

Fertiglobe PLC

Current Price AED 2.77	Target Price AED 3.20	Upside/Downside (%) +16%	Rating BUY
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4Q25 Net Profit higher than our estimate

- Total sales volume rose 37.6% YOY to 1.68 Mn metric tons in 4Q25, mainly driven by an increase in own product sold and third-party sales volume.
- Own product sales volume rose 17.9% YOY to 1.38 Mn metric tons in 4Q25. Additionally, total third-party product sales grew to 0.30 Mn metric tons in 4Q25, compared to 0.05 Mn metric tons in 4Q24.
- Benchmark Middle East ammonia prices increased 6.8% YOY to USD 424 per metric tons, and benchmark urea Egypt prices rose 19.9% YOY to USD 452 per metric ton in 4Q25.
- Fertiglobe's revenue increased significantly 73.5% YOY to USD 808 Mn in 4Q25, primarily supported by higher realized prices and increased sales volumes.
- Cost of sales rose 53.2% YOY to USD 530 Mn in 4Q25.
- Gross profit more than double from USD 120 Mn in 4Q24 to USD 279 Mn in 4Q25, with gross profit margin increasing to 34.5% in 4Q25, compared to 25.8% in 4Q24.
- SG&A expenses increased 23.4% YOY to USD 54 Mn in 4Q25.
- EBITDA increased from USD 150 Mn in 4Q24 to USD 297 Mn in 4Q25. Additionally, EBITDA margin increased from 32.3% in 4Q24 to 36.8% in 4Q25.
- The Company's net profit attributable to shareholders increased from USD 40 Mn in 4Q24 to USD 106 Mn in 4Q25, higher than our estimate of USD 69 Mn driven by higher revenue and lower finance charges.

Earnings Call Summary

- Fertiglobe executed initiatives covering c. 43% of its 2030 EBITDA growth target, with the Manufacturing Improvement Program (MIP) 46% complete and expected to deliver c. USD 55 Mn in incremental EBITDA by 2028, while 99% of the USD 55 Mn cost-reduction target has already been achieved on a run-rate basis through ADNOC-backed and operational optimization initiatives.
- Fertiglobe Australia and the optimization of the ammonia sales strategy in Egypt are progressing as planned and are expected to jointly contribute USD 31 Mn of EBITDA by 2030.
- Expanded Diesel Exhaust Fluid (DEF) and Automotive Grade Urea (AGU) production capacity in the UAE and Egypt is projected to generate c. USD 22 Mn of additional annual EBITDA by 2030.
- Fertiglobe's Board has proposed a cash dividend of USD 135 Mn for 2H25 (6.1 fils per share), resulting in total dividends of USD 260 Mn for 2025 (11.6 fils per share).
- Fertiglobe signed an MoU with Covestro and TA'ZIZ to explore collaboration across short- and long-term ammonia supply, related infrastructure and potential UAE greenfield investments, as well as sustainable fertilizer technologies spanning the ammonia and nitric acid value chains.
- Urea prices averaged USD 452 per metric tons (FOB Egypt) in 4Q25, up 19.9% YOY, driven by three consecutive Indian tenders during 4Q25, reduced Chinese export volumes, and pre-CBAM purchasing activity.
- Project Harvest a 1 mtpa UAE lower-carbon ammonia project with a capex of c. USD 500 Mn is under construction since 4Q24 and targeted to start commercial operation by 2027. The project leverages existing infrastructure and ADNOC logistics synergies (TA'ZIZ terminals), while Fertiglobe retains the option to raise its stake to 54% post-completion.
- The company expects China to focus on domestic demand through mid 2Q26, while long-term non-China demand is projected to outpace capacity growth. Long-term demand (ex-China) will grow by 12.7 mt outpacing capacity growth by 9.6 mt by 2029.

- Trial shipments of Automotive Grade Urea (AGU) have been completed successfully, and long-term contracts with customers have been secured. The product commands a premium over standard urea, though the exact margin remains undisclosed, and production is set to ramp up throughout 2026.
- The Company expects maintenance Capex in 2026 to remain within guidance, albeit slightly elevated, before stabilizing at c. USD 125 Mn annually from 2027 onward.
- Growth Capex is largely covered for major projects, with Project Harvest potentially financed through project debt in 2026, while overall growth spending is projected to moderate.
- The Company's utilization rates improved from mid-80% in 2024 to higher levels in 2025, with a target of reaching mid-90% by 2028 and remains on track to achieve this goal.
- The Company expects a cash tax rate of around 16% and an accounting effective tax rate of approximately 17%, with lower rates primarily reflecting goodwill recognition in Egypt.

Fertiglobe – P&L

USD Mn	4Q24	3Q25	4Q25	4Q25F	Var	YOY Ch	QOQ Ch
Sales	466	758	808	767	5.4%	73.5%	6.6%
Cost of Sales	-346	-515	-530	-538	-1.5%	53.2%	2.9%
Gross profit	120	244	279	229	21.7%	NM	14.4%
SG&A expenses	-44	-38	-54	-42	28.3%	23.4%	43.2%
Operating Profit	80	206	225	187	20.2%	NM	9.2%
Depr. & Amort	71	74	72	77	-6.6%	2.0%	-2.8%
EBITDA	150	280	297	264	12.4%	97.7%	6.0%
Financial income	6	3	2	5	-60.3%	-65.5%	-32.1%
Financial charges – net	-32	-28	-26	-31	-16.4%	-19.8%	-7.8%
Net foreign exchange loss	1	0	-2	0	NA	NM	NM
Profit before zakat	54	181	199	161	23.5%	NM	9.8%
Income tax expense	-18	89	-34	-48	-29.4%	NM	NM
Profit before NCI	36	270	165	113	46.1%	NM	-38.9%
NCI	4	-35	-59	-43	34.8%	NM	66.5%
Profit attributable to shareholders	40	235	106	69	53.2%	NM	-54.7%

FABS estimate & Co Data

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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