أغذية agthia

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Analysts and Investors Call
Q1’22 Results

May 2022

Agenda

- 2025 Strategy Update
- Business Performance
- Financial Performance
- Q&A
- Sustainability
- Appendix

2025 Strategy Update

Delivering against our plan, in exceptional times

GROWTH

Q1’22 highlights

- First Quarter to **consolidate the 5 acquisitions**
- **Q1 Revenues exceed AED 1BN**
- **75% business** contribution from focus categories (vs 65% in Q1’21)
- 51% of revenues from **International markets** (vs 33% Q1’21)
- **EBITDA margins** reach 15.0% in Q1’22 versus Q1’21 margins of 13.4%

EFFICIENCY

Q1’22 highlights

- **Broad based pricing** supported by Revenue growth management initiatives (mix / trade spend management) to address input costs and protect margins
- **Delivered Q1 cost savings and avoidance** of AED 8.35MN (now AED 81MN or 41% of 5yr target)
- **Synergies:** Established one ‘Protein’ leadership team and accelerated back-office integration
- **Simplification:** Stopped UAE Frozen Bakery business on recurring losses and consolidated two UAE manufacturing sites

CAPABILITY

Q1’22 highlights

- Established central **Innovation** team to support Business Units on breakthrough consumer innovations
- Recruited new **VP Marketing – Growth Categories** to focus on priority businesses
- Established **Route-To-Market taskforce** focused on unlocking revenue synergies across business units and channels
- Centralised **Procurement** Strategic thinking to navigate supply chain volatility and secure supply

Integration update

Integration Framework and Playbook

Seamless Transition

Productivity

Value Creation

Protein

Nabil Foods + Atyab:

- **one Protein business unit**
- mapped plan for **long-term integration opportunities**

Snacking

Al Foah

- **rebranding** our core Date Crown portfolio
- **value engineering packaging**

Al Faysal

- shifting focus to a **consolidated management structure**
- unlocking **go-to-market opportunities** in Kuwait

BMB Group

- advanced in **first 100 days diagnosis**
- maintained the **entrepreneurial business culture**
- Initiated a **long-term value creation plan**

Sustainability highlights

Improvement in ESG ranking

2021 expected the highest score historically

- 2018: 31%
- 2019: 41%
- 2020: 65%
- 2021: Assessment in progress

Transitioning into a Circular Business

RECAPP partnership: innovative digital service developed by Veolia to provide a free, door-to door collection service for recyclables

- 113 tones in 2021 / 14,000 users
- 2022 plan to leverage the partnership with out of store activations aiming to reach 440 tones /30,000 users

rPET: committed to launching 100% rPET SKUs once legislation allows (expected July 2022)

PLA bottles: Strengthening sales and market presence with new key accounts

- Sales increased by 1.5x in 2022 (expanding in HORECA and specialized retail)

Business Performance

Current Market Dynamics

Current operating environment

Input cost inflation

- Broad-based inflation across various commodities, packaging materials and transportation costs

Supply chain disruptions

- Container supply lagging demand
- Russian / Ukraine war impacting grain availability

Agthia's action plan

Margin Protection Plan

- Revenue Growth Management initiatives across key categories
- Optimizing our product & channel mix
- Pricing across the portfolio

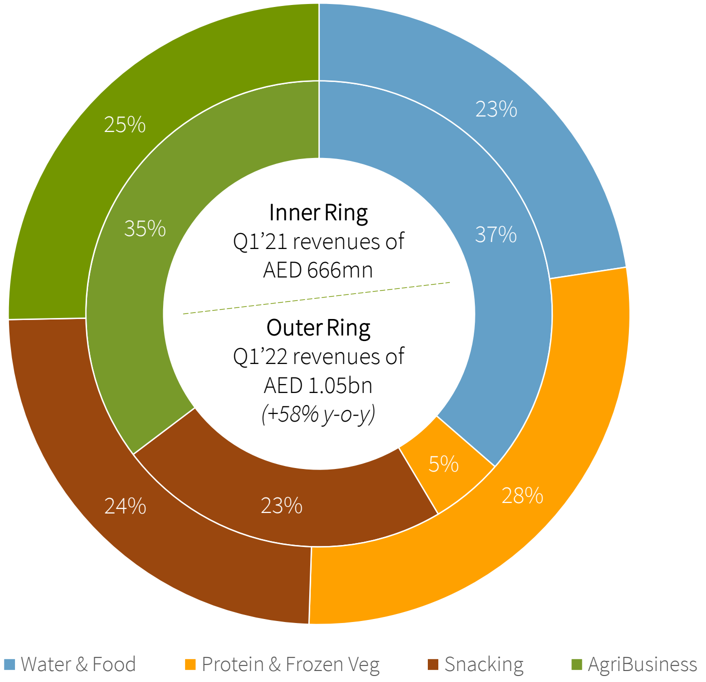
Procurement / supply optimization

- Increasing cover of key raw materials and broadening supplier base and supply options
- Accelerating in cost optimization initiatives
- Extracting synergies from acquired entities

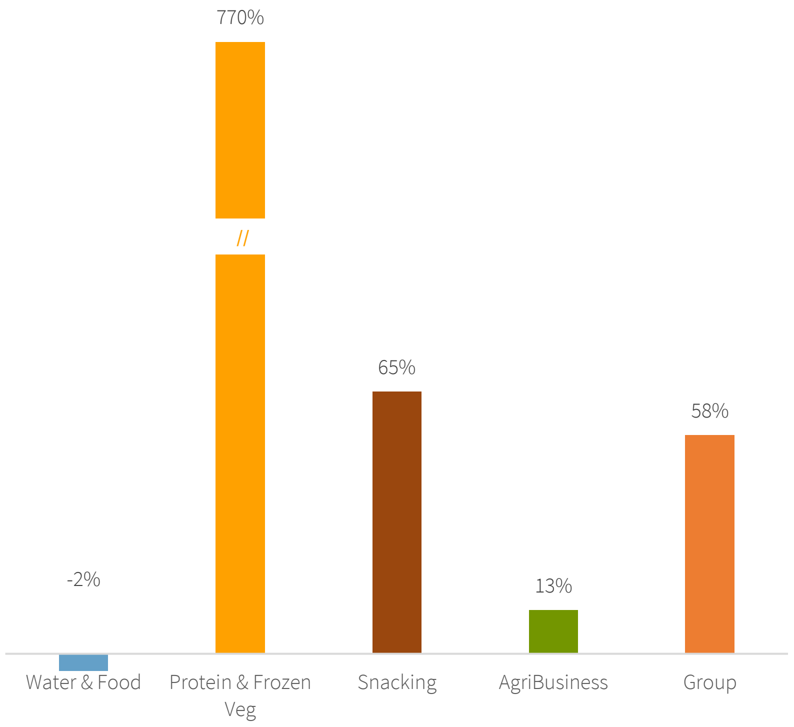
Continue building on 2021 track record in proactively managing cost and supply chain disruptions

Q1'22 Performance by Segment

Q1'22 vs Q1'21 Revenues[1]



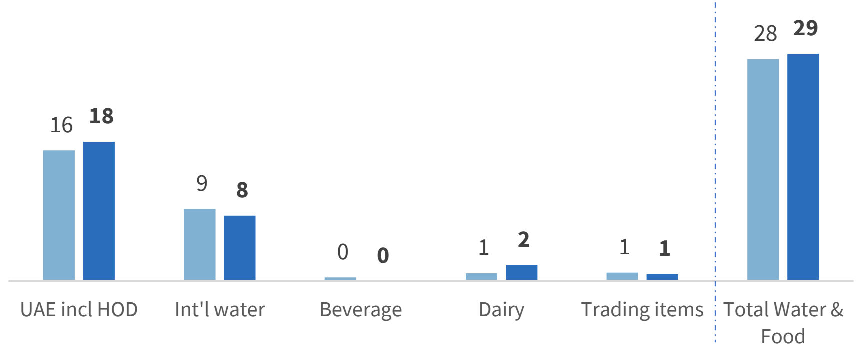
Growth by Segment (y-o-y)



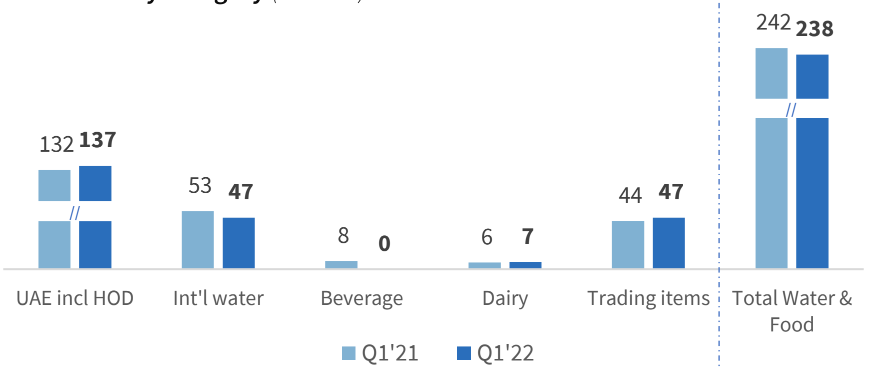
[1]Post consolidation of Al Foah, Al Faysal Bakery, Nabil, Atyab and BMB in Q1'22 vs only Al Foah & Al Faysal Bakery in Q1'21

Water & Food

Volume[1] by category



Net Sales by category *(AED MN)*



[1]Volume in MN cases except for HOD in MN bottles, Dairy in '000 tons, Trade in MN units

Water & Food

(23% of Q1'22 revenues)

UAE Water

- **HOD**: volumes up with favourable mix management
- **BW**: rebound in volumes across retail and food services channels

Int'l Water

- Higher sales on expanded footprint across Kuwait, Oman & Turkey countered by lower KSA sales on competition
- Continued focus on Saudi operations turnaround by improving the cost structure, HOD operations and route-to-market optimization to drive scale and efficiency across channels

Beverage

- Down on discontinuing the loss-making business

Other Food items *(Dairy / Trading)*

- Higher sales on favourable mix management, strategic pricing activations and competitive promotions

UAE water channels

Retail growing faster than category while Food Service growing at double digit

Retail channel *(Modern Trade, Traditional Trade, Convenience stores)*

- **Category on pathway to bounce back**, however still under indexed vs. 2019: MAT'22 Value +4% y-o-y vs. Volume +3% on price competition (Nielsen)
- Agthia had a strong start to the year with **Retail delivering +7% vs. last year while preserving market leadership** at 28.6% and 28.5% volume & value shares
- Al Ain showed **resilient performance** driven by our strategic pricing / promo mechanism implemented from May'21 onwards.
- Multiple **insight fueled marketing programs** activated above and below the line to drive consumer awareness, equity and purchase
- Laser sharp focus on **driving fundamentals and execution** supported in driving growth in Retail channel

Food Service channel *(Hotels, restaurants, catering, etc.)*

- Good rebound continues. Jan/Feb slower but strong March driven by **pre-Ramadan buildup** (+23% vs last year)
- **Voss distribution gains** helped in driving value

Community Support Division (CSD) channel *(Municipality)*

- **Lower footfall and competitive pricing by retailers**
- Plans to **revamp the value proposition** from consumer and brands perspective

Home & Office Delivery-HOD *(5 gallon)*

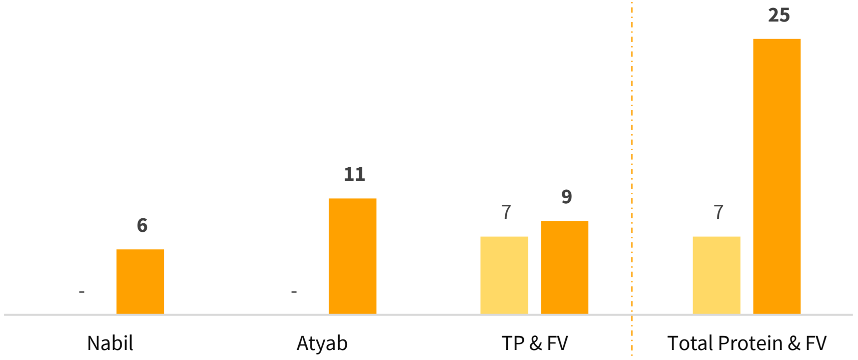
- **Excellent momentum** in Q1 with net sales delivering +10% vs. last year
- Digital, Social and Mall campaigns supported in **increasing active users** by +4k customers

Oriented towards revitalization

- In Mar'22; **Master Brand positioning rolled out** instore and outdoor combined with TV
- **Out of Store activation confirmed** (RECAPP & Al Jalilah Foundation)
- **Revenue management initiatives** via strategic pricing to cover increasing PET costs whilst retaining our leading market share and optimizing costs (reduce trade deals, negotiate better terms with key retailers, enhance promo effectiveness)
- **Driving Route to market optimization** to ensure effective reach
- **Sales incentive schemes** across channels linked to coverage, productivity, distribution and SKU targets

Protein & Frozen Vegetables

Volume by category *('000 tons)*



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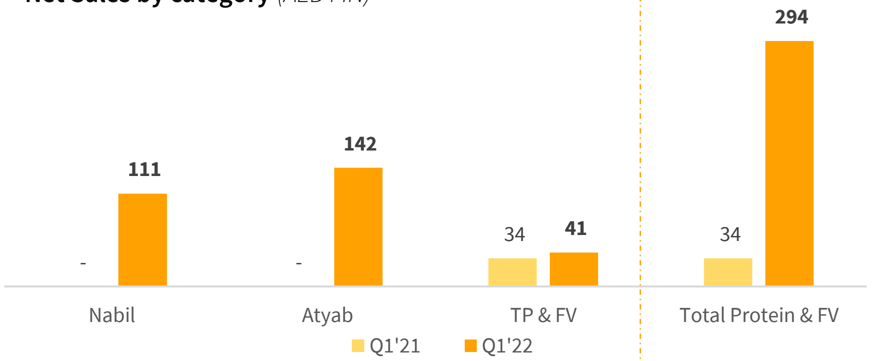


Protein & Frozen Veg

(28% of Q1'22 revenues)

Protein

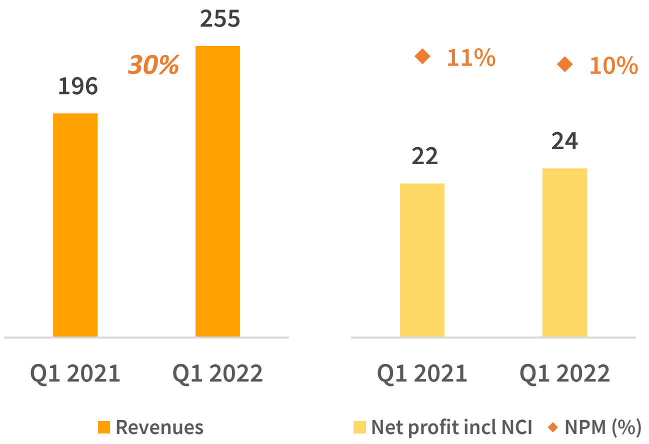
- The consolidation of **Nabil Foods** and **Atyab** collectively added AED 253 million.
- Higher sales growth vs. Q1'21 on strong recovery in the Food Service channel for Nabil and increased demand for cold cuts and chicken categories for Atyab.

Frozen Vegetables & Tomato Paste

- Higher y/y as we focus on gradual price increase, mix management and sourcing options to protect margins and mitigate input cost increase

Protein - Pre & Post Acquisition Performance

AED MN

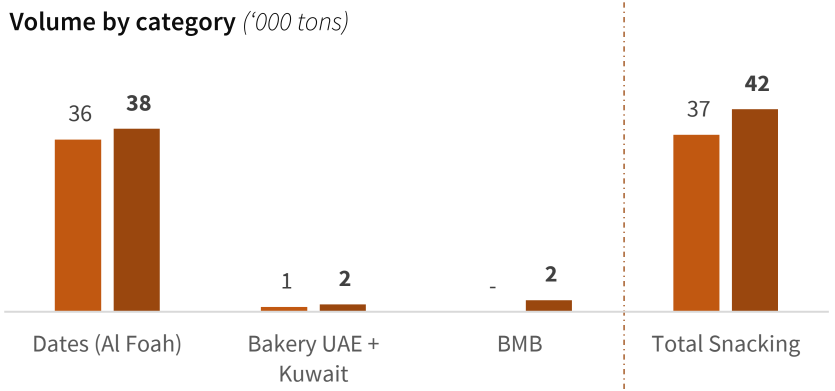


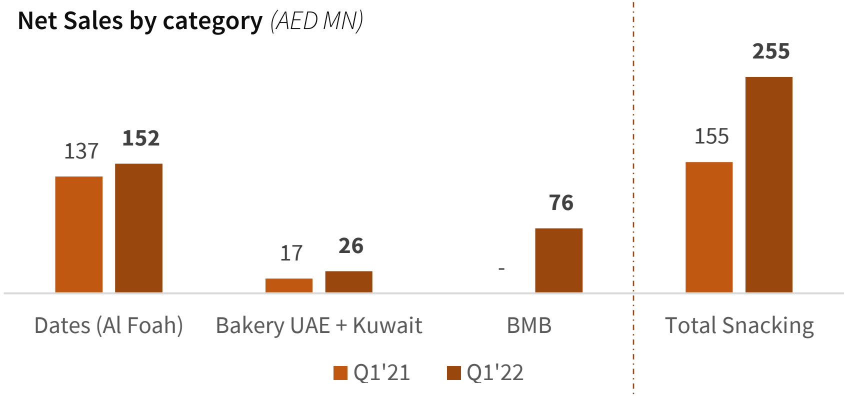
Protein[1]

- **Higher Revenues** driven by:
    - strong recovery in Food Service Channel sales for Nabil Foods both locally and in export markets
    - higher volumes on increased demand for Atyab's cold cuts and chicken products aided by higher pricing to reflect on input cost inflation
- **Slightly lower profitability** margin on higher raw material and freight costs which were countered by broad based pricing

[1]Protein includes Nabil Foods and Atyab revenues including intercompany sales
[2]NCI = non-controlling interest of 20% for Nabil Foods and 24.98% for Atyab

Snacking





Snacking

(24% of Q1'22 revenues)

Dates

- **Al Foah**: Recording higher y-o-y top-line growth benefitting from Ramadan shift in timing with increased contribution from retail channel

Bakery

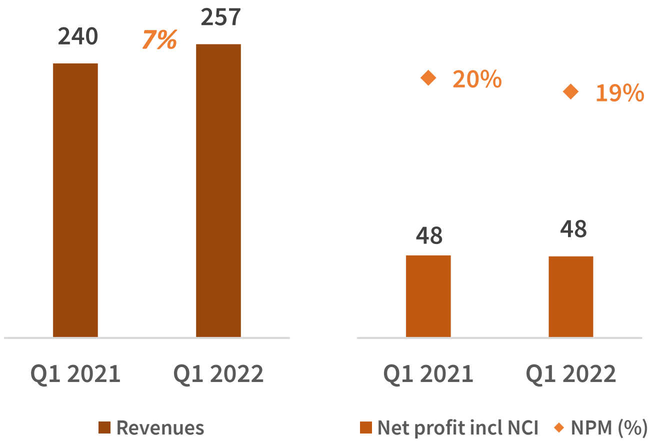
- **Kuwait:** Higher y-o-y revenue growth on the opening of schools vs. online scheme last year
- **UAE**: Discontinuation of frozen and ambient Bakery business for recurring losses

BMB

- First quarter contribution after consolidation adding AED 76mn to top-line

Snacking - Pre & Post Acquisition Performance

AED MN



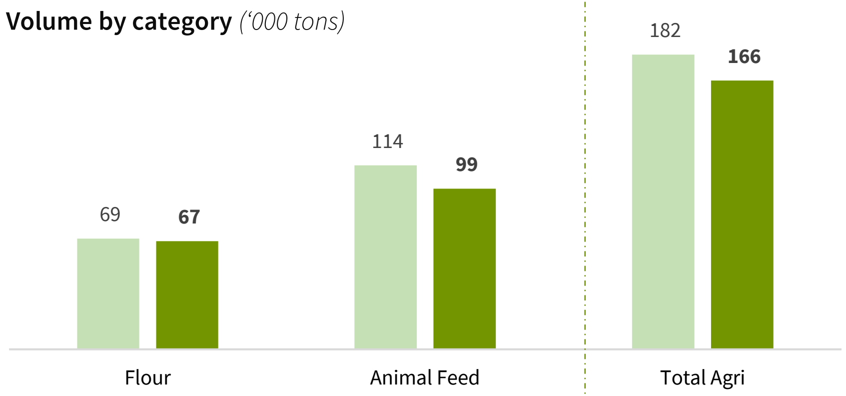
Snacking[1]

- **Higher Revenues** driven by:
  - higher dates volumes as we focused on strengthening our presence in the retail segment which benefitted from Ramadan shift in timing
  - higher bakery volumes on opening of schools in Kuwait vs. online scheme last year
  - higher sales in traditional trade for BMB snacks compensating lower sales to KSA
- **Slightly lower profitability** margin as improved margins across dates and bakery were offset by healthy snacks business that was impacted by custom duty in 2022, higher raw material / freight costs

[1]Snacking includes Al Foah Dates + Faysal Bakery + BMB snacks revenues including intercompany sales
[2]NCI = non-controlling interest of 20% for BMB where beneficial ownership is at 80% vs. legal ownership at 100%,

Agribusiness

Volume by category *('000 tons)*



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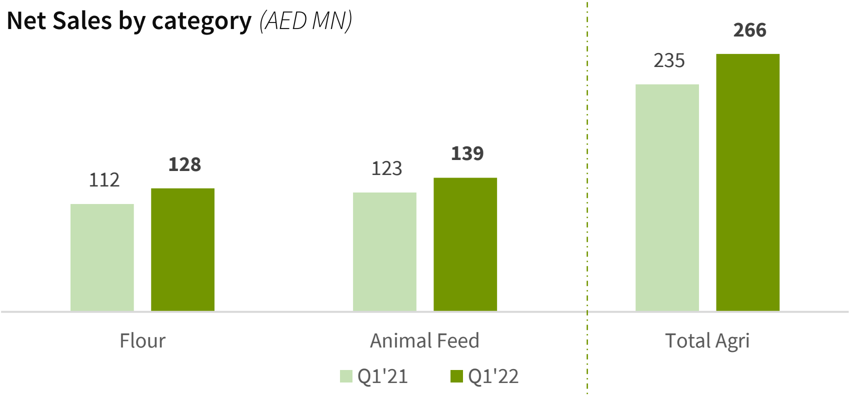


Agribusiness

(24% of Q1'22 revenues)

Flour

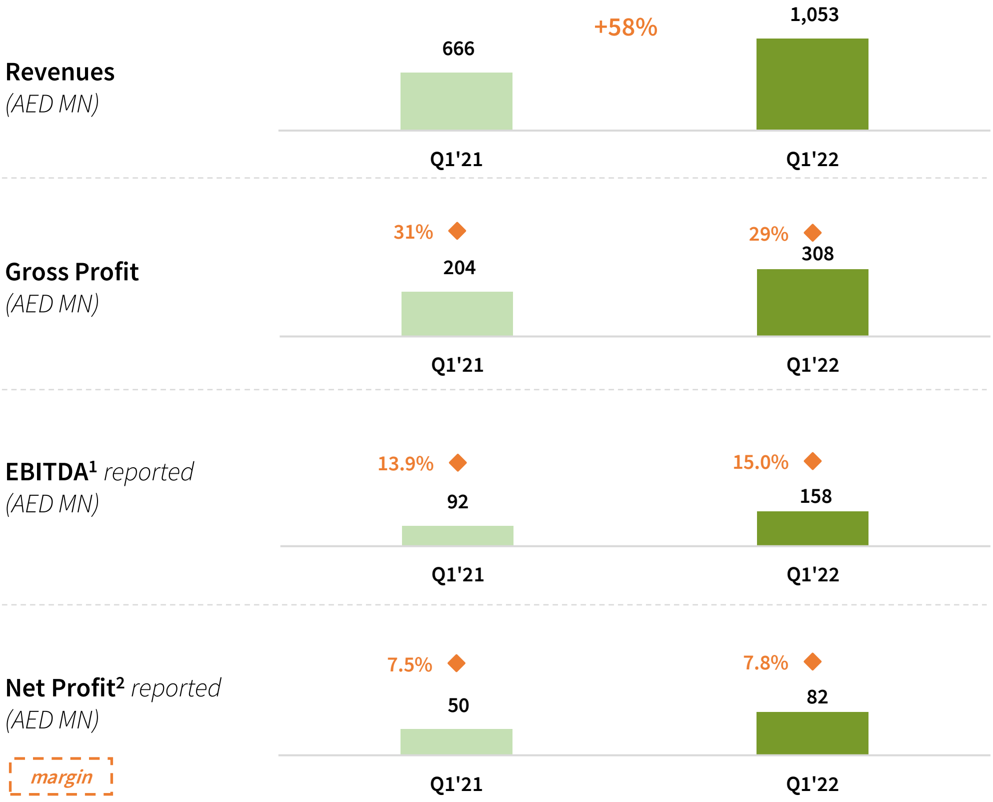
- Favourable mix with higher pricing significantly reducing the impact of increased raw material / freight costs

Animal Feed

- Higher non-subsidized sales overcompensating for lower subsidized volume impacted by the increased selling prices in commercial farms channel
- Inflation in grain prices / freight costs continued to put pressure on margins which we were addressing through operational efficiencies and pricing adjustments.

Financial Performance

Group P&L highlights



Revenues

- Sustainable leadership position across key categories
- Growth largely driven by the consolidation of the 5 acquisitions announced throughout 2021

Gross Profit

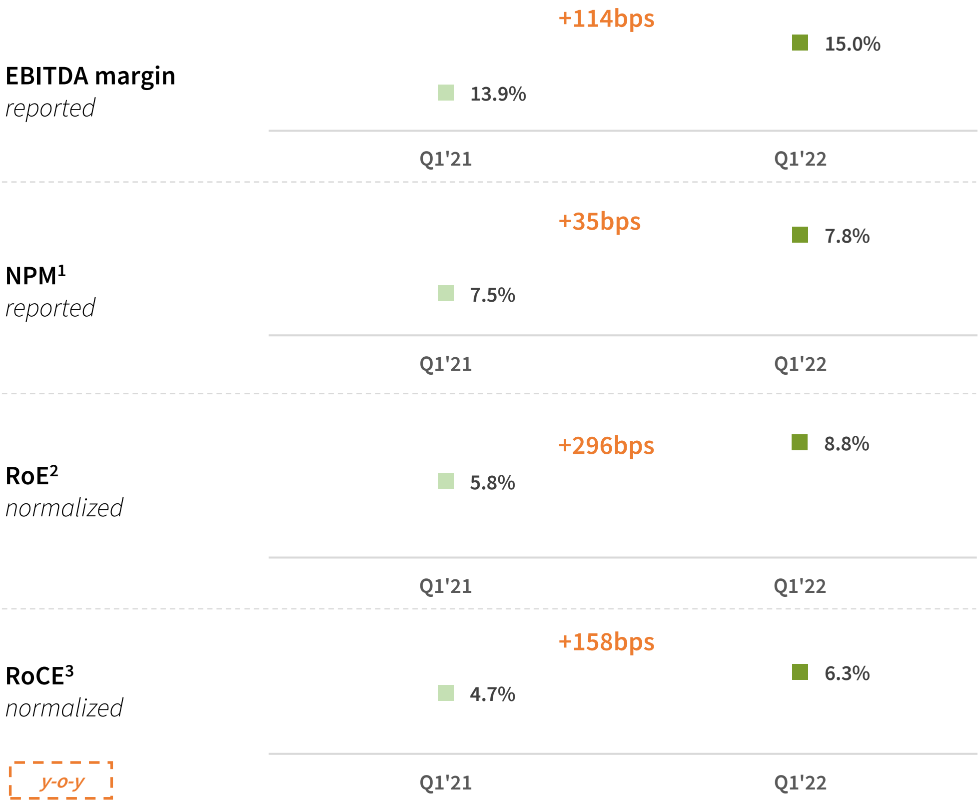
- Slightly lower margins (-142bps y-o-y) as we counter the impact of significantly higher direct raw material costs

Net Profit

- Reported net profit came in at AED 82MN growing by 66% y-o-y at a higher rate versus top-line

[1]EBITDA excludes share of profit from JV / associates
[2]Net profit attributable to shareholders

Profitability metrics



Profitability margins

- EBITDA margin enhanced by 114bps y-o-y driven by:
  - ✓ consolidation of 5 margin accretive entities
  - ✓ lower SG&A expenses as % of sales (20% in Q1'22 vs. 25% in Q1'21) on cost optimization via integration & productivity enhancements
  - × higher raw material / freight costs
- Net profit margins was up by 35bps on:
  - ✓ improved EBITDA margins
  - × higher finance cost on debt financing of acquisitions
  - × higher non-controlling interest contribution from Nabil, Atyab and BMB consolidation

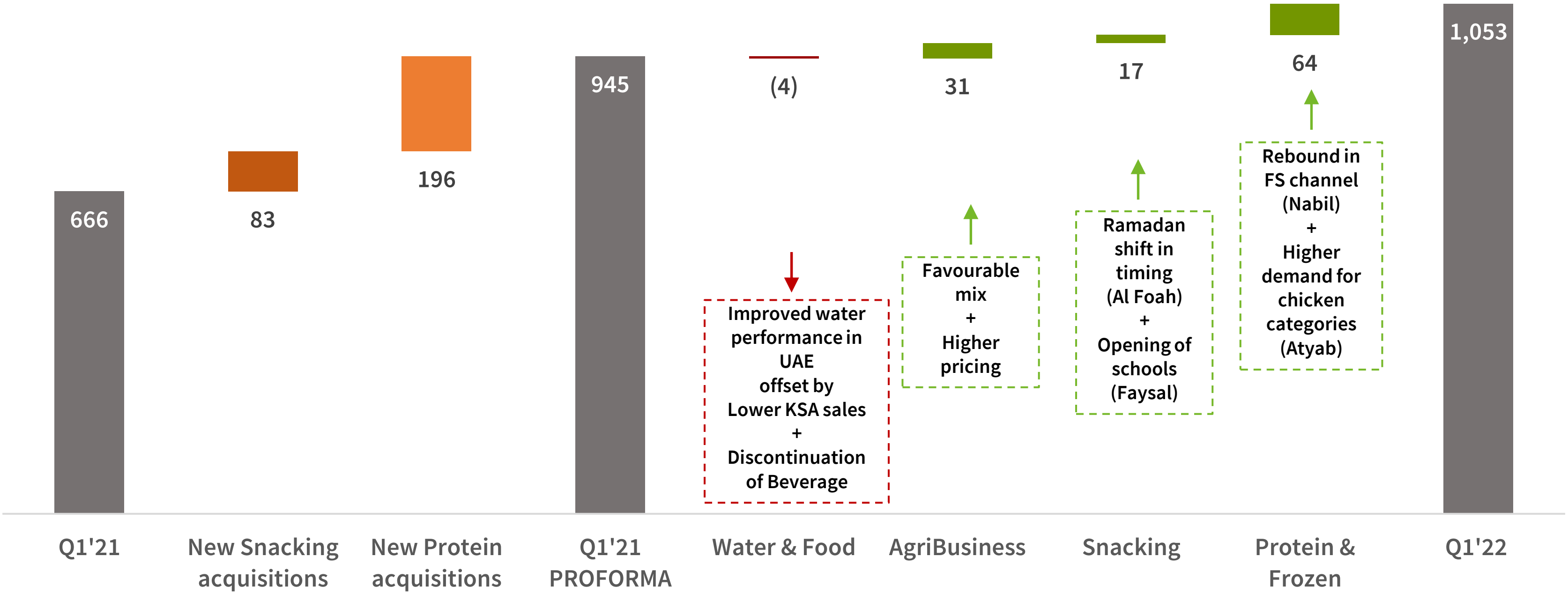
Improved returns

- RoE and RoCE enhanced by 296bps and 158bps respectively on the addition of value accretive acquisitions

[1] *NPM = net profit margin attributable to shareholders*
[2] *RoE = Return on Equity = TTM Normalized net income / Equity* [3] *ROCE = Pre-tax Return on Capital Employed = TTM Normalized EBIT / Capital Employed (Total Assets – Current Liabilities) where we normalized TTM ending March 2021 for one-off provisions of AED 82.5MN recorded in FY'20*

Top line reconciliation

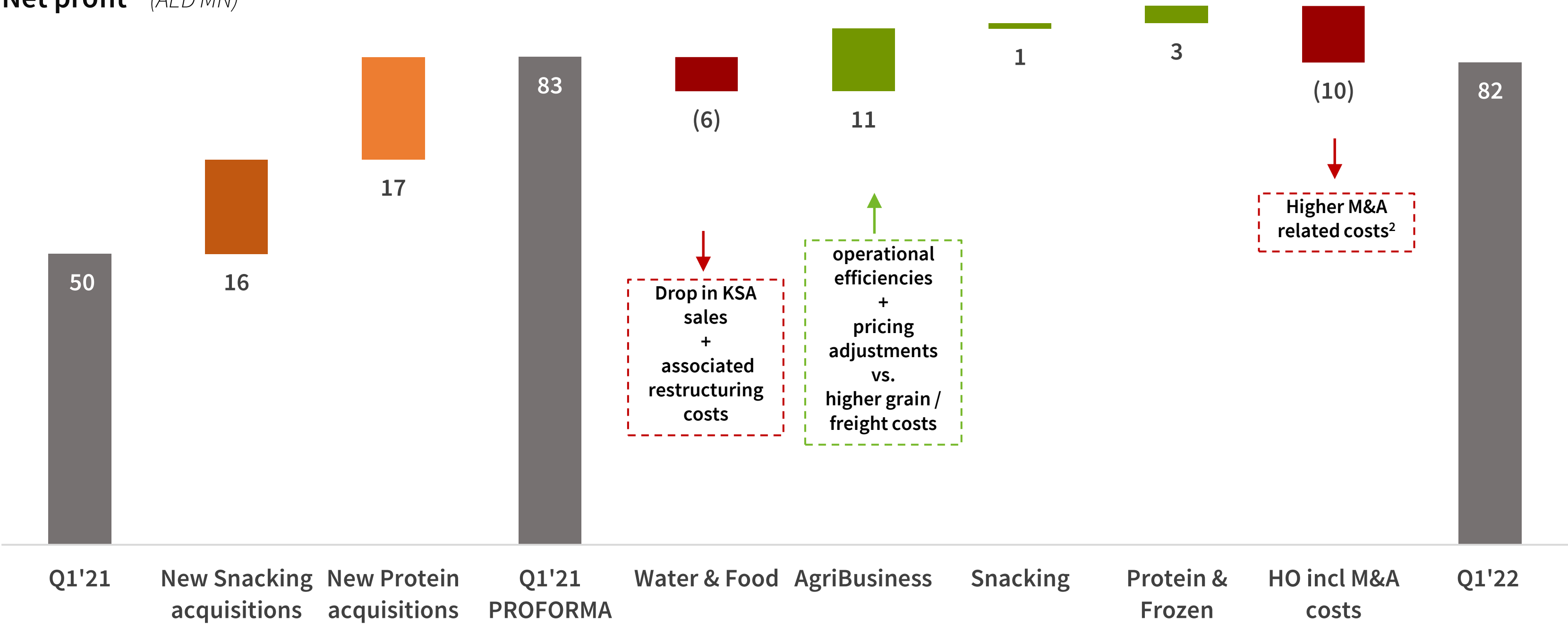
Group revenues *(AED MN)*



[1]*New snacking acquisitions for proforma purposes includes Al Faysal (1-27 Jan'21) + BMB (Q1'21)*
[2]*New protein acquisitions for proforma purposes includes Nabil (Q1'21) & Atyab (Q1'21)*

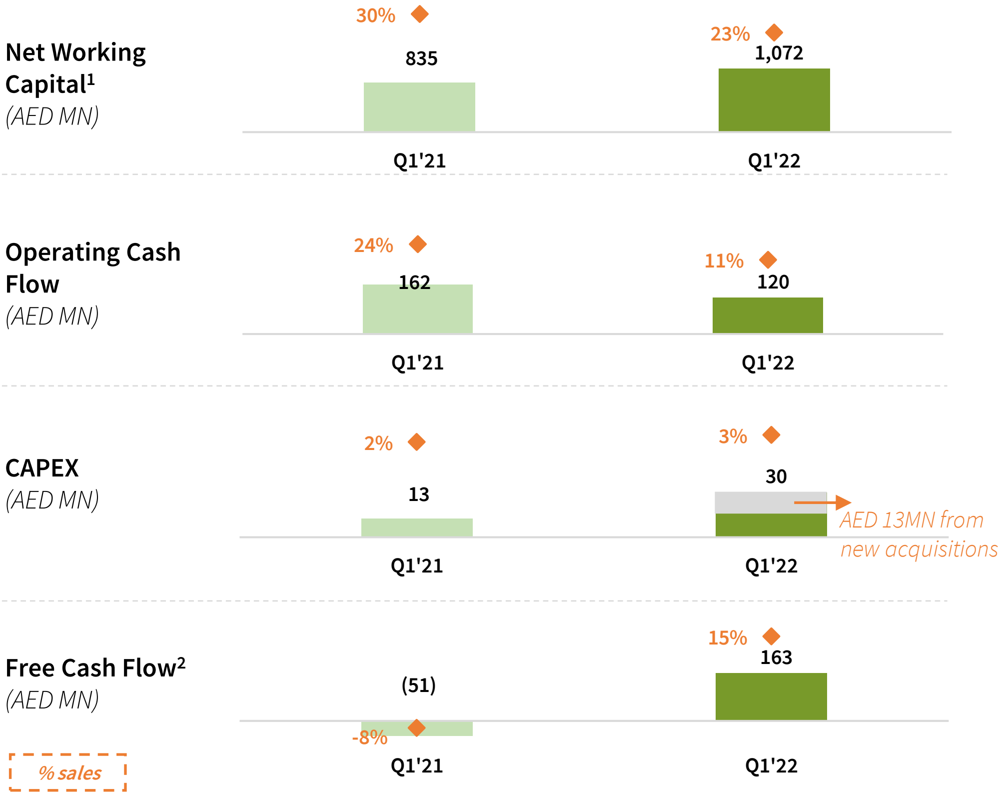
Bottom line reconciliation

Net profit[1] *(AED MN)*



[1]Net profit attributable to shareholders
[2]M&A costs for Q1'22 include AED 5.2MN amortization of intangibles + AED 4.5MN finance costs related to M&A debt

Resilient cash flow generation



Operating Cash Flow

- Robust liquidity position
- Focus on WC overhaul *(WC% sales improved by 700bps y-o-y)*
- Better Cash flow conversion cycle by 23 days versus same period last year

CAPEX

- Higher versus last year with the consolidation of the acquisitions which alone added AED 13MN
- Mostly maintenance CAPEX

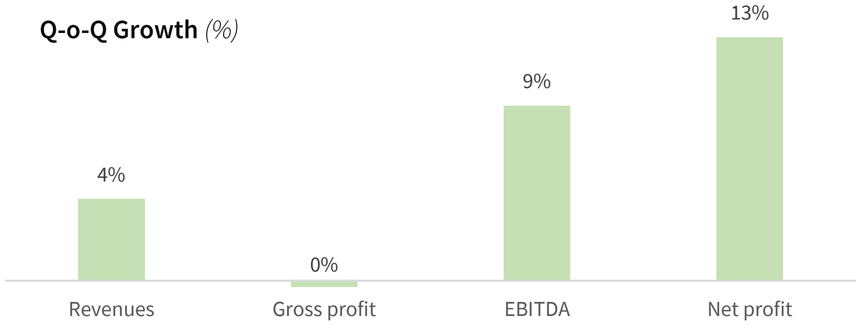
Free Cash Flow

- Significantly enhanced FCF on improved operational performance
- Further lift from the inclusion of acquisitions

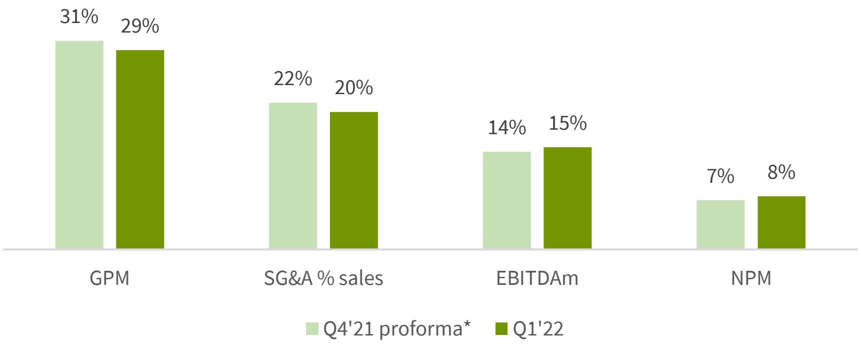
[1] Net Working Capital based on internal parameters
[2] Free Cash Flow to Firm = EBITDA + Change in Working Capital – CAPEX

Q1’22 vs. Q4’21

Q-o-Q Growth *(%)*



Q-o-Q Margins *(%)*



Q-o-Q performance

(Q1’22 versus Q4’21[1])

- Revenue growth led by improved performance across all verticals except for snacking on seasonality
- Flat growth in gross profit resulting in a slight decline in gross profit margin (-136bps q-o-q) as we manage to materially reduce the impact of the significant upsurge in raw material costs
- Higher EBITDA and Net profit margins q-o-q on strong cost controls with lower SG&A % of sales

[1]Q4’21 proforma: includes BMB and excludes AED 36.2MN subsidy catch-up for H1’21

Robust balance sheet

Borrowings

AED **2.16** BN

—

Cash & Equivalents

AED **1.30** BN

=

Net Debt

AED **862** MN

Net Debt / TTM EBITDA

1.6x

Borrowings

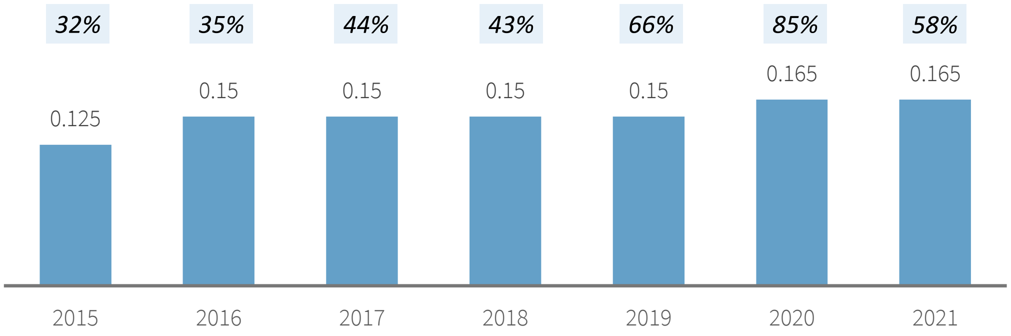
- Higher borrowings from raising new debt to fund Al Faysal, Nabil, Atyab and BMB acquisitions

Net Debt / EBITDA

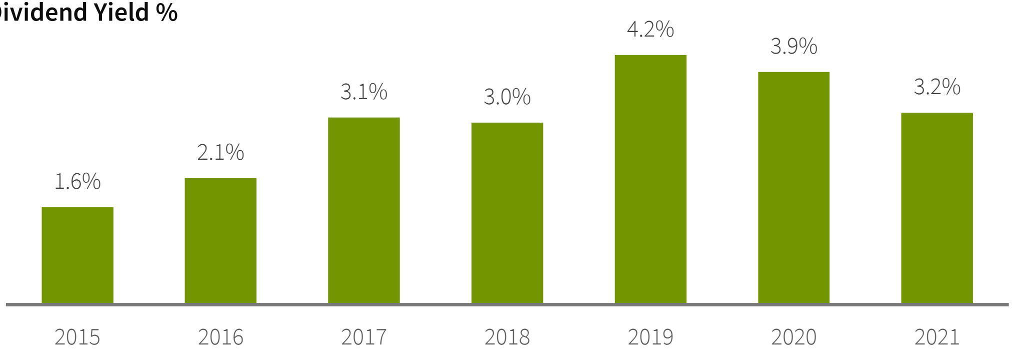
- Balance sheet remains robust with 1.6x net debt / TTM EBITDA (reported) even after funding the acquisitions of 5 new entities
- Net Debt / EBITDA in Q1'22 decreased vs. 2.1x as of close of 2021 driven by higher EBITDA

Dividends

Dividends per Share (AED)



Dividend Yield %



[1]*Normalized EPS for 2020*

Semi-Annual Dividends Policy

- Agthia adopted a semi-annual dividend policy, in-line with our commitment to maximizing shareholders' returns
- On 7 April 2022, shareholders approved 8.25fils dividend per share for H2'21
- Total dividends distributed for 2021 amounted to AED 130.6 million (AED 118.8 million in 2020)

Q&A

Sustainability

Sustainability Highlights

Maintaining Ethical, Responsible & Profitable Business

Innovating & Rethinking Product Quality & Sustainability

Fostering Healthy & Safe Communities

Preserving & Protecting the Environment

Sustainability Highlights (1/2)

Maintaining Ethical, Responsible & Profitable Business

AED
3.07 billion
in revenue

AED
9.6 million
in R&D expenditure

0 (Zero)
bribery cases

0 (Zero)
complaints received concerning breaches of customer privacy

0 (Zero)
product recall from markets

Fostering Healthy & Safe Communities

60%
of newly hired employees are under 30 years of age

11%
turnover rate

8%
full-time female employees

60
different nationalities work at Agthia

15%
reduction in Lost Time Injury Frequency Rate (LTIFR)

27, 524 hours
of health & safety training to employees

33%
reduction in vehicle collision rate

96%
of vehicles have GPS installed

AED
0.82 million
in community investments

Sustainability Highlights (2/2)

Innovating & Rethinking Product Quality & Sustainability

90.7
GMP Score

96%
lab proficiency

5 awards
won for sustainable packaging

<1
customer complaints per million products sold

AED 1.51 billion
in procured goods and services

100%
of suppliers are screened on quality, social and environmental criteria

19
supplier site audits conducted

Preserving & Protecting the Environment

18%
decrease in diesel consumption

17%
reduction in Direct Scope 1 emissions

13%
reduction in Direct Scope 1 emissions per tonne of production

36KG
of CO_2 per tonne of production

15,972 tonnes
of recycled waste

8%
landfilled waste from total waste

1.07 cubic metre
of water per tonne of production

25,000+
completed collections through RECAPP programme

113 tonnes
of recyclable waste collected through RECAPP

Appendix

Strategy Re-Cap : Our Long-Term Ambition

Becoming a regional F&B leader by 2025

From…		To…
UAE centric	→	Footprint MENAP & beyond
Commoditized portfolio	→	Value-add F&B brands
Stable financial performance	→	Superior shareholder returns
Local organization mindset	→	Consumer-centric & performance-driven

Three strategic pillars to deliver on the vision

Growth

Pursue disciplined expansion plan focused on M&A

Efficiency

Protect the core business and get leaner

Capability

Ensure our organization is set-up to deliver our strategy

Summary of Acquisitions

Announcement Beneficial ownership	OCT 2020 **100%**	DEC 2020 **100%**	JAN 2021 **80%**	APR 2021 **75%**	AUG 2021 **80%**
Consolidation	Jan 1, 2021	Jan 27, 2021	April 1, 2021	Aug 1, 2021	Dec 31,2021
Segment	Snacking	Snacking	Protein	Protein	Snacking
Footprint	Int'l (GCC & Asia)	Kuwait	Jordan, GCC, Iraq	Egypt	KSA, UAE, USA
Consideration	AED 450 MN	AED 161 MN	AED 520 MN	AED 564 MN	AED 646 MN
Funding	100% Equity	95% Debt + 5% Cash	75% Equity + 25% Cash	100% Debt	100% Debt
Rationale	Scale, Category (*Superfood*), Brands	Brand, Market Scale	New Category, Brand, Scale	Scale, Brands	Category Upscale, Brands, Footprint
Revenues[1]	AED 466MN	AED 101MN	AED 418MN	AED 536MN	AED 278MN
Profitability[1]	25%	25%	15%	18%	13%

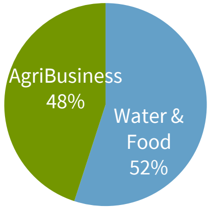
[1]*LTM ending Mar 2022 (1st April 2021 to 31st March 2022); Profitability = EBITDA margin*

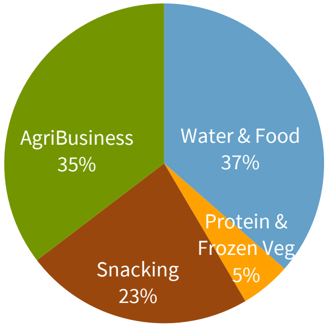
Agthia's Categories of Focus

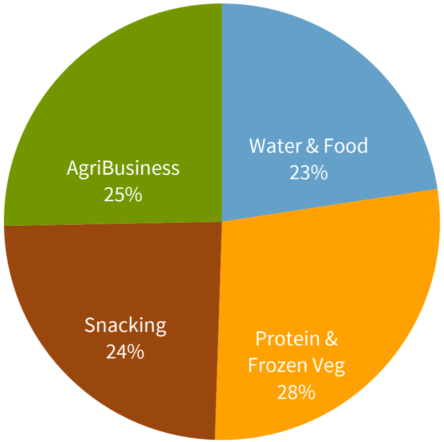
Category	Water & Food	Agribusiness	Protein & Frozen Veg.	Snacking
Assets				
Key markets				

Shifting towards higher margin categories

	Q1 2020	Q1 2021	Q1 2022
	Narrower legacy revenue base	Transition to consumer value-add portfolio	Towards larger & more diversified revenue base







	Q1 2020	Q1 2021	Q1 2022
Revenues	AED 571	AED 665MN	**> AED 1BN** *(2x Q1'20)*
EBITDAm	10.3%	13.8%	**15.0%** *(+5ppt vs. Q1'20)*

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