

SABIC Agri-Nutrients Co

Earnings recovery underway despite supply-chain challenges

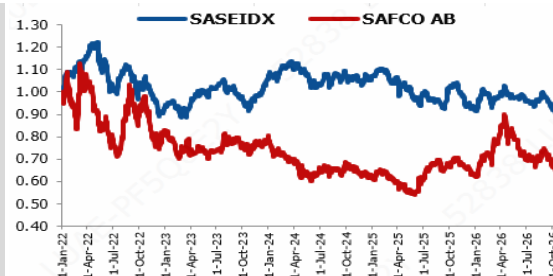
Current Price
SAR 109.20

Target Price
SAR 138.00

Upside/Downside (%)
+26%

Rating
BUY

- Revenue declined 8.6% YOY to SAR 3,220 Mn in 3Q26, primarily due to lower sales volumes.
- Free cash flow declined from SAR 621 Mn in 2Q26 to SAR 581 Mn in 3Q26.
- Capex increased marginally from SAR 149 Mn in 2Q26 to SAR 150 Mn in 3Q26.
- Awarded an EPC contract worth approximately USD 3.47 Bn to Samsung E&A for its seventh ammonia and urea production complex, with commercial operations expected to commence in 4Q30.



Stock Information

Market Cap (SAR, Mn)	51,983.07
Paid Up Capital (Mn)	4,760.35
52 Week High	159.30
52 Week Low	107.00
3M Avg. daily value (SAR)	61,446,180

3Q26 Net Profit lower than our estimate

SABIC Agri-Nutrients Co ("SABIC AGRNUTRIENTS", "The Company") net profit declined from SAR 1,290 Mn in 3Q25 to SAR 484 Mn in 3Q26, lower than our estimate of SAR 727 Mn. The decline in net profit is mainly due to lower revenue owing to decrease in sales volumes coupled with higher direct costs, selling and distribution expenses and lower share of profit from associates and joint ventures.

P&L Highlights

SABIC AGRNUTRIENTS revenue declined 8.6% YOY to SAR 3,220 Mn in 3Q26, primarily due to lower sales volumes amid ongoing supply-chain disruptions stemming from geopolitical challenges in the region. However, on a QOQ basis revenue increased by 33.5%, increasing from SAR 2,411 Mn in 2Q26 to SAR 3,220 Mn in 3Q26 by maximizing the sales volume through the West Coast despite the geopolitical challenges. The Company's cost of sales increased 16.3% YOY to SAR 2,417 Mn in 3Q26. Resultantly, gross profit declined 44.4% YOY to SAR 803 Mn in 3Q26, with the gross margins contracting from 41.0% in 3Q25 to 24.9% in 3Q26. The Company's operating profit decreased from SAR 1,224 Mn in 3Q25 to SAR 408 Mn in 3Q26, with the operating profit margin declining from 34.8% in 3Q25 to 12.7% in 3Q26. The decrease in operating profit is mainly due to lower revenue coupled with higher direct costs and increase in selling and distribution expenses amid supply chain challenges. Depreciation & amortization expenses declined 1.3% YOY to SAR 208 Mn in 3Q26. The Company's EBITDA fell from SAR 1,434 Mn in 3Q25 to SAR 616 Mn in 3Q26. Additionally, the Company's EBITDA margin declined from 40.7% in 3Q25 to 19.1% in 3Q26. As a result, net profit attributed to shareholders decreased from SAR 1,290 Mn in 3Q25 to SAR 484 Mn in 3Q26. However, on a QOQ basis net profit attributed to shareholders increased by 27.8%, increasing from SAR 379 Mn in 2Q26 to SAR 484 Mn in 3Q26.

3Q26 Result Review (SAR, Mn)

Revenue	3,220
EBITDA	616
Operating Profit	408
Net Profit	484
Shareholder Equity	20,077

Financial Ratios

Dividend Yield (12m)	6.41
Dividend Pay-out (%)	77.09
Price-Earnings Ratio(x)	16.88
Price-to-Book Ratio (x)	2.45
Book Value (SAR)	44.52
Return-on Equity (%)	18.78

Stock Performance

5 Days	-4.04%
1 Months	-11.65%
3 Months	-11.51%
6 Months	-19.59%
1 Year	-11.29%
Month to Date (MTD%)	-6.91%
Quarter to Date (QTD%)	-6.91%
Year to Date (YTD%)	-1.36%

Balance Sheet Highlights

SABIC AGRI-NUTRIENTS total shareholders equity (after deducting minority interest) increased 1.9% YOY to SAR 20.1 Bn in 3Q26 but declined 5.3% QOQ. The Company's capex increased marginally from SAR 149 Mn in 2Q26 to SAR 150 Mn in 3Q26, while free cash flow declined from SAR 621 Mn in 2Q26 to SAR 581 Mn in 3Q26.

Target Price and Rating

We revised our rating on SABIC AGRI-NUTRIENTS from ACCUMULATE to BUY with an unchanged target price of SAR 138.00. The Company's share price has declined 10.9% since our previous rating (July 2026). SABIC AGRI-NUTRIENTS earnings remained under pressure on a YOY basis in 3Q26, with revenue and EBITDA declining 8.6% and 57.1% YOY, respectively, primarily due to lower sales volumes resulting from regional supply-chain disruptions. The YOY decline in earnings was further impacted by higher selling, distribution and shipping expenses, coupled with lower contributions from an associate and a joint venture, leading to a sharp contraction in margins during the quarter. However, the Company delivered a sequential improvement in 3Q26, with net income increasing 27.8% QOQ to SAR 484 Mn, supported by a 33.5% QOQ increase in revenue as the Company maximized shipments through the West Coast despite ongoing geopolitical challenges. Looking ahead, we view the improvement in supply-chain resilience as a key positive, with the Company introducing alternative export routes through Yanbu, Rabigh, Neom and Jeddah, expanding warehouse capacity in the West Hub and increasing transportation capacity between the eastern and western regions. These initiatives have helped the Company maintain product flows despite disruptions to traditional shipping routes. Meanwhile, the Company fertilizer market outlook appears more supportive, with urea prices expected to remain broadly stable in 4Q26, supported by seasonal restocking ahead of the spring planting season and stronger European demand. Supply conditions are also expected to tighten as China pauses exports, although a potential reopening of the Strait of Hormuz could increase market supply and introduce price volatility. Moreover, despite the recent operational challenges, the Company continued to advance its long-term growth strategy through capacity expansion and strategic partnerships. During 3Q26, SABIC Agri-Nutrients announced the final investment decision for its seventh ammonia and urea production complex and awarded an EPC contract worth c. USD 3.47 Bn to Samsung E&A. The project is expected to increase annual urea production capacity from 4.8 Mn tonnes to 7.4 Mn tonnes, with commercial operations expected to commence in 4Q30. Furthermore, the Company signed a three-year non-binding MoU with Maaden Integrated Fertilizer Company to explore investment opportunities across the integrated agri-nutrients value chain, including value-added products. Despite the weak 3Q26 performance, we believe the earnings pressure is largely attributable to regional supply-chain disruptions rather than a deterioration in the Company's underlying fundamentals. The Company's efforts to diversify shipping routes, together with its planned capacity expansion and strategic partnerships, are expected to strengthen long-term growth and operational resilience. Based on these factors, we revised our rating to BUY while maintaining our target price of SAR 138.00.

SABIC Agri-Nutrients - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	10.0	5.2	14.2	15.7	12.1	17.2
PB	3.4	2.6	2.9	2.8	2.5	2.5
EV/EBITDA	7.2	3.6	9.2	10.5	8.2	11.0
BVPS	32.667	41.791	37.271	38.807	44.542	43.918
EPS	10.982	21.084	7.687	6.989	9.079	6.376
DPS	4.250	12.000	6.000	6.000	7.000	7.000
Dividend yield	3.9%	11.0%	5.5%	5.5%	6.4%	6.4%

FABS Estimates & Co Data

SABIC Agri-Nutrients - P&L

SAR Mn	3Q25	2Q26	3Q26	3Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	Change
Sales	3,522	2,411	3,220	2,751	17.0%	-8.6%	33.5%	13,077	11,665	-10.8%
Cost of Sales	-2,078	-1,699	-2,417	-1,871	29.2%	16.3%	42.3%	-7,997	-7,702	-3.7%
Gross profit	1,443	712	803	880	-8.8%	-44.4%	12.8%	5,080	3,962	-22.0%
Operating profit	1,224	423	408	649	-37.1%	NM	-3.6%	4,022	2,918	-27.4%
D&A	211	195	208	192	8.4%	-1.3%	6.8%	887	783	-11.7%
EBITDA	1,434	618	616	841	-26.8%	NM	-0.3%	4,909	3,701	-24.6%
Profit attributable	1,290	379	484	727	-33.4%	NM	27.8%	4,322	3,035	-29.8%

FABS estimate & Co Data

SABIC Agri-Nutrients - Margins

	3Q25	2Q26	3Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	41.0%	29.5%	24.9%	NM	-460	38.8%	34.0%	-488
EBITDA	40.7%	25.6%	19.1%	NM	-650	37.5%	31.7%	-581
Operating Profit	34.8%	17.6%	12.7%	NM	-488	30.8%	25.0%	-574
Net Profit	36.6%	15.7%	15.0%	NM	-68	33.1%	26.0%	-703

FABS estimate & Co Data

Valuation:

We use Discounted Free Cash Flow (DCF) and Relative Valuation (RV) method to value SABIC Agri-Nutrients. We have assigned 70% weight to DCF, and 30% to RV method.

Valuation Method	Target	Weight	Weighted Value
DCF Method	151.55	70.0%	106.09
Relative Valuation (RV)	106.36	30.0%	31.91
Weighted Average Valuation (SAR)			138.00
Current market price (SAR)			109.20
Upside/Downside (%)			+26%

1) DCF Method:

SABIC Agri-Nutrients is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 8.9%. Cost of equity is calculated by using 10-year government bond yield of 5.8%, beta of 0.85 and equity risk premium of 3.7%. Government bond yield is calculated after adding KSA 10-year CDS spread over 10-year US risk free rate. We have also assumed a terminal growth rate of 2.0%.

Sum of PV (SAR, Mn)	17,665
Terminal value (SAR, Mn)	46,663
(+) Investments as of 2Q26	8,913
(-) NCI as of 2Q26	1,096
FV to Common shareholders (SAR, Mn)	72,145
No. of share (Mn)	476
Current Market Price (SAR)	109.20
Fair Value per share (SAR)	151.55

DCF Method

(All Figures in SAR Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
Net profit	3,035	3,959	4,282	4,502	4,742	5,022
D&A	783	783	781	781	784	790
Working Capital	-78	61	-34	-35	-39	-37
Capex	-661	-737	-768	-796	-826	-855
Lease payments	-37	-31	-27	-23	-20	-17
Free Cash Flow to Equity (FCFE)	3,042	4,034	4,234	4,428	4,642	4,902
Discounting Factor	0.98	0.90	0.83	0.76	0.70	0.64
Discounted FCFE	748¹	3,644	3,511	3,371	3,244	3,145

Source: FAB Securities, ¹Adjusted for partial year

2) Relative Valuation:

We have used local as well as international peers to value SABIC Agri-Nutrients and it is valued using the EV/EBITDA multiple. It is valued at a 2027 EV/EBITDA multiple of 7.8x compared to the peer multiple of 6.2x. We have applied a premium to the median valuation multiple as the Company enjoys a feedstock advantage over its peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Abu Qir Fert & Chemical Indus Co.	2,169	NA	NA	NA	NA
Yara International ASA	10,892	4.2	4.7	7.5	8.7
Misr Fertilizer Production Co	2,447	NA	NA	0.0	0.0
CF Industries Holdings	17,847	5.7	7.2	7.9	10.4
Nutrien Ltd	32,913	7.2	7.1	14.1	13.6
OCI N.V.	986	NA	NA	NA	NA
Coromandel International Limited	5,505	16.4	13.4	24.1	18.6
Fertiglobe	4,882	5.1	5.3	10.1	9.9
Average		6.4x	6.3x	7.9x	7.7x
Median		5.4x	6.2x	7.7x	9.3x
Max		6.8x	7.2x	11.1x	11.2x
Min		4.4x	4.8x	0.0x	0.0x

Source: FAB Securities

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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