



ملتزمون بحياة أكثر صحة
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Agthia Group PJSC

9M 2020

Analyst & Investor Earnings Call

2 Nov 2020

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First 100 days journey as Agthia's CEO

- Capability of the organization**
- Mergers & Acquisitions**
- Digitalization**
- Distressed businesses**



9M 2020 | OPERATIONAL HIGHLIGHTS

☐ COVID-19: Agthia's Resilience and Agility

- Protect topline
- Ensure product availability
- Strategically reset the fundamentals of the business with a focus on future growth

☐ Managerial / BoD changes: Diverse, Proficient and in support of our growth agenda

- Election of Khalifa Al Suwaidi as Chairman of Board of Directors, heading 6 new board members
- Appointment of new CEO and CFO
- Various managerial changes to the International Business- IB (Executive Vice President for IB, Finance Director for KSA & IB, Sales Director for KSA)
- New appointments as we introduce new divisions specialized in marketing (growth & categories) and mergers & acquisitions

☐ Growth Strategy: Exploring expansion opportunities into new categories & markets

- Evaluating the non-binding offer received to acquire Al Foah, world's largest date processing & packaging company



9M 2020 | OPERATIONAL HIGHLIGHTS (CON'T)

- ❑ **Deep-dive assessment of our books: One-time hit across 4 key areas necessary to improve earnings quality**
 - Mutually agreeing to end the license with Capri-Sun partners post excise tax implementation resulted in a one-time AED 9.5 million full impairment of assets and inventories
 - Taking over and automating the payment/collection process of consumer sales in the Community Support Division in order to bring us closer to consumers and give us real time data led to a one-off accounting adjustment of AED 7.7 million
 - Conducting an in-depth review of certain outstanding receivables dictated an additional AED 38 million of provisions in Q3, raising the aggregate to AED 58 million YTD
 - Performing a comprehensive review of our slow moving and absolute inventory resulted in net provisions of AED 7.2 million

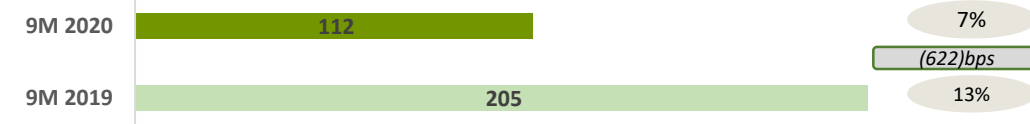


9M 2020 | FINANCIAL HIGHLIGHTS

Revenues (AED MN)



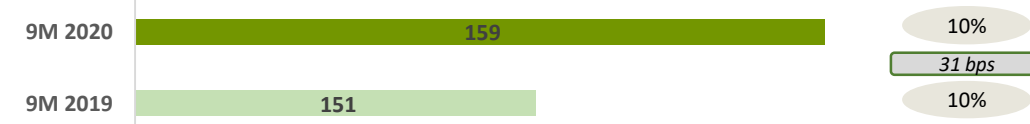
EBITDA (AED MN)



Net Profit (AED MN)



Operating Cash Flow (AED MN)



CAPEX (AED MN)



%sales y/y

Revenues

- Sustainable leadership position across key categories
- Growth driven by continuous increase in 5-gallon, food categories and flour

Profitability

- Unfavourable sales mix
- Largely impacted by one-time provisions / impairments (KSA & other adjustments booked in Q3)

OCF / liquidity

- Robust liquidity position
- Focus on WC overhaul

CAPEX

- CAPEX spending lower versus last year on available capacity
- Mostly maintenance CAPEX



AGTHIA MARKET SHARES¹

Sustainable leadership across key categories

Volume market share	Dec 2019	MAT 2020	Agthia's Current Rank
UAE- BW	29.1%	29.3%	1
KSA – Jeddah - BW	9.5%	10.2%	4
Kuwait - BW	3.5%	3.6%	7
Flour (B2C)	32.1%	32.9%	1
Feed	44.0%	44.0%	1
Capri Sun	8.9%	10.1%	4
Yoplait- Kids	73.5%	70.7%	1
Yoplait- Fruit	11.5%	12.7%	2
UAE-Tomato Paste	32.1%	29.1%	1
UAE- Frozen Vegetables	7.4%	10.9%	2



GROUP SALES PERFORMANCE

Categories



- + 5-gallons HOD
- + Food
- + Agri
- Bottled Water
- Beverages

Geographies



- + UAE: 5 gallons, TP /FV, Trading items, Bakery & Flour
- + Egypt
- + Kuwait
- UAE: Bottled Water & Feed
- KSA

Channels

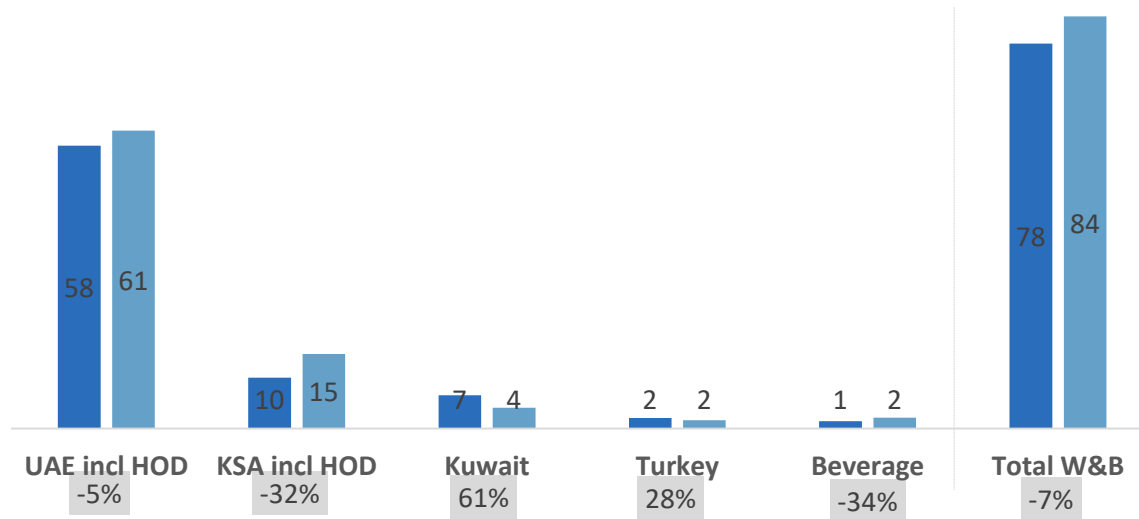


- + Retail (Modern & Traditional Trade)
- + E-commerce (+5x y/y)
- + CSD (Municipality)
- Retail (CVS)
- Food Service (HORECA)



WATER & BEVERAGE | GROWTH BY CATEGORY

Volume¹ by category (MN)



UAE - WATER

- **HOD:** higher demand from homes and retail channels overcompensating drop in corporates channel
- **BW:** lower volume on restrained tourism and reduced demand from the food service channel

KSA

- Significant hit amidst lockdown restrictions, struggling food service channel, void religious tourism while reflecting on our adopted strategy of improving quality of credit sales

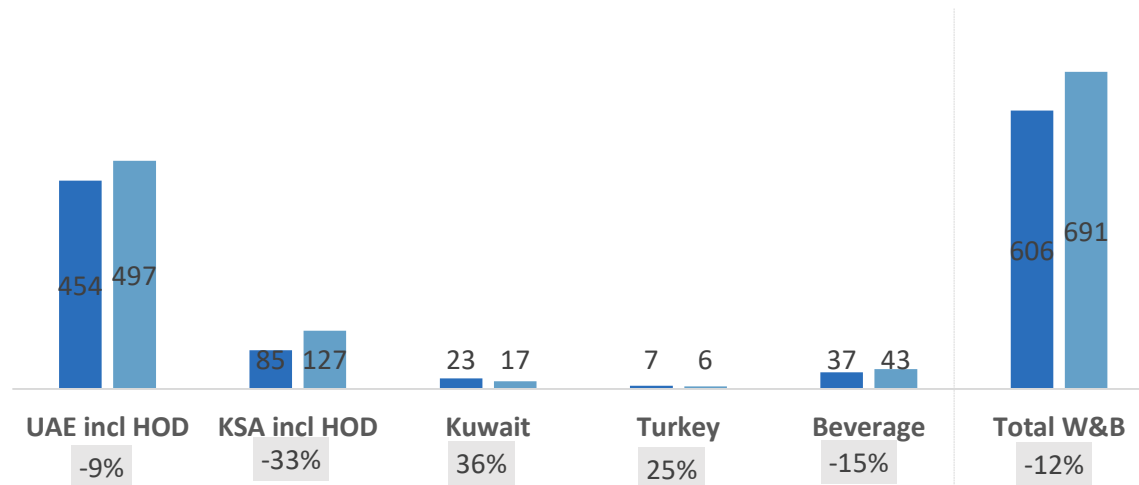
Kuwait

- Volumes up as we grow our distribution network

Beverages

- Excise tax implementation impacting demand

Sales by category (AED MN)



■ 9M 2020 ■ 9M 2019

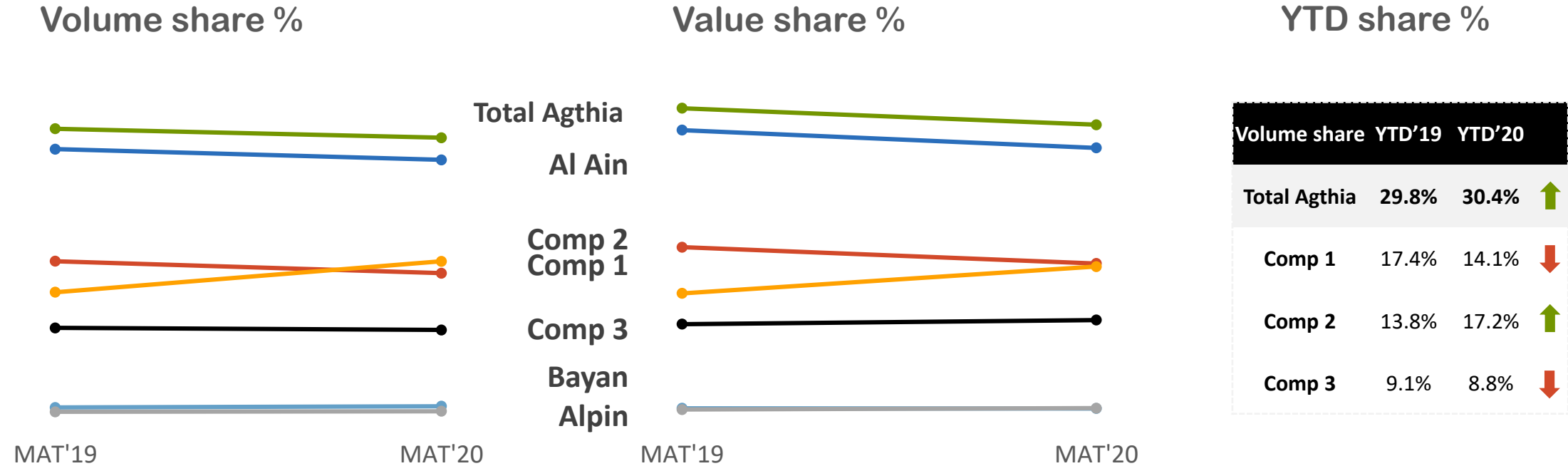
y/y growth

¹Volume in cases except for HOD in bottles



WATER | DIVE INTO UAE BOTTLED WATER

Retail channel analysis

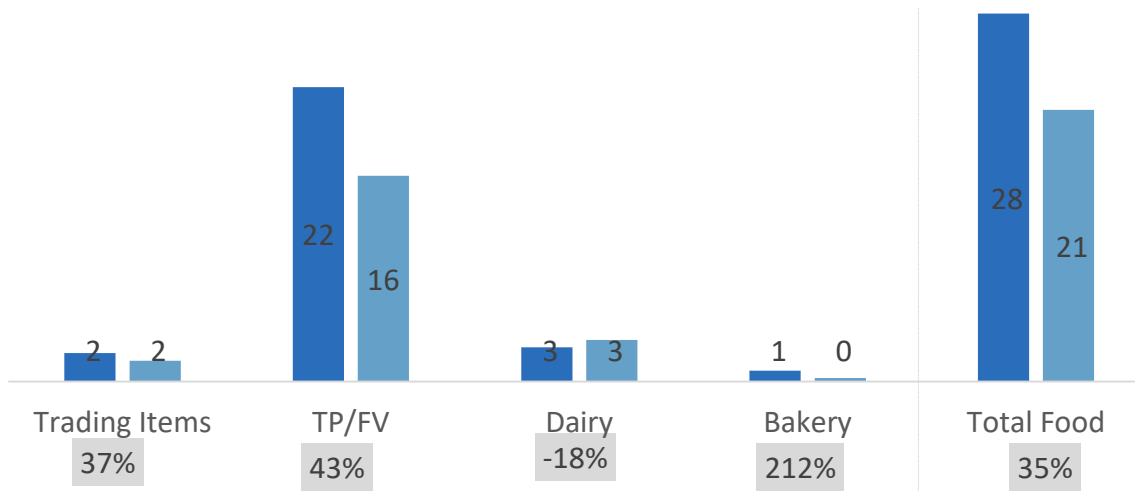


- **Defensive market share- total Agthia**, 29.3% volume and 26.2% value (MAT'20)
- **Al Ain Water** leadership position sustains at 27.0% volume and 24.2% value (MAT'20)
- Our water portfolio grew its volume market share by 58bps on a year-to-date basis



FOOD | GROWTH BY CATEGORY

Volume¹ by category (MN)



Trading items

- Key driver of category sales on increased at-home consumption and e-commerce orders

TP/FV

- **Egypt:** boosted demand for consumer products
- **UAE:** increased at-home consumption + partnering with local authorities

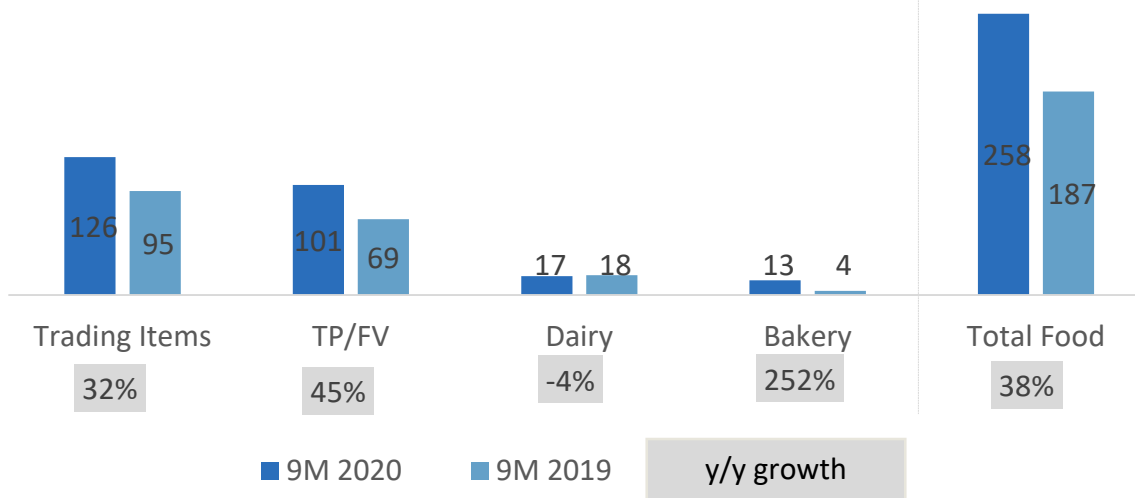
Dairy

- Sales impacted by closure of Eateries

Bakery

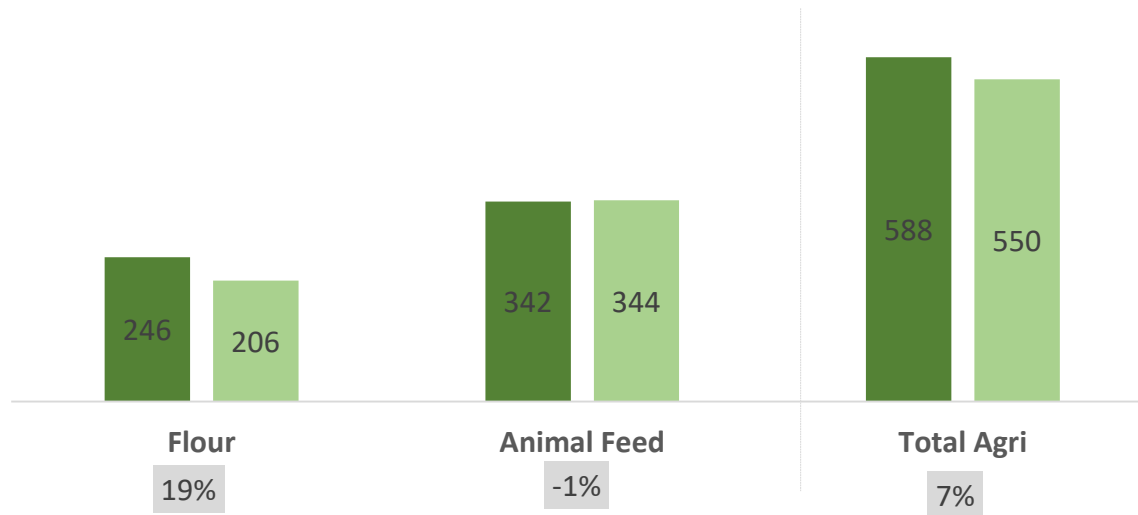
- Higher sales on partnership with local authorities

Sales by category (AED MN)



AGRI | GROWTH BY CATEGORY

Volume¹ by category (MN)



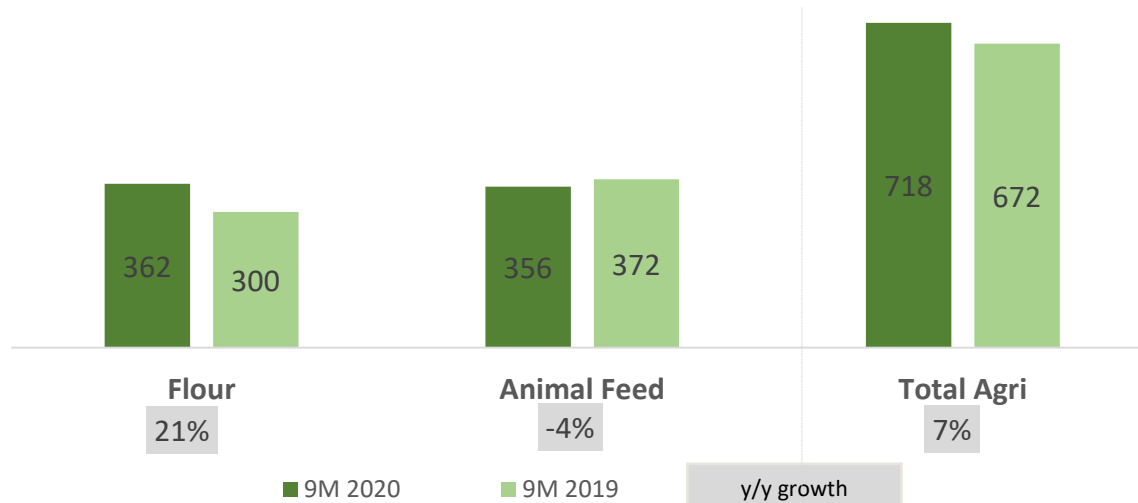
Flour

- Strong domestic volumes with expanded retail penetration
- Expansion in exports (including an order to World Food Program)
- Wheat trading

Animal Feed

- Favourable mix
- Lower volume on lessened local demand amid new controls on subsidized channels
- Lower grain trading

Sales by category (AED MN)



¹Volume in tons (including grains trading)





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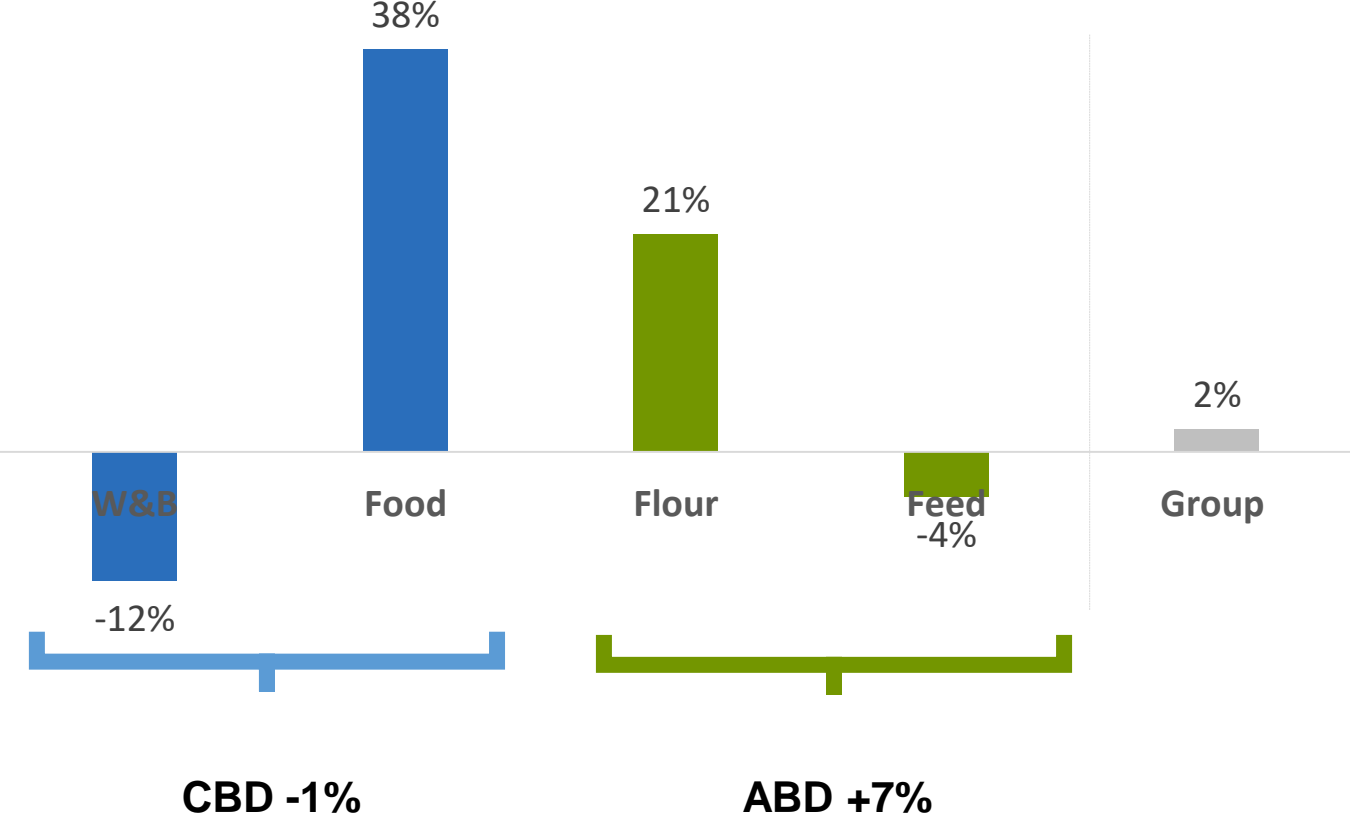
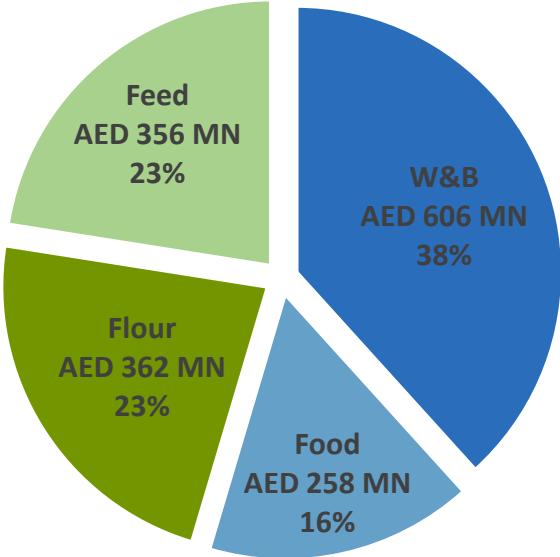
Financial Performance



SEGMENTAL DIVISIONS

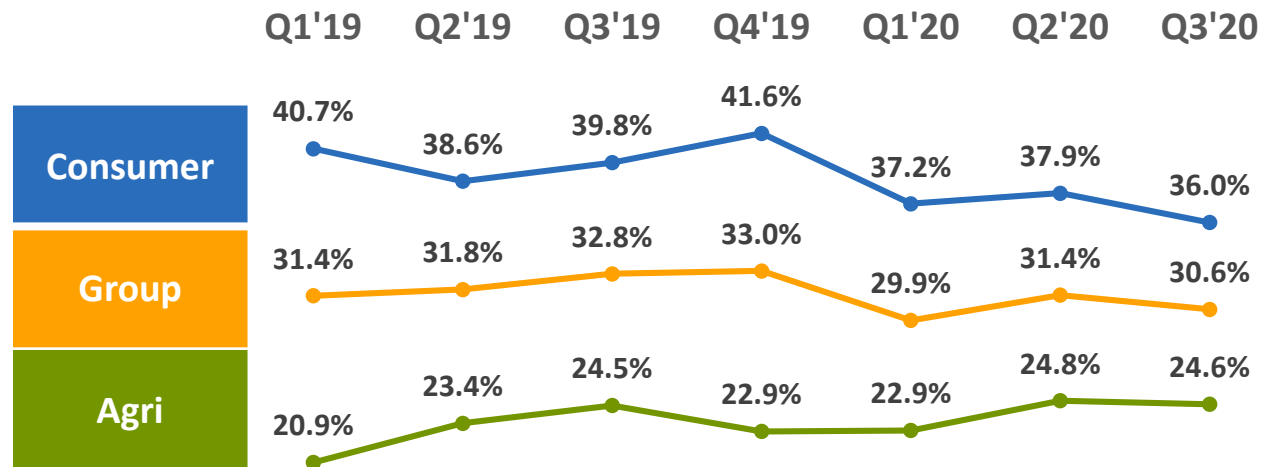
Group Revenues – AED 1.58 BN

y/y growth by category



GROSS PROFIT MARGIN

Quarterly Gross Profit Margin %



Consumer GPM

- **Water** margin year-to-date went up by 110bps despite lower sales specifically to the food service channel (down 36% vs last year, equivalent to AED 38 million lost sales)
- **Beverages** margin was significantly hit by the decrease in demand post excise tax implementation
- **Food** margin year-to-date enhanced by 160bps on rise in volume and improved efficiencies
- **Overall Consumer** profitability was compromised on sales mix with higher contribution from the Food segment (31% of total Consumer sales vs 18% in 9M 2019)

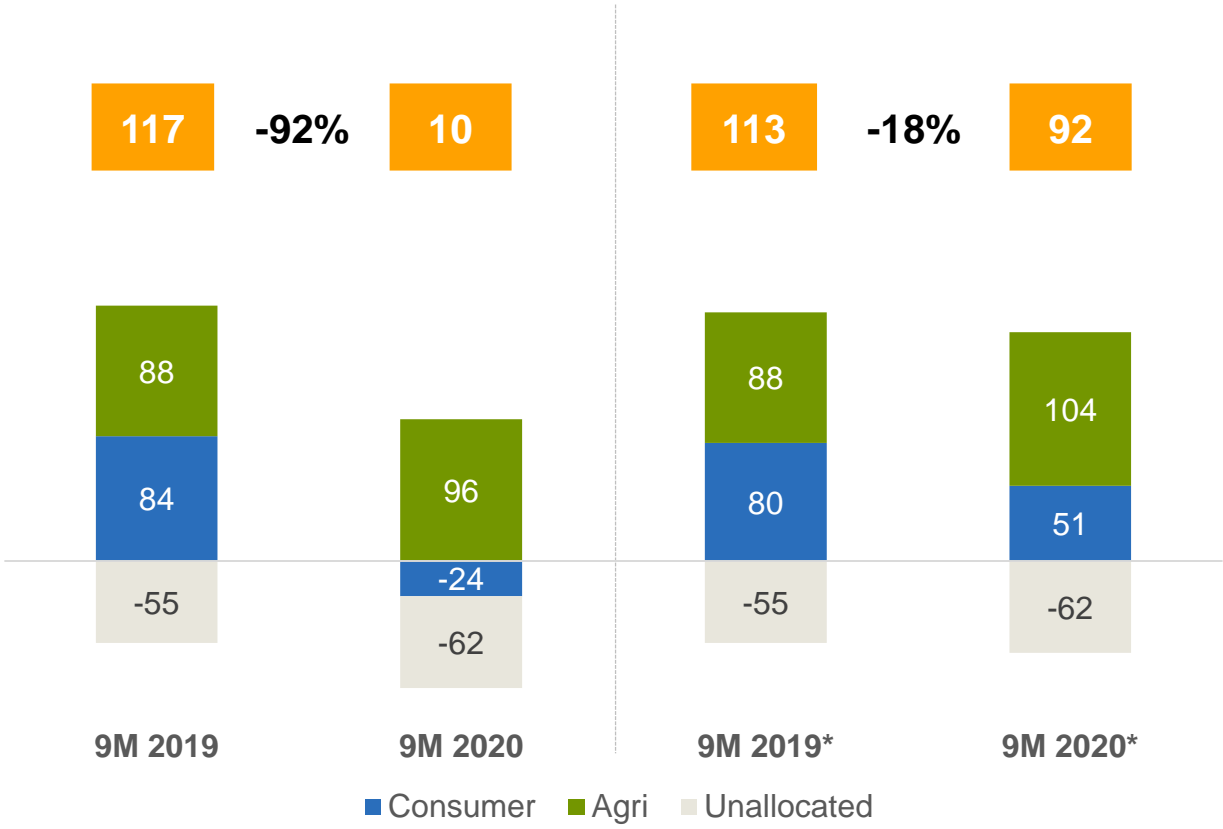
Agri GPM

- Improved profitability for each of Flour & Animal Feed on favourable sales mix, lower grain costs and enhanced efficiencies



GROUP NET PROFIT

Group net profits (AED M)



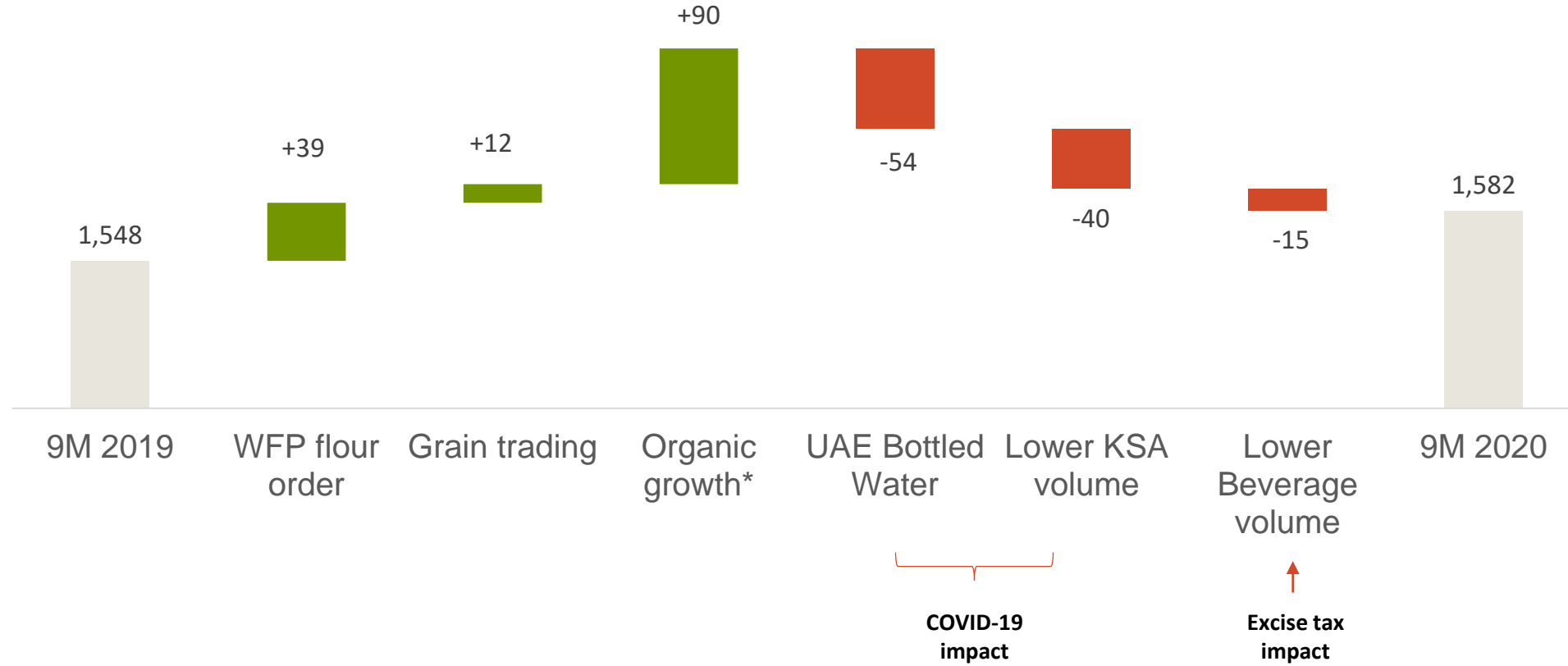
Excluding the one-offs, normalized group net profit would come in at AED 92 million, down 18% y/y in parallel with lower bottled water volume sales in UAE (food service) & KSA and beverages sales which were countered by enhanced agri profitability, better food segment sales and cost optimization initiatives across board

*Excl one-offs: 9M 2020 excluding Bad debt provisions and one-off impairments (CapriSun & CSD & inventory) & 9M 2019 excluding Turkey tax credit
 Unallocated = Head Office charges



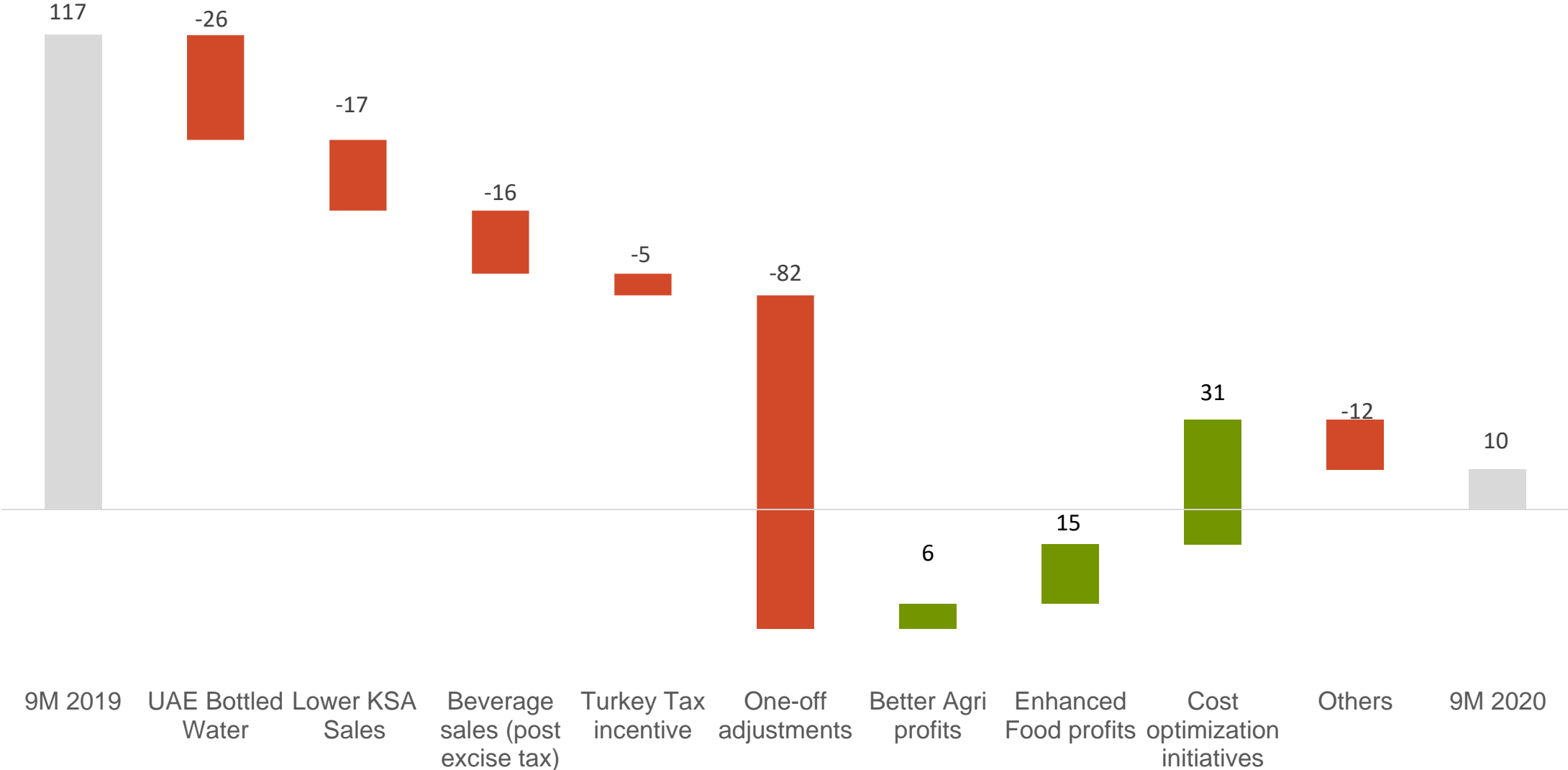
TOP LINE RECONCILIATION

Group revenues (AED M)



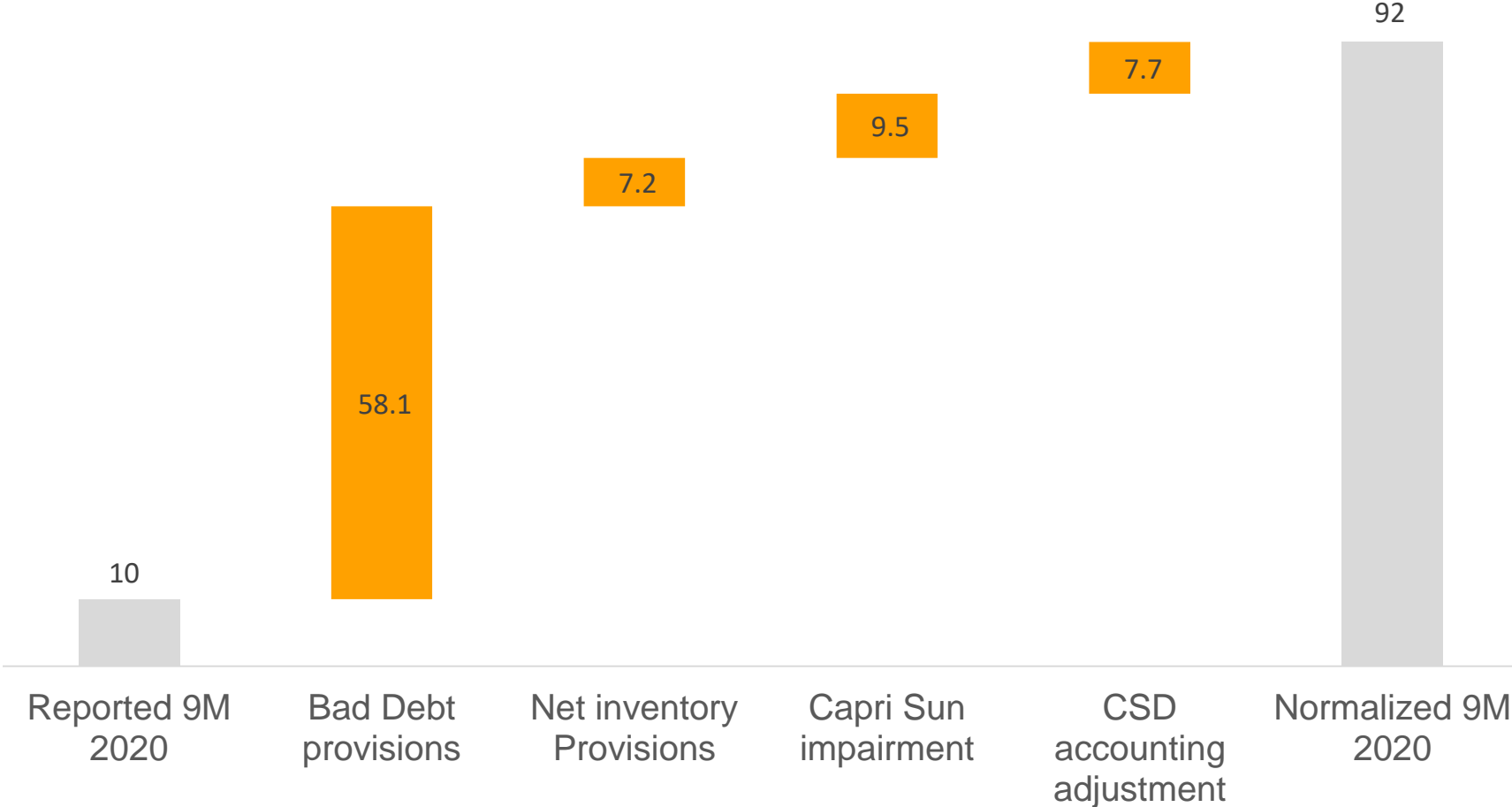
BOTTOM LINE RECONCILIATION

Group net profits (AED M)



BOTTOM LINE NORMALIZATION

Normalized Group net profits (AED M)





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Q&A

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