment
  - Revenues +10% y/y
  - Net profits +24% y/y
  - **Egypt:** Rev. +19% NP +5%
- **Dairy:** 10% of segment
  - Volumes +10% y/y
  - Lower incurred losses on cost optimization

Revenue contribution as of Q1 2019



# AGRI

## Better feed and flour pricing subdued by flour subsidy removal

### Segment Revenues:

**FLOUR**  
**AED 101 million**  
**+13.7%**

- + Robust domestic volumes with expanded retail penetration
- + Higher pricing
- + Wheat trading
- Full subsidy withdrawal from Bakery channel
- Higher wheat costs

**FEED**  
**AED 125 million**  
**-12%**

- + Favourable mix- tilted towards subsidized channel
- + Better pricing countering higher grain costs
- Lower grain sales





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# FINANCIAL PERFORMANCE





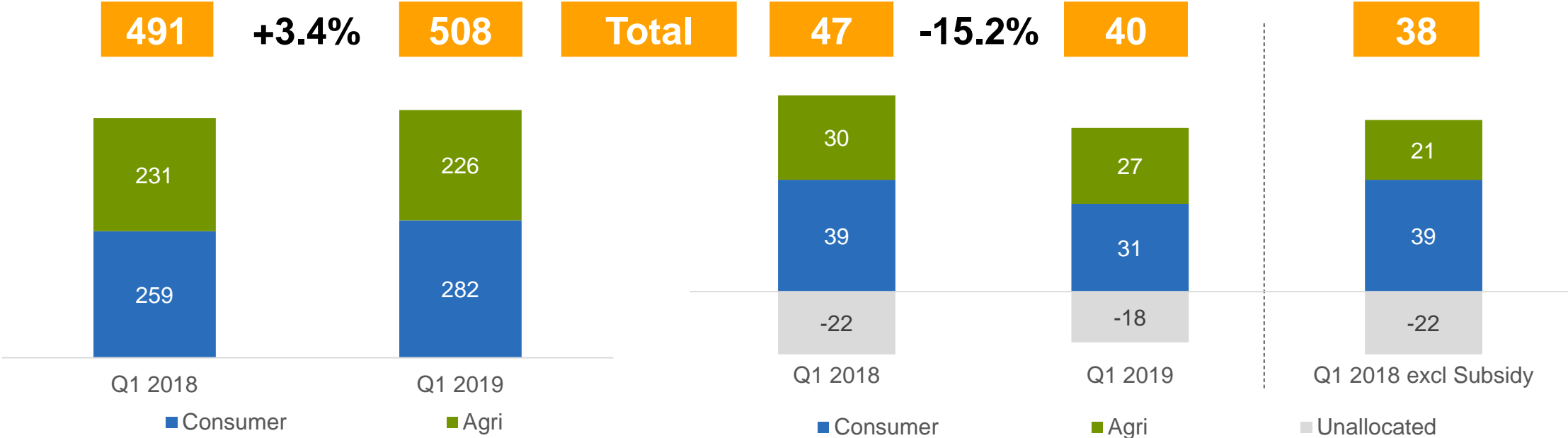
# GROUP REVENUE & PROFIT

Resilient top-line growth

Group revenues (AED M)

Group net profits (AED M)

Q1 2018 Profit excluding flour subsidy



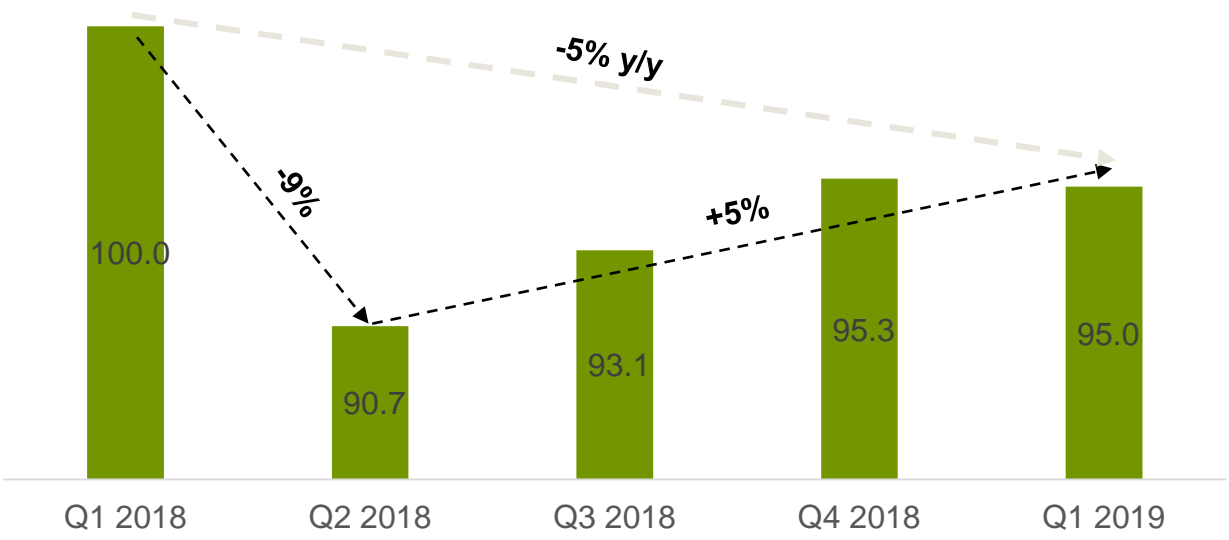
<sup>1</sup> Unallocated = Head Office charges



# BOTTLED WATER PRICING LANDSCAPE

Ability to recoup prices despite fierce competition

Agthia's BW Prices<sup>1</sup> in the UAE (per case)

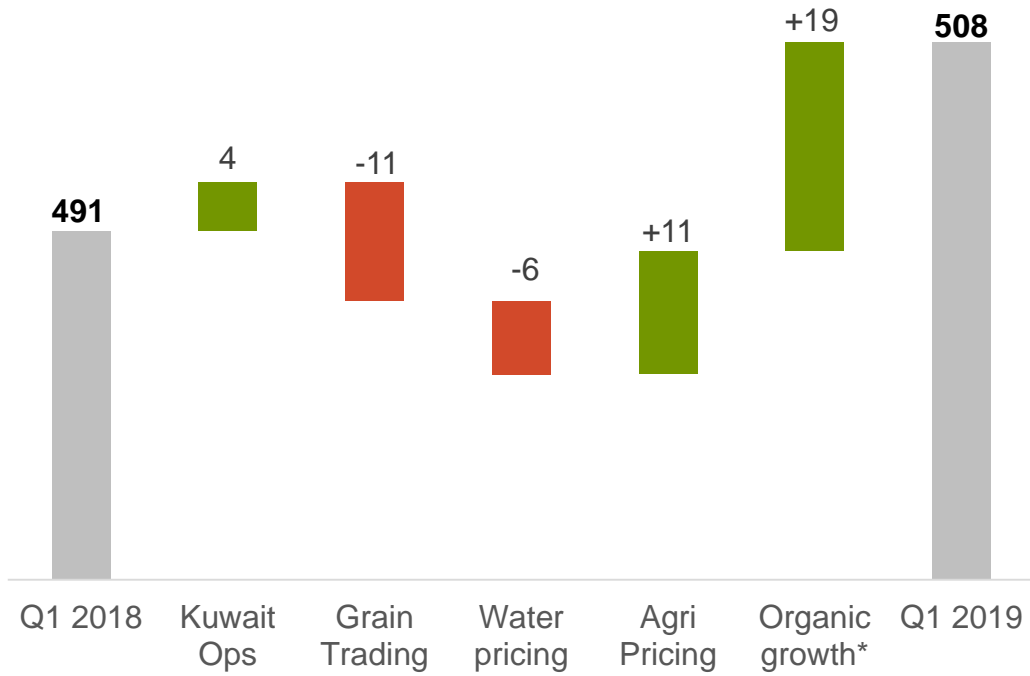


- Q2 2018: aggressive price discounts => average price/case -9% q/q
- Agthia's BW pricing recovered by 5% since Q2 without compromising market share

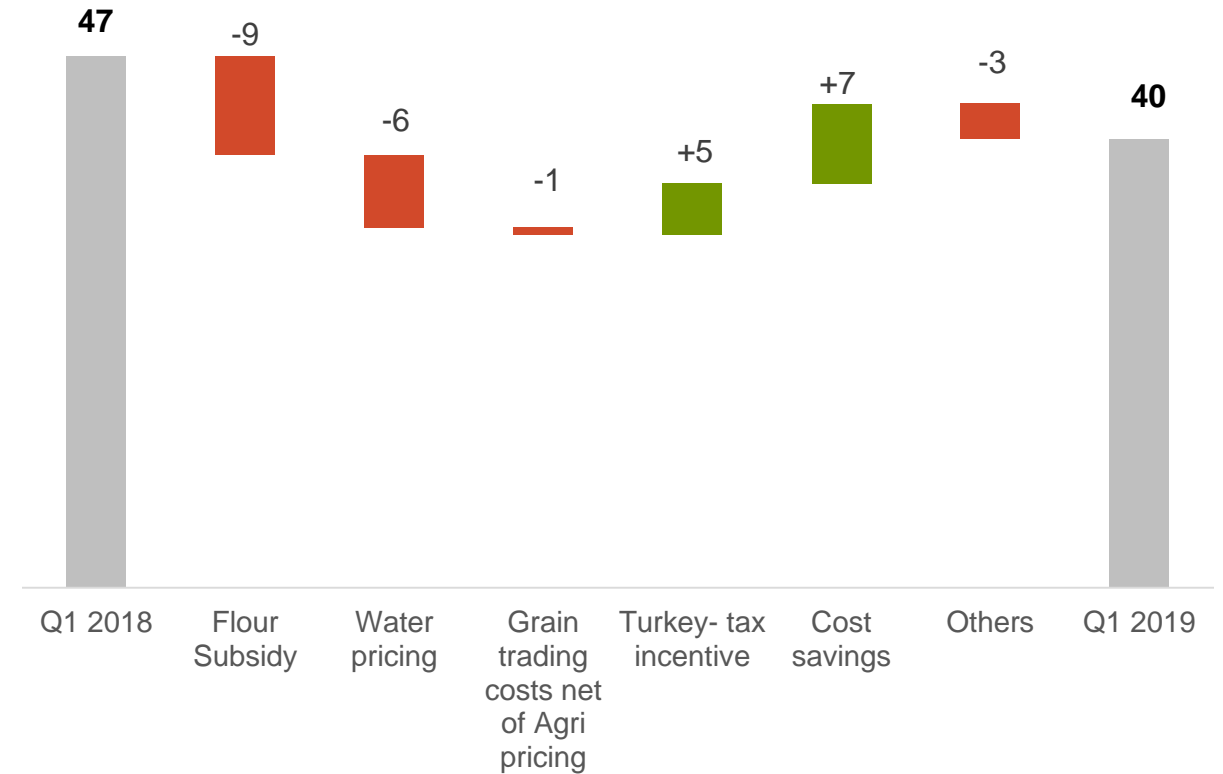


# TOP AND BOTTOM LINE RECONCILIATION

## Group revenues (AED M)

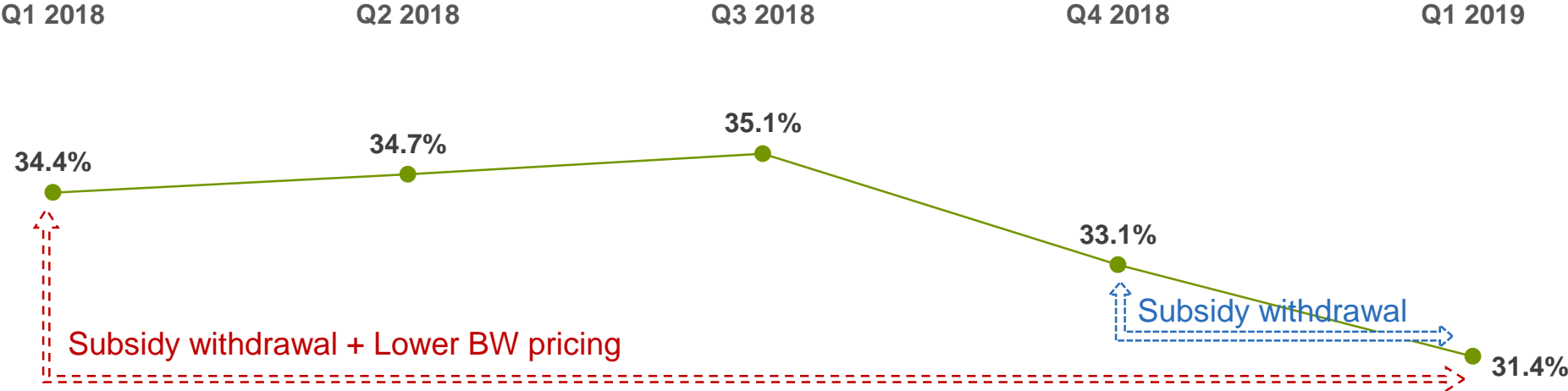


## Group net profits (AED M)



# GROSS PROFIT MARGIN

Group Gross profit margins (%)





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# Q&A

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