

SABIC Agri-Nutrients Co

Solid growth in sales volume boosted profitability

Current Price
SAR 98.70

Target Price
SAR 130.0

Upside/Downside (%)
+32%

Rating
BUY

- Revenue grew 22.1% YOY to SAR 3,074 Mn in 1Q25, driven by increased sales volumes and average selling price.
- Sales volume increased 18% YOY to 1,836 thousand MT in 1Q25 due to the completion of the scheduled turnaround of the Company's third plant for urea and ammonia production in 1Q24.
- Average selling price increased 3% YOY in 1Q25.
- Capex declined from SAR 130 Mn in 1Q24 to SAR 94 Mn in 1Q25.
- Free cash flow decreased 41% YOY and 34% QOQ to SAR 643 Mn in 1Q25.
- EBITDA rose 12.1% YOY to SAR 1,080 Mn in 1Q25 but EBITDA margin declined from 38.3% in 1Q24 to 35.1% in 1Q25.



1Q25 Net Profit higher than our estimate

Sabic Agri-Nutrients Co ("SABIC AGRi-NUTRIENTS", "The Company") reported a 17.1% YOY growth in net profit to SAR 985 Mn in 1Q24, higher than our estimate of SAR 859 Mn. The growth is mainly driven by a rise in revenue, partially offset by an increase in the cost of sales.

P&L Highlights

The Company's revenue grew 22.1% YOY to SAR 3,074 Mn in 1Q25, driven by increased sales volumes and average selling price. The volume increased 18% YOY to 1,836 thousand MT in 1Q25 owing to the resumption of operations of the third plant for urea and ammonia production, which was under scheduled turnaround in 1Q24. Similarly, the average selling price rose 3% YOY in 1Q25. Major importing countries were stocking up before the spring which drove the sales volume. Additionally, shutdown of few plants in 4Q24 due to as shortages during winter in Europe and limited production in parts of the Middle East. On the other hand, cost of sales increased 24.8% YOY to SAR 1,909 Mn in 1Q25, attributed to rise in costs of feedstock. As a result, gross profit boosted 17.9% YOY to SAR 1,165 Mn in 1Q25, while the gross profit margin declined from 39.3% in 1Q24 to 37.9% in 1Q25. The Company's operating profit increased 17.4% YOY to SAR 857 Mn in 1Q25. However, operating profit margin declined from 29.0% in 1Q24 to 27.9% in 1Q25. SABIC AGRi-NUTRIENTS EBITDA rose 12.1% YOY to SAR 1,080 Mn in 1Q25. EBITDA margin declined from 38.3% in 1Q24 to 35.1% in 1Q25.

Balance Sheet Highlights

SABIC AGRi-NUTRIENTS total shareholders equity (after deducting minority equity) increased 4.1% YOY to SAR 19,286 Mn in 1Q25. The Company's capex declined 28% YOY and 69% QOQ to SAR 94 Mn in 1Q25. Similarly, free cash flow decreased 41% YOY and 34% QOQ to SAR 643 Mn in 1Q25.

Stock Information

Market Cap (SAR, Mn)	46,984.69
Paid Up Capital (Mn)	4,760.35
52 Week High	122.60
52 Week Low	96.50
3M Avg. daily value (SAR)	59,450,940

1Q25 Result Review (SAR, Mn)

Total Equity	19,286
Sales	3,074
Operating Profit	857
EBITDA	1,080
Net Profit	985

Financial Ratios

Dividend Yield (12m)	6.08
Dividend Pay-out (%)	85.84
Price-Earnings Ratio(x)	13.54
Price-to-Book Ratio (x)	2.54
Book Value (SAR)	38.81
Return-on Equity (%)	18.37

Stock Performance

5 Days	-4.73%
1 Months	-6.89%
3 Months	-14.17%
6 Months	-13.27%
1 Year	-14.77%
Month to Date (MTD%)	-6.89%
Quarter to Date (QTD%)	-6.89%
Year to Date (YTD%)	-11.08%

Target Price and Rating

We assign a BUY rating on SABIC AGRI NUTRIENTS with a target price of SAR 130.00. SABIC AGRI-NUTRIENTS recorded strong profitability growth in 1Q24, driven by an increase in sales volumes and average selling price. Sales volume increased 18% YOY to 1,836 thousand MT, due to the completion of the scheduled turnaround of the company's third plant for urea and ammonia production in 1Q24. Average selling price increased 3% YOY in 1Q25. The Company expects demand to shift toward Southeast Asia and Oceania in 2Q25, supported by the completion of spring planting in the Northern Hemisphere and improved supplies following winter gas normalization. SABIC AGRI-NUTRIENTS received approval from the Ministry of Energy for feedstock allocation to develop a new low-carbon ammonia plant in Jubail Industrial City in FY2024. The plant is expected to have an annual capacity of 1.2 million metric tons per annum (MMTA) of low-carbon ammonia and 1.1 MMTA of urea and specialised agri-nutrients. Additionally, the Company is marketing differentiated products including Zinc Coated Urea, Stabilized Urea, Humic Acid Coated Urea, and Bio-Enhanced Urea. These products enhance agricultural productivity and quality along with contributing to the top line of the Company. SABIC AGRI NUTRIENTS is continuously investing in R&D to explore growth opportunities beyond traditional nitrogen products, simultaneously focusing on product diversification and expanding its customer base. Thus, based on the above-mentioned factors, we maintain a BUY rating on the stock.

SABIC Agri-Nutrients - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	36.9	9.1	4.8	13.0	14.3	13.5
PB	5.8	3.1	2.4	2.7	2.6	2.6
EV/EBITDA	20.2	5.8	3.4	8.2	9.5	8.5
DPS	1.9	4.3	12.0	6.0	6.0	6.0
Dividend yield	1.9%	4.2%	12.0%	6.0%	6.0%	6.0%

FABS Estimates & Co Data

SABIC Agri-Nutrients – P&L

SAR Mn	1Q24	4Q24	1Q25	1Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Sales	2,517	3,017	3,074	2,911	5.6%	22.1%	1.9%	11,061	11,298	2.1%
Cost of Sales	-1,529	-1,904	-1,909	-1,819	4.9%	24.8%	0.2%	-6,986	-6,823	-2.3%
Gross profit	988	1,113	1,165	1,092	6.7%	17.9%	4.7%	4,076	4,475	9.8%
Operating profit	730	850	857	856	0.1%	17.4%	0.8%	3,048	3,533	15.9%
D&A	233	237	223	230	-3.1%	-4.4%	-6.0%	936	921	-1.7%
EBITDA	963	1,087	1,080	1,086	-0.6%	12.1%	-0.7%	3,985	4,453	11.8%
Profit attributable	841	954	985	859	14.7%	17.1%	3.3%	3,327	3,542	6.5%

FABS estimate & Co Data

SABIC Agri-Nutrients - Margins

	1Q24	4Q24	1Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	39.3%	36.9%	37.9%	-136	102	36.8%	39.6%	276
EBITDA	38.3%	36.0%	35.1%	-313	-90	36.0%	39.4%	339
Operating Profit	29.0%	28.2%	27.9%	-112	-29	27.6%	31.3%	371
Net Profit	33.4%	31.6%	32.0%	-136	43	30.1%	31.4%	127

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	132.98	70.0%	93.08
Relative Valuation (RV)	123.05	30.0%	36.92
Weighted Average Valuation (SAR)			130.00
Current market price (SAR)			98.70
Upside/Downside (%)			+32%

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 8.7%. Cost of equity is calculated by using 10-year government bond yield of 5.3%, beta of 0.84 and equity risk premium of 4.0%. Government bond yield is calculated after adding KSA 10-year CDS spread over 10-year US risk free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (SAR, Mn)	16,336
Terminal value (SAR, Mn)	46,967
FV to Common shareholders (SAR, Mn)	63,302
No. of share (Mn)	476
Current Market Price (SAR)	98.70
Fair Value per share (SAR)	132.98

DCF Method

(All Figures in SAR Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Net profit	3,542	3,774	4,006	4,212	4,436
D&A	921	915	907	897	909
Working Capital	-3	-28	-29	-30	-26
Capex	-802	-835	-747	-777	-805
Free Cash Flow to Equity (FCFE)	3,657	3,826	4,138	4,302	4,513
Discounting Factor	0.95	0.87	0.80	0.74	0.68
Discounted FCFE	3,458	3,330	3,314	3,171	3,062

Source: FAB Securities

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 an EV/EBITDA multiple of 10.8x compared to the peer multiple of 7.2x. 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)	
		2025F	2026F	2025F	2026F
Abu Qir Fert & Chemical Indus Co.	1,313	5.5	3.7	7.0	6.0
Yara International ASA	8,535	5.3	5.3	10.1	10.6
Misr Fertilizer Production Co	1,758	5.2	5.5	9.3	9.2
CF Industries Holdings	13,257	7.7	8.1	13.3	13.9
Nutrien Ltd	27,099	7.2	7.1	14.5	13.7
Coromandel International Limited	7,741	23.7	19.9	36.5	29.7
Fertiglobe	5,175	8.4	7.9	NA	NA
Average		9.0x	8.2x	15.1x	13.9x
Median		7.2x	7.1x	11.7x	12.2x
Max		8.1x	8.0x	14.2x	13.9x
Min		5.4x	5.4x	9.5x	9.6x

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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