

## Saudi Basic Industries Corporation (SABIC)

lower average selling prices amid persistent global oversupply impacted the top-line

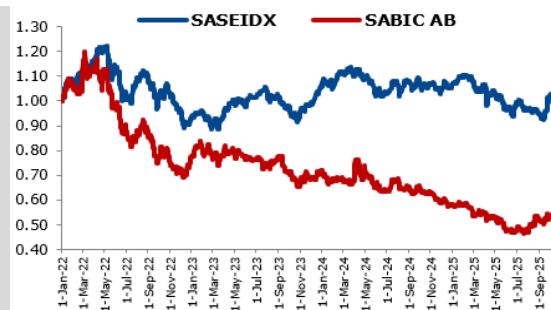
**Current Price**  
SAR 58.40

**Target Price**  
SAR 65.00

**Upside/Downside (%)**  
+11.3%

**Rating**  
**ACCUMULATE**

- SABIC reported a positive net profit during 3Q25, for the first time in 2025, supported by lower costs and improved gross margins after the absence of 2Q25 impairment charges.
- Petrochemical prices stayed weak amid global overcapacity and soft demand, while Agri-Nutrients' performance improved, supported by higher urea prices and strong seasonal demand.
- SABIC completed the mechanical construction and start-up of its MTBE plant at Petrokemya ahead of schedule.
- SABIC maintained its guidance with a capex at USD 3.0–3.5 Bn for 2025.
- The Company distributed an interim cash dividend of SAR 1.50 per share for 1H25.



### 3Q25 Net Profit lower than our estimates

Saudi Basic Industries Corporation ("SABIC", "The Company") net profit declined from SAR 1.0 Bn in 3Q24 to SAR 435 Mn in 3Q25, lower than our estimated loss of SAR 1,270 Mn. The decline in net profit is primarily attributed to lower gross profits, other operating income, and higher tax & zakat expenses, partially offset by lower general and administrative, as well as research and development costs, and an increase in net financial income from associates and non-integral joint ventures.

### P&L Highlights

SABIC's revenue reduced marginally 6.9% YOY to SAR 34.3 Bn in 3Q25, mainly driven by lower average selling prices and reduced sales volumes. Petrochemicals revenue declined 9.3% YOY and 4.6% QOQ to SAR 30.92 Bn in 3Q25. Methyl tert-butyl ether (MTBE) prices remained subdued during 3Q25 due to persistent oversupply, largely driven by new capacity additions. Similarly, methanol prices also remained low in 3Q25 due to reflecting subdued demand from derivative markets. Moreover, PE prices were weak owing to being weighed down by ongoing oversupply and weak global demand. On the other hand, revenue from Agri-Nutrients rose 12.2% YOY and 7.9% QOQ to SAR 3.41 Bn in 3Q25. Urea prices rebounded during 3Q25 because of usual seasonality supported by strong demand. SABIC's cost of sales also declined 5.5% YOY to SAR 28.22 Bn in 3Q25. Thus, gross profit decreased 12.8% YOY to SAR 6.1 Bn in 3Q25, primarily due to compressed contribution margins. The Company recorded an operating profit of SAR 1.66 Bn in 3Q25 compared to SAR 2.5 Bn in 3Q24. Petrochemicals segment EBITDA declined 25.1% YOY to SAR 3.50 Bn in 3Q25, whereas Agri-Nutrients EBITDA expanded from SAR 1.02 Bn in 3Q24 to SAR 1.42 Bn in 3Q25. As a result, the total EBITDA declined from SAR 5.7 Bn in 3Q24 to SAR 4.9 Bn in 3Q25.

### Stock Information

Market Cap (SAR, mn)	175,500.00
Paid Up Capital (mn)	30,000.00
52 Week High	73.60
52 Week Low	53.00
3M Avg. daily value (SAR)	104,552,900

### 3Q25 Result Review (SAR, Bn)

Revenue	34.33
EBITDA	4.92
Net Profit	0.44
Shareholder's Equity	149.41

### Financial Ratios

Dividend Yield (12m)	5.47
Dividend Pay-out (%)	486.66
Price-Earnings Ratio(x)	N/A
Price-to-Book Ratio (x)	1.14
Book Value (SAR)	51.29
Return-on Equity (%)	-3.88

### Stock Performance

5 Days	-3.31%
1 Months	-4.96%
3 Months	6.85%
6 Months	-1.85%
1 Year	-19.31%
Month to Date (MTD%)	-4.18%
Quarter to Date (QTD%)	-4.96%
Year to Date (YTD%)	-12.69%

SABIC recorded zakat and tax charges of SAR 678 Mn in 3Q25, compared to SAR 378 Mn in 3Q24.

### Balance Sheet Highlights

The Company's free cash flow improved from SAR 3.92 Bn in 3Q24 to SAR 4.34 Bn in 3Q25. Moreover, the Company's net debt to adjusted EBITDA stood at negative 0.03x in 3Q25, compared to negative 0.13x in 2Q25. In addition, SABIC's net cash position reached SAR 0.61 Bn in 3Q25 compared to SAR 2.71 Bn in 2Q25. The shareholder equity excluding minority interest stood at SAR 149.4 Bn in 3Q25.

### Target Price and Rating

We maintain our ACCUMULATE rating on SABIC with a target price of SAR 65.00. SABIC reported a positive net profit in 3Q25, marking its first profitable quarter of the year 2025, reflecting operational resilience amid a challenging macro environment. The performance during 3Q25 was influenced by persistent global overcapacity in the petrochemical industry, which continued to weigh on pricing and utilization rates. Revenue declined on a QOQ basis during 3Q25, primarily due to the absence of licensing revenue that had supported the 2Q25 results. The petrochemicals segment continued to face pricing headwinds, with mono ethylene glycol (MEG) prices remaining low during 3Q25 amid oversupply from new capacity, while methanol prices declined due to weak derivative demand. Polymers such as polyethylene (PE), polypropylene (PP), and polycarbonate (PC), all saw price declines during 3Q25, driven by sluggish global demand and elevated inventories. However, the Agri-nutrients segment delivered a strong performance during 3Q25, supported by a rebound in urea prices amid seasonal demand and tight supply, partially offsetting the revenue decline from the Petrochem segment. SABIC advanced its transformation agenda during the quarter, realizing USD 300 Mn in value as part of its ongoing efficiency and optimization initiatives, moving toward its 2030 target of USD 3 Bn in recurring EBITDA impact, comprising USD 1.4 Bn from cost reduction initiatives and USD 1.6 Bn from value creation opportunities. SABIC successfully completed its MTBE project in 2025, replacing the existing Petrokemya isobutane dehydrogenation unit with a new 1 MMT per year facility. Mechanical completion was achieved in August 2025, followed by a successful start-up in October 2025, enhancing the Company's fuel additives capacity and downstream integration. The Fujian complex in China also advanced to 87% EPC completion, reinforcing SABIC's long-term commitment to growth in Asia and scheduled for start-up in 2H26. Additionally, the Company introduced 91 new products during 3Q25, reflecting continued focus on innovation and customer-centric solutions, while also expanding its certified low-carbon product portfolio with the first sale of low-carbon methanol. SABIC also made notable progress in its digital transformation with the launch of an upgraded enterprise resource planning (ERP) system designed to enhance operational integration and efficiency. Total Agri-Nutrients sales volume stood at 1.8 MMT during 3Q25. The increase in prices was driven by higher demand in key regions. Urea remained the largest Agri-nutrient product, followed by ammonia and phosphate. Total Petrochemicals sales volume reached 9.8 MMT during 3Q25. Overcapacity continued to pose a challenge for the Petrochemicals segment. The Company distributed an interim cash dividend of SAR 1.50 per share for 1H25, equivalent to USD 1.2 Bn, with an annual dividend yield of 5.1% for 2025. Thus, considering the above factors, we assign an ACCUMULATE rating on the stock.

### SABIC - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	NM	7.78	10.85	NM	116.60	NM
PB	0.92	0.85	0.82	0.92	0.98	1.08
EV/EBITDA	11.28	4.22	5.39	10.39	10.40	14.28
EPS	0.022	7.689	5.510	NM	0.513	NM
BVPS	64.746	70.611	72.539	65.094	61.306	55.216
DPS	3.000	4.000	4.250	3.400	3.400	3.000
Dividend yield	5.1%	6.8%	7.3%	5.8%	5.8%	5.1%

FABS Estimates & Co Data

**SABIC – P&L**

SAR Mn	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Sales	36,880	35,566	34,330	37,811	-9.2%	-6.9%	-3.5%	139,981	140,582	0.4%
Cost of Sales	-29,880	-31,149	-28,224	-30,060	-6.1%	-5.5%	-9.4%	-114,357	-123,369	7.9%
<b>Gross profit</b>	<b>7,000</b>	<b>4,416</b>	<b>6,106</b>	<b>7,751</b>	<b>-21.2%</b>	<b>-12.8%</b>	<b>38.3%</b>	<b>25,624</b>	<b>17,213</b>	<b>-32.8%</b>
<b>Total Operating exp</b>	<b>-4,522</b>	<b>-6,300</b>	<b>-4,446</b>	<b>-5,067</b>	<b>-12.3%</b>	<b>-1.7%</b>	<b>-29.4%</b>	<b>-19,886</b>	<b>-20,666</b>	<b>3.9%</b>
<b>Operating profit</b>	<b>2,477</b>	<b>-1,884</b>	<b>1,660</b>	<b>2,685</b>	<b>-38.2%</b>	<b>-33.0%</b>	<b>NM</b>	<b>5,737</b>	<b>-3,453</b>	<b>NM</b>
<b>EBITDA</b>	<b>5,689</b>	<b>4,909</b>	<b>4,920</b>	<b>5,869</b>	<b>-16.2%</b>	<b>-13.5%</b>	<b>0.2%</b>	<b>19,470</b>	<b>14,186</b>	<b>-27.1%</b>
Zakat & Tax	-378	-374	-678	-659	2.9%	79.6%	81.3%	-136	-805	NM
<b>Profit attributable</b>	<b>1,004</b>	<b>-4,066</b>	<b>435</b>	<b>1,270</b>	<b>-65.8%</b>	<b>-56.7%</b>	<b>NM</b>	<b>1,539</b>	<b>-4,055</b>	<b>NM</b>

FABS estimate & Co Data

**SABIC - Margins**

	3Q24	2Q25	3Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	19.0%	12.4%	17.8%	-119	537	18.3%	13.6%	-472
EBITDA	15.4%	13.8%	14.3%	-109	53	13.9%	11.4%	-248
Operating Profit	6.7%	-5.3%	4.8%	-188	1,013	4.1%	-1.1%	-521
Net Profit	2.7%	-11.4%	1.3%	-145	1,270	1.1%	-1.7%	-280

FABS estimate & Co Data

## Valuation:

We use Discounted Free Cash Flow (DCF), Relative Valuation (RV), and Discounted Dividend Method (DDM) to value Saudi Basic Industries Corporation. We have assigned 70% weight to DCF and 15% to RV and DDM.

Valuation Method	Target	Weight	Weighted Value
DCF Method	66.34	70.0%	46.44
DDM Method	61.29	15.0%	9.20
Relative Valuation (RV)	62.41	15.0%	9.36
<b>Weighted Average Valuation (SAR)</b>			<b>65.00</b>
Current market price (SAR)			58.40
Upside/Downside (%)			+11.3%

### 1) DCF Method:

Saudi Basic Industries Corporation is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.3%. It is arrived after using the cost of equity of 8.8% and the cost of debt of 5.9%. Cost of equity is calculated by using a 10-year government bond yield of 4.8%, a beta of 0.9 and an equity risk premium of 4.5%. Government bond yield is calculated after adding Abu Dhabi's 10-year spread over the 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.5%.

Sum of PV (SAR, Mn)	45,432
Terminal value (SAR, Mn)	180,175
Net debt <sup>1</sup> & NCI <sup>2</sup>	-26,575
<b>FV to Common shareholders (SAR, Mn)</b>	<b>199,032</b>
No. of shares (Mn)	3,000
Current Market Price (SAR)	58.40
<b>Fair Value per share (SAR)</b>	<b>66.34</b>

<sup>1</sup>As of September 2025, <sup>2</sup>As of June 2025

### DCF Method

(All Figures in SAR Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	-1,216	7,904	10,233	12,246	14,097	14,681
Depreciation & Amortization	16,553	11,263	11,275	11,236	11,148	11,016
Capex	-13,128	-11,972	-11,516	-11,031	-10,521	-9,984
Change in Working Capital	1,060	104	-374	-370	-377	-381
<b>Free Cash Flow to Firm (FCFF)</b>	<b>3,269</b>	<b>7,300</b>	<b>9,617</b>	<b>12,081</b>	<b>14,347</b>	<b>15,332</b>
Discounting Factor	0.99	0.91	0.84	0.78	0.72	0.66
<b>Discounted FCFF</b>	<b>807<sup>1</sup></b>	<b>6,657</b>	<b>8,099</b>	<b>9,395</b>	<b>10,304</b>	<b>10,169</b>

Source: FAB Securities, <sup>1</sup>Adjusted for partial year

## 2) DDM Method:

Saudi Basic Industries Corporation regularly pays semi-annual dividends and is expected to continue paying dividends in the forthcoming period. The dividend is discounted at the cost of equity of 9.0%.

Sum of PV (SAR, Mn)	51,286
Terminal value (SAR, Mn)	132,589
<b>FV to Common shareholders (SAR, Mn)</b>	<b>183,875</b>
No. of share (Mn)	3,000
Current Market Price (SAR)	58.40
<b>Fair Value per share (SAR)</b>	<b>59.81</b>

(All Figures in SAR Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
<b>Dividend Paid</b>						
H1	NM	5,852	6,002	6,002	6,302	6,302
H2	4,502	5,852	6,002	6,002	6,302	6,302
<b>Total Dividend</b>	<b>4,502</b>	<b>11,704</b>	<b>12,004</b>	<b>12,004</b>	<b>12,604</b>	<b>12,604</b>
Discounting Factor	0.99	0.91	0.83	0.77	0.70	0.65
<b>Present Value of Dividend</b>	<b>4,442</b>	<b>10,614</b>	<b>10,005</b>	<b>9,196</b>	<b>8,874</b>	<b>8,156</b>

Source: FAB Securities

## 3) Relative Valuation:

We have used local as well as international peers to value Saudi Basic Industries Corporation and valued using the EV/EBITDA multiple of 10.2x in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Saudi Kayan Petrochemical Company	2,268	17.23	9.19	NM	NM
Sahara International Petrochemical Company	3,605	11.44	8.87	138.74	23.18
Saudi Arabian Mining Company	64,935	18.08	17.36	33.21	29.84
LyondellBasell Industries	14,941	9.65	8.04	17.92	12.24
Yanbu National Petrochemical Company	5,085	12.74	11.26	52.56	42.97
Advanced Petrochemical Company	2,571	21.26	12.90	32.73	21.07
<b>Average</b>		<b>15.1x</b>	<b>11.3x</b>	<b>55.0x</b>	<b>25.9x</b>
<b>Median</b>		<b>15.0x</b>	<b>10.2x</b>	<b>33.2x</b>	<b>23.2x</b>
<b>Max (Quartile 3)</b>		<b>17.9x</b>	<b>12.5x</b>	<b>52.6x</b>	<b>29.8x</b>
<b>Min (Quartile 1)</b>		<b>11.8x</b>	<b>8.9x</b>	<b>32.7x</b>	<b>21.1x</b>

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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