



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

## Message from Chairman

Dear Shareholders,

As we approach the end of another year, I feel that it is appropriate time to update you with the progress made by the company so far and its current state of affairs. As you are all aware that Unikai had undergone a very rough patch due to global economic slowdown and complex economic barriers and incurred financial losses during the period from 2011 to 2014. Since then and during the last four years Unikai has done a significant turnaround.

Since last four years the Company has been working very hard to achieve its vision of being the leading Food and Beverage (FMCG) Company in the region. The management team took various initiatives to vastly improve the operating and financial performance of the company. During this period, the company has achieved many successes amid some critical challenges. The company has delivered three consecutive profitable years (2015 – 2017), paid dividends to the shareholders, launched new products, Improved Quality and Packaging of existing products, increased customer Universe including blue chip customers like Emirates Airlines, EKFC, Etihad Airlines, Adnoc, Emarat, entered new markets like Bahrain, Pakistan and African countries and won many awards and recognitions like Sheikh Khalifa Excellence Award.

All the above achievements have definitely increased the presence and market position and have resulted in enhancing shareholder's value of Unikai. Also it is noteworthy to mention here that all these achievements and investments have been done with company's internal financial resources without putting any additional burden on the shareholders for injecting additional funds.

On a macro level the last few years have unfolded to be very challenging for the FMCG industry. In the advent of regional economic slowdown, geo political risks, unpredictable impact of new taxation legislations i.e. VAT and Excise have created uncertainty and weak market sentiments. The consumer preferences sharply changed to more economical purchasing patterns. Hence, the retail FMCG sector remained devoid of any investment in the expansion of existing shelf space in UAE. The limited shelf space resulted in fierce market competition to occupy the existing shelf space and market share.

Despite of these challenges, Unikai has remained determined to implement the long term strategic vision of the company to protect and grow market share. Despite of the economic slowdown, Unikai has been consciously investing in the enhancement of its operational infrastructure, sales capabilities and market penetration. To achieve the long term strategic vision, Unikai had to spend money in form of promotions and marketing to gain market share.

In the short term, these spends together with the very competitive atmosphere have casted a negative impact on Unikai's net margins and profitability for the year 2018. Hence, Unikai suffered a loss of AED 14.154 million during the first nine months of 2018. However, Unikai has successfully been able to retain its market share and avoided de-growth in revenue and market share which is in line with its strategy of growing market share.

I am pleased to inform you that the Board has taken a detailed stock of the current situation and decided to address the market adversities by clearly devising an effective business strategy and a detailed profitability enhancement plan for the next four Years 2019 to 2022.

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## UNIKAI FOODS P.J.S.C. (شركة مساهمة عامة) يونيكاي للأغذية

Going forward the Board focus is to enhance the profitability in future years from 2019 onwards. For future years the focus of Unikai is pivoted on two fundamental strategic objectives:-

1. Deliver sustainable revenue stream, compatible with evolving market dynamics
2. Generate continuous healthy net profits derived from sustainable revenue stream

The Board has formulated a Four years strategic plan fostering the long term vision of the company to grow the market share and enhance Net Profitability. In this regard the Board has taken following strategic steps which will ensure sustainable revenues and profit margins for the coming four years:-

- a. Competitive and profitable price points for products, focus on profitable sales volume growth through high margin category wise sales mix
- b. Rationalization of sales routes, production capacity enhancement, reducing operations cost and Inventory optimization, upgrading the manufacturing infrastructure & warehousing capabilities
- c. Significant cost saving initiatives.

Above strategic measures will result in profitable sales growth and significant cost savings, hence improvement in net margins.

Your Board is thoroughly committed to address the market challenges and to protect our revenues and net profits. In this regards, we shall pursue our business improvement strategy also and remain determined in the wake of continuing adverse market environment.

We are confident with the adoption and delivery of above mentioned strategic plan for 2019 to 2022, we will achieve sustainable, consistent and realistic sales growth and healthy net profits. We shall continue to sublimate our efforts in growing market share, enhancing goodwill of UNIKAI brand value in the region and attain the status of preferred and adore life style food and beverage manufacturing and distribution company among consumers.

I would like to thank the Shareholders for their support and patience over the few years. Also a big vote of thanks to my fellow Board member for their time and effort over the past years, and for helping direct the company along a path of growth. My gratitude extends also to our customers, suppliers, business partners, bankers and the employees who always commit and contribute to the success of our company.

Sincerely,

Khalaf Mohammed Saeed AlMulla

Chairman of the Board of Directors



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