



نبض الحياة نبض الطبيعة
For Wholehearted Living



HSBC EEMEA & LATAM CONFERENCE 2017

***London,
5 – 6 September 2017***

Agthia Group PJSC – ADX: AGTHIA



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Agenda

Key Messages

1st Half 2017 Results

Additional Data

KEY MESSAGES

- **Water** continues to drive the growth – both revenues and profit
- Quick, effective response to **subsidy withdrawal**
- Eminent (profit) **turnaround** in Dairy, Egypt, Turkey
- Vigorous **cost saving** initiatives maximizing profit protection
- 2020 Target and strategies stay course – good progress to-date



WATER

Engine of growth

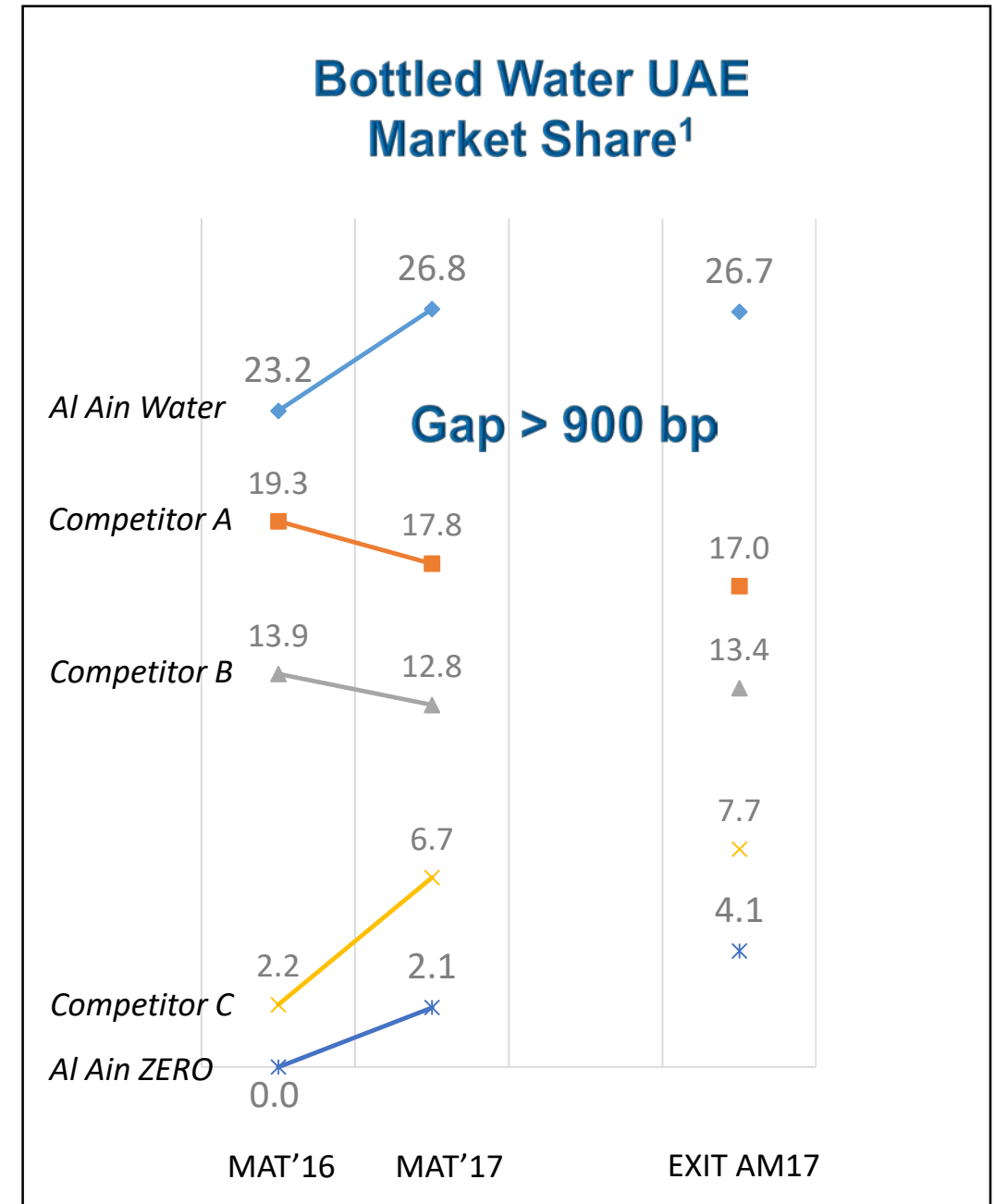
	% Growth vs. YA	
	<u>Revenue</u>	<u>Profit</u>
Group	+2.2	-18.7
Water	+31.8	+38.7

- Saudi contributes
- UAE Bottled Water keeps growing
- Double-digit growth in 5-Gallon business
- Profit turnaround in Turkey



BOTTLED WATER – UAE Retail Market

- Market grows at mid to high single-digit levels
- Al Ain Water gap versus runner up increased to > 900 bps
- Al Ain Zero reached 4% share in less than one year
 - Subsequently launched in Oman
 - Subsequently launched in 5-gallon in the UAE



FLOUR

6-month YTD

Impact of Subsidy cuts

<u>Total Flour</u>	2017	2016	Change
Volume (Ton K)	168.4	167.2	+0.7%
Net Revenue	217.5	229.8	-5.4%
GP Margin	37.8%	47.4%	-956 bps

<u>Excluding Trading</u>	2017	2016	Change
Volume (Ton K)	134.3	148.1	-9.3%
Net Revenue	191.7	210.9	-9.1%
GP Margin	42.6%	51.1%	-861 bps

- No major surprises vs. volume loss estimates in retail trade
- Up to 1K ton/month volume losses in B2B due to low-priced imported flour
- Impact on GPM on target
- Ready for the second phase with solid plans and strong profitability



Impact of Subsidy Cuts

<u>Total Feed</u>	2017	2016	Change
Volume (Ton K)	295.7	344.8	-14.2%
Net Revenue	292.6	359.8	-18.7%
GP Margin	13.1%	20.1%	-700 bps

<u>Excluding Trading & CP*</u>	2017	2016	Change
Volume (Ton K)	236.0	269.4	-12.4%
Net Revenue	235.8	268.6	-12.2%
GP Margin	15.5%	23.2%	-770 bps

- Subsidy related volume loss less than anticipated: 5 – 6K tons/month vs. 8 – 9
- Higher trading volume largely offsetting CP* gap but with much lower profitability
- Market showing increasing signs of stability



PROFIT TURNAROUND

Bleeding Businesses

Net Profit
6-month YTD

BLEEDING BUSINESSES

<i>AED'000</i>	1H16	1H17	Change
Yoplait	(5,461)	(2,454)	3,007
Turkey	(3,157)	(262)	2,895
Egypt	(711)	No more 557	1,268
TP (UAE)	(138)	bleeding 912	1,050
Bakery	(6,250)	(5,881)	369
Total	(15,717)	(7,128)	8,589



- Higher volume, lower costs
- Restructuring, cost cutting, efficiency



COST SAVINGS

	<u>AED</u> <u>Millions</u>	
Re-organization	5	<ul style="list-style-type: none">• Feed formulation changes• Scrap reduction• Reduced (warehouse) rental costs• Procurement efficiencies (alternate suppliers, lower contracts, etc.)
Re-structuring (Turkey)	4	
Operational cost savings	14	
Other savings	2	
	<hr/>	
	25	

Cost savings will continue in the second half and in 2018 in order to mitigate the impact of further subsidy-related losses



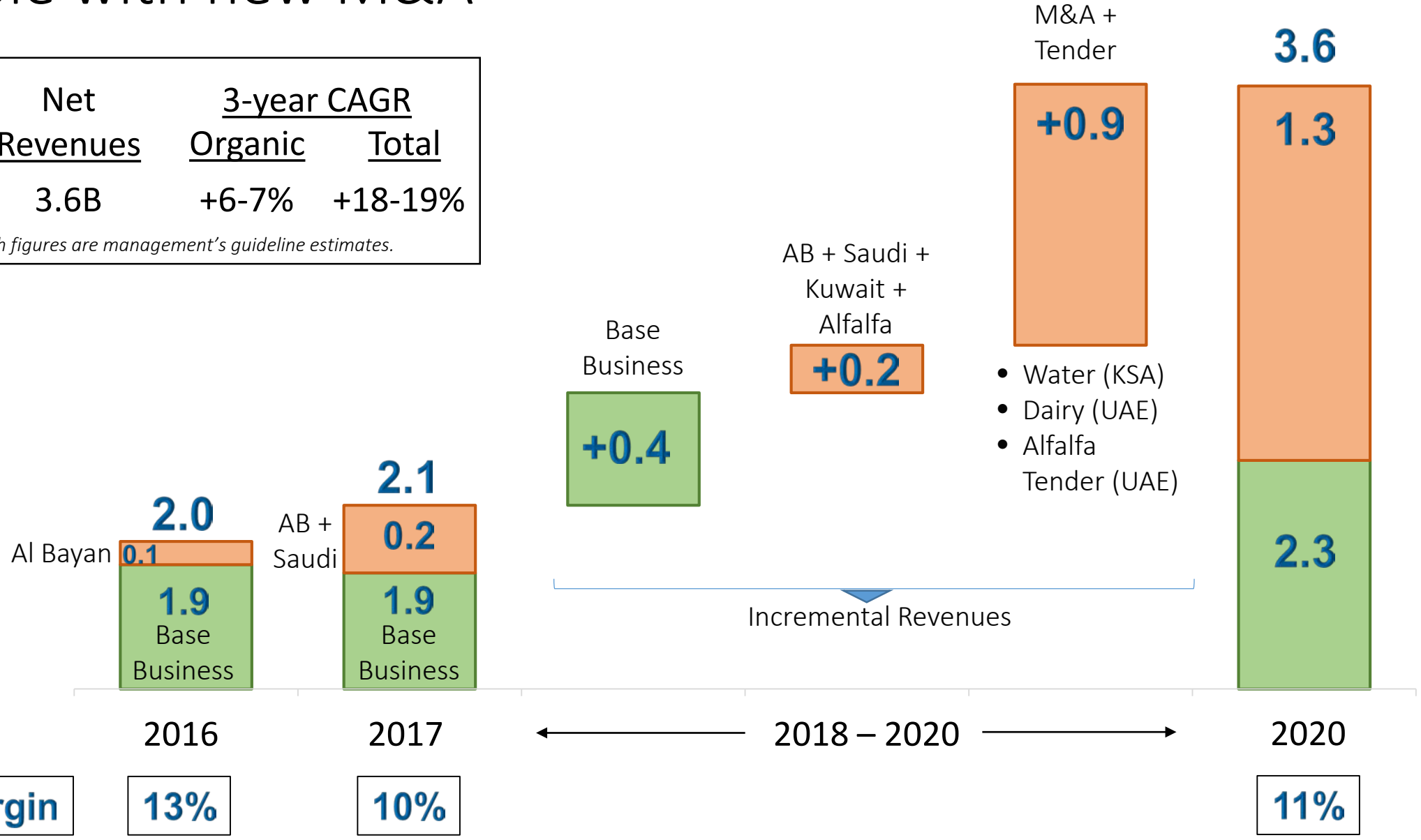
2020 TARGET

AED BILLIONS

Achievable with new M&A

	Net Revenues	3-year CAGR	
		Organic	Total
2020 Target	3.6B	+6-7%	+18-19%

2017 – 2020 NR and Growth figures are management’s guideline estimates.



Net Profit Margin

13%

10%

11%



OUTLOOK

GROWTH GUIDANCE (Total Group, versus year ago)

	<u>2017</u>	<u>2018</u>
Net Revenues	+6%	+6-7%
Net Profits	-14%	+7-8%

By end of 2017:

- In 2017 alone we will have lost AED 120 million (including due to volume losses)
- Yet our guideline profit estimate for 2017 indicates to AED 35-40 million lower versus last year
- This means approx. AED 80 million recovery from above losses
- Add AED 25 million utility cost hikes in 2017, recovery increases to more AED 100 million





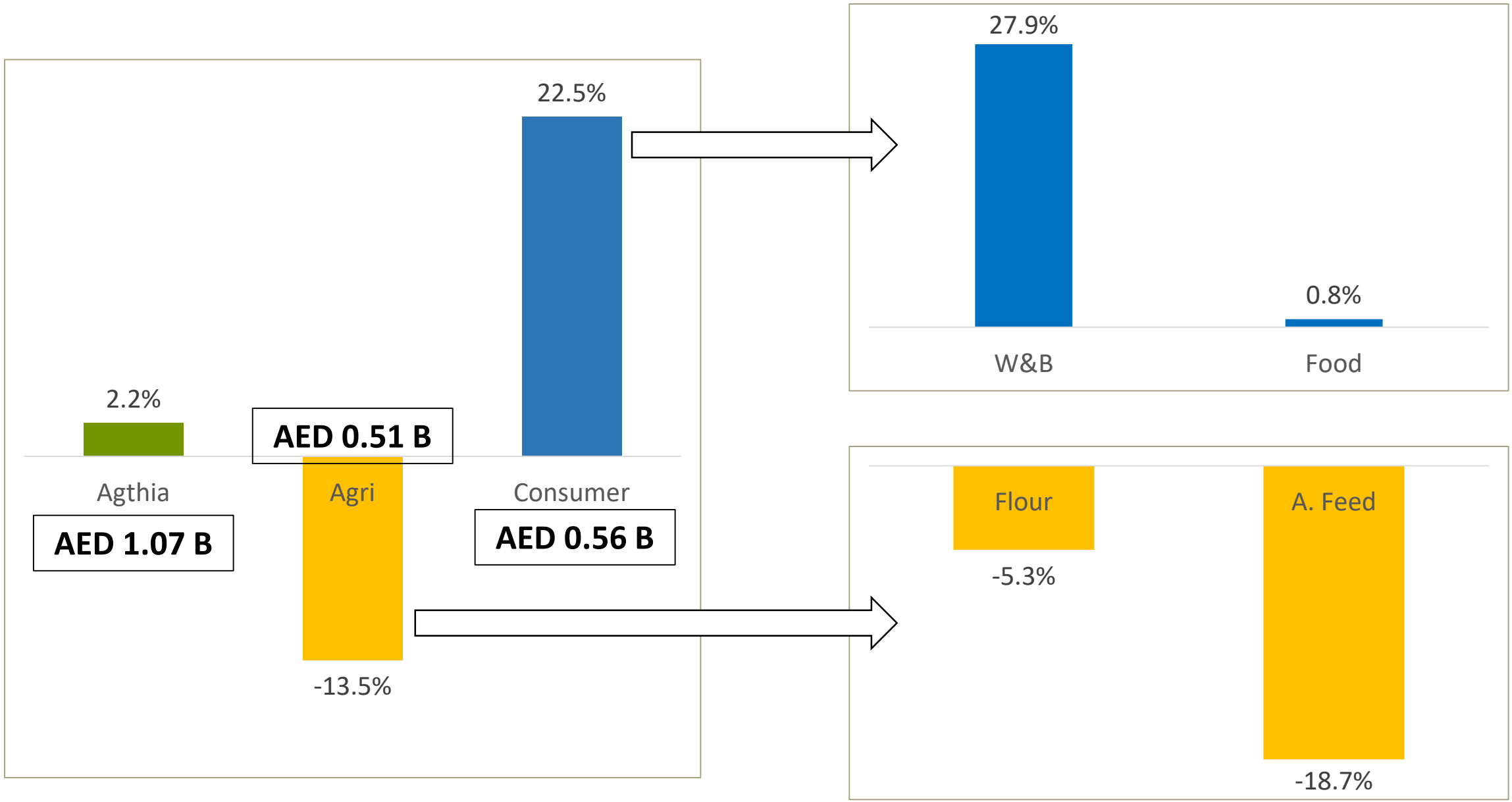
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REVENUES



<u>AED Millions</u>	Current Year	Last Year	Change	Excl. Saudi
Net Revenue	1,068	1,045	+2%	988
Net Profit	118	145	-19%	115
<i>Gross Profit Margin %</i>	34.1%	34.9%	-79bps	33.3%
<i>Marketing Exp. % of NR</i>	-2.5%	-3.6%	+105bps	
<i>SG&A % of NR</i>	-22.2%	-18.1%	-411bps	-20.8%
<i>OOI, Interest, Tax % of NS</i>	+1.7%	+0.7%	+102bps	
<i>NP Margin %</i>	11.1%	13.9%	-284bps	11.7%
<i>EBITDA Margin %</i>	15.9%	17.8%	-194bps	





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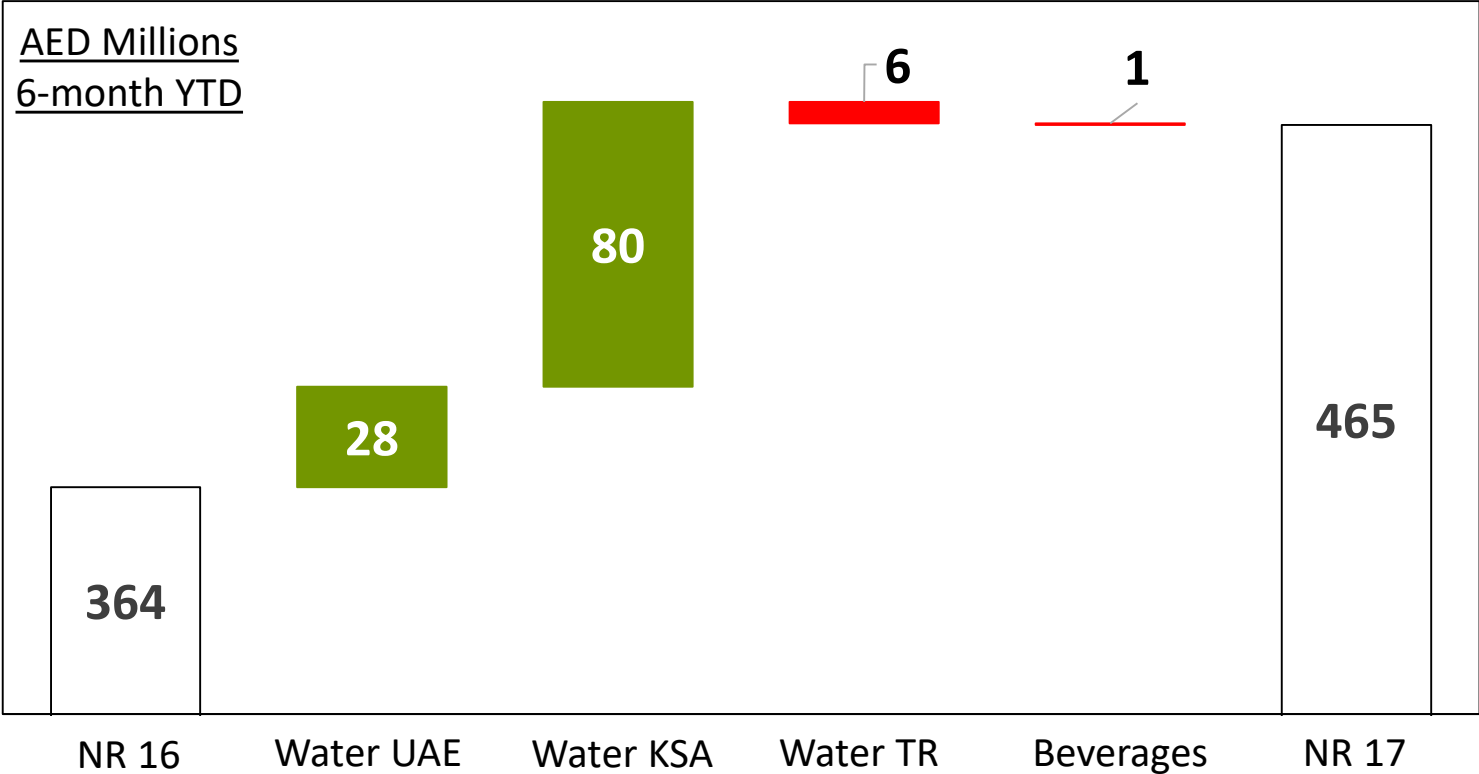
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CONSUMER BUSINESSES

Water & Beverages

NR: AED 465M

Growth: + AED 101M (+27.9%)



Food

NR: AED 91M

Growth: + AED 0.7M (+0.8%)

Except TP/FV business, all other Food segments are growing

- Dairy +2.2%, Bakery +21.4%, Other Food +27.6%
- TP/FV -15.6%, driven by Egypt



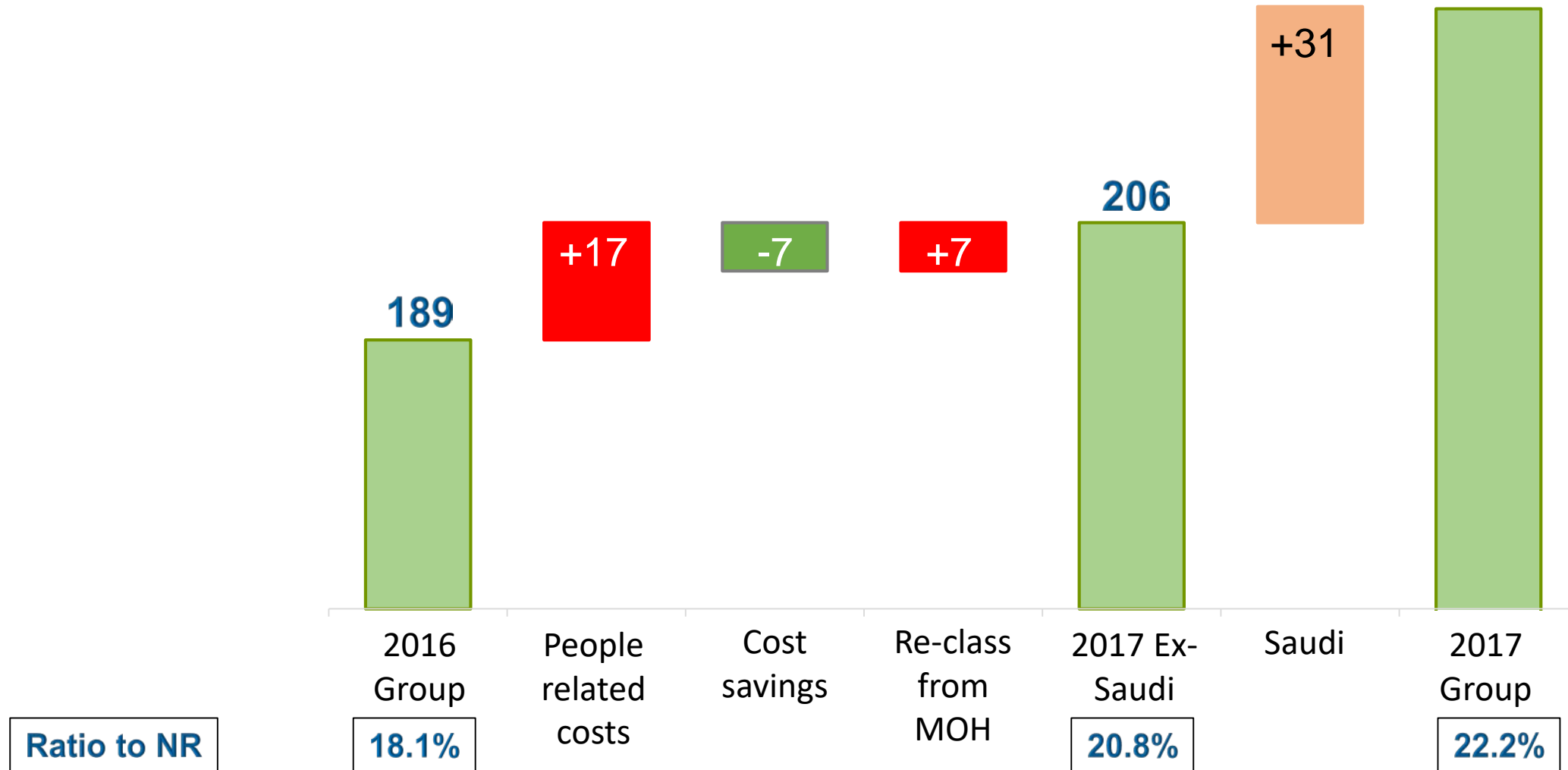
QUARTERLY VOLUME

		2016					2017			Growth-Index		
		FY	Q1	Q2	Q3	Q4	YTD	Q1	Q2	YTD YoY	Qtr YoY	QoQ
B. Water	Cases K	53,639	11,530	15,339	13,954	12,816	33,221	15,329	17,892	124	117	117
HOD	Bottles K	20,427	4,441	5,198	5,559	5,229	13,698	6,793	6,905	142	133	102
Juice	Cases K	3,498	839	815	828	1,016	1,994	1,028	966	121	119	94
Dairy	Tons	5,383	1,351	1,359	1,293	1,380	2,871	1,351	1,520	106	112	113
Flour	Tons	313,312	87,199	80,044	69,593	76,476	168,389	98,033	70,356	101	88	72
A. Feed	Tons	648,741	156,783	187,992	159,666	144,300	295,738	136,829	158,909	86	85	116
TP/FV	Tons	18,639	4,547	5,145	4,194	4,753	9,547	3,978	5,569	99	108	140
Bakery	Tons	555	105	120	153	177	290	151	139	129	116	92
Memo: Grain Trading												
Flour	Tons	34,839	12,805	6,263	8,162	7,609	34,077	29,304	4,773	179	76	16
A. Feed	Tons	78,790	9,051	34,016	19,336	16,387	70,032	32,724	37,308	163	110	114



SG&A EXPENSES

YTD June reconciliation – AED Millions



Impact of lower sales was additional 110 bps on SG&A ratio to NR.





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