

Agthia Group Reports 22.6% Net Revenue Growth, 32.0% Group Net Profit Growth During the First Quarter of 2024

Strong and profitable growth across all business segments

AGTHIA GROUP, ABU DHABI, EGYPT, May 15, 2024 /EINPresswire.com/ -- Agthia Group PJSC ("Agthia" or "the Group"), one of the region's leading regional food and beverage

companies, announced today its results for the three-month period ending 31 March 2024. Agthia

delivered strong performance during Q1 2024, on track to meet its full-year

2024 guidance. The Group's profitable growth across the Snacking, Water & Food, and Agri-Business segments, combined with leveraging group-wide efficiencies, resulted in both Group EBITDA and Group net profit growing faster than revenue.



Our revenue growth continues to outpace guidance, reflecting the successful execution of our business strategies"

Alan Smith

Financial highlights

□ Group net revenue increased 22.6% year-on-year to AED 1.45 billion (17.5% growth from volume and 5.1% from pricing), with strong performance across all segments, despite challenging global macroeconomic conditions. Group revenue, adjusted for the impact of currency devaluation in Egypt (AED -42.5 million), increased by

26.2% year-on-year. Q1 2024 revenue was positively impacted by AED 120 million in one-off commodity trading sales in the Agri-Business. Excluding this one-off, Group net revenue increased by 12.4% year-on-year.

- Snacking: Revenue rose 17.7% year-on-year, driven by robust growth across the Group's snacking portfolio. This increase was led by the strong performance of the coffee segment, where Abu Auf continued to gain value share in the local market for premium-branded coffee in

Egypt. The growth was further supported by the ongoing organic expansion of the retail chain, as Abu Auf opened 27 new stores during the quarter. Additionally, the dates category continued to deliver strong innovations across mid and high-value ranges, along with an expansion in date varieties and significant value growth across retail channels in the UAE and internationally (e.g. India, South Africa, and Bangladesh).

- Water & Food: Revenue increased 3.5% year-on-year, with Al Ain bottled water retaining its market leadership position. This reflects a 5.9% year-on-year increase in UAE water revenue growth, fueled by premiumization and innovation, including a significant growth of glass bottled water sales. Additionally, continuous improvements in customer service quality within the Home and Office Delivery (HOD) business led to a strong growth of 8.6% during the quarter. International business revenue also increased by 8.3% year-on-year, with notable performance in Kuwait and Oman.

- Protein & Frozen: Revenue grew 15.9% year-on-year, marking the first time the segment has delivered positive revenue growth in reported currency since Q3 2022, showcasing continued resilience amid the challenging macro and consumer environment, which included another round of devaluation of the EGP. Excluding the impact of currency devaluation, revenue grew 24.5% year-on-year during Q1 2024.

- Agri-Business: Revenue increased 50.6% year-on-year, mainly driven by strong volume growth across Flour and Feed segments, along with one-off commodity trading sales (+10.5% excluding the one-off). This was driven by consistency in quality and product performance, as well as excellent in-market execution in Agthia's Flour business. Additionally, the strong performance in Feed reflected good open market growth, participation in Abu Dhabi Agriculture and Food Safety Authority's (ADAFSA) compound feed program and related new product development.

□ EBITDA growth was ahead of revenue, up 23.4% year-on-year to AED 232.6 million (+28.8% excluding currency headwind), reflecting strong growth in Snacking, Water & Food, and Agri-Business profitability, combined with a continued focus on profit protection in Egypt and group-wide efficiency generation.

- Snacking: EBITDA growth of 42.7% reflected strong pricing, favorable mix effects in both domestic and international date markets, as well as strong profitability expansion in Abu Auf, which was supported by strong innovation, premiumization, and strategic buying initiatives, leading to Snacking EBITDA margin expansion of 430 bps year-on-year.



- Protein & Frozen: EBITDA grew 9.9% year-on-year, despite input cost volatility in Egypt and external challenges affecting Jordan. While currency headwinds continue to overshadow the strong underlying performance in Protein (reported EBITDA margin declined by 63bps year-on-year), Agthia maintained its focus on productivity enhancement and disciplined management of costs throughout the quarter (excluding the impact of EGP devaluation EBITDA margin was broadly flat year-on-year) and has identified a number of incremental efficiency drivers which should help offset the negative impact of further EGP devaluation.

- Water & Food: A combination of a favorable mix towards high-margin premium products, further cost efficiencies across the board, and a more benign commodity environment resulted in EBITDA growth of 18.8% year-on-year and EBITDA margin expansion of 213bps. UAE bottled water (EBITDA +28.3% year-on-year) emerged as the top performer within the segment.

- Agri-Business: EBITDA growth of 56.3% year-on-year outpaced revenue growth, driven by a favorable shift in product mix, improved commodity market conditions, higher facility utilization rates, and enhanced cost efficiencies.

□ Group net profit grew 32.0% year-on-year to AED 127.6 million. Group net profit margin expanded by 63bps to stand at 8.8%, notwithstanding FX headwinds and the introduction of income tax in the UAE.

□ Strong balance sheet: Agthia's balance sheet remained robust with cash and equivalents of AED 0.5 billion and liquidity of AED 2.4 billion. The Group's net debt to EBITDA ratio of 1.3x (net debt of AED 1.0 billion) remained flat relative to December 2023.

Strategic highlights

Strong progress throughout the year in expanding the Group's capabilities and efficiencies to future proof the organization.

□ Strengthening the Leadership Team: Agthia has further strengthened its leadership team through the following external appointments as the Group seeks further growth and expansion over the coming period:

- Rafik Lawendy was appointed as Chief Growth Officer, bringing strong marketing, strategic and operational experience across a range of consumer-facing businesses, having spent over 20 years of marketing and general management expertise in the food and beverage sector split between the Middle East region, and global and US-focused roles.

- Hala Hobeiche Katounas was appointed as Senior Vice President of M&A, bring over 20 years of investment experience in the Middle East, North Africa, Europe, and Asia, encompassing private equity, real estate, and venture capital.

□ Leveraging Agthia's Egyptian platform: Agthia continued to strengthen its export focused resource during the quarter, with new Food Service volumes in both regional and international

markets underpinning growth in export revenue from Egypt reaching AED 24.4 million in Q1 2024. Abu Auf rapidly expanded its retail footprint, with the opening of 27 new stores during the quarter, as well as launched several new innovative SKUs into UAE and Saudi channels.

□ Investing in innovation: Innovation plays a vital role in achieving Agthia's objective of becoming a leading food and beverage company in the MENA region and beyond by 2025. At the centre of the Group's innovation initiatives is a dedicated Central Innovation Team, which coordinates innovation initiatives between business units, R&D and external innovation. During Q1 2024, Agthia generated AED 47.8 million in revenue from innovation alone. Here are some of Agthia's innovation highlights during the quarter:

- Snacking: Launched new Date Crown organic date range, Abu Auf instant coffee jars, as well as Abu Auf Ramadan gifting range consisting of 11 premium SKUs, in addition to chocolate-coated nuts and other product and packaging innovations (snack packs, date pouches).

- Protein & Frozen: Launched new range of chicken strip products under the Nabil brand for both local and export markets to meet growing consumer demand for this category, in addition to several new Al Ain-brand food products in the UAE such as chicken nuggets and new pizza and pasta sauce varieties.

- Agri-Business: Launched two new speciality Flour products to meet specific client needs, as well as new Agrivita Dairy Premix in response to UAE farmers' growing needs for improved animal nutrition.

□ Progressed the Group's sustainability agenda: Agthia continues to make progress across its sustainability agenda. Notably, during the reported quarter, Agthia reduced Group CO2 emissions by 7% year-on-year. In addition, approximately 96% of Group packaging is now fully recyclable or reusable. In Q1 2024, Agthia's board approved a new ESG policy, defining four strategic pillars: Environmental Integrity, Scaling Health and Wellness, Fostering Positive Potential, and Shared Accountability.

□ Accelerating the digital roadmap: Agthia's 5-year digital transformation journey is at full speed, with the delivery of 45 different initiatives across the Group during 2023, focusing on improving the customer experience and commercial foundations, making Agthia a data-driven organization connected with its customers, all while ensuring secure and reliable digital and technology operations.

During Q1 2024, the Group initiated a number of technology-based initiatives aiming to improve the health and safety of its employees - rolling out a safety AI image recognition solution to predict, alert, and report on potential safety occurrences at its manufacturing plants before they happen, as well as modernizing time attendance via mobile solutions. The Group has also started incorporating the use of Microsoft Copilot across the organization, providing employees with additional tools to become more agile, efficient, and productive.

Finally, Agrivita application for farmers started the journey to become a farmer's marketplace where farmers would be able to find not only animal feed, but also other relevant crop farming and animal husbandry products. Our first marketplace partnership is with Sherwood, one of the leading direct distributors of organic pesticides and high-quality pest management solutions and equipment.

Khalifa Sultan Al Suwaidi, Chairman of Agthia Group, commented: "Agthia's remarkable performance in the first quarter reinforces our growth story, and underscores the unwavering dedication of our leadership to deliver sustainable growth across all business lines. As we pursue our strategic vision of establishing Agthia as a premier food and beverage company in the MENA region and beyond, we remain committed to delivering profitable growth through investments in capabilities and innovation. With this momentum, I am confident about our continued progress in the forthcoming quarters."

Alan Smith, Group Chief Executive Officer of Agthia Group, commented: "Building upon the exceptional results achieved last year, Agthia continues to soar into the new quarter with resolute strength. Our revenue growth continues to outpace guidance, reflecting the successful execution of our business strategies. Furthermore, our enhanced profitability serves as a testament to our unwavering focus on operational efficiency, even amidst persistent global economic challenges. These outcomes underscore the resilience and dedication of our team, instilling confidence that Agthia is strongly positioned to maintain its trajectory of sustained growth and value creation for shareholders."

□□□□□ □□□ -□□□□ □□□ □□□□□□□□ □□□□□□□□

Influence Commuincations

+20 102 192 2022

[email us here](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/711792414>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2024 Newsmatics Inc. All Right Reserved.