First Look Note | 2Q26

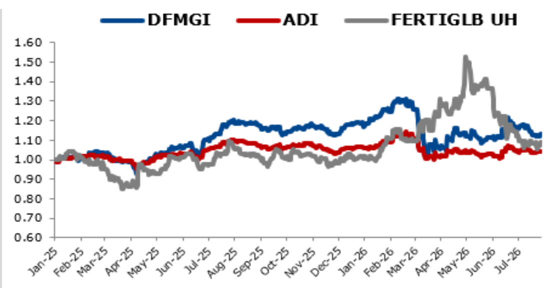
UAE Equity Research | Sector: Basic Materials | Market: ADX

# Fertiglobe PLC

Higher realized prices supported the profitability amid geopolitical conditions

| Current Price | Target Price | Upside/Downside (%) | Rating |
|---|---|---|---|
| AED 2.65 | AED 3.20 | +21% | BUY |

- Project Harvest (1 mtpa lower-carbon ammonia project, UAE) is under construction, targeting 50% lower carbon intensity, with operations expected in 2027 and capex below USD 500 Mn.
- Ammonia prices rose to USD 910 per MT in April 2026 compared to USD 435 per MT in May 2025, driven by supply disruptions and Strait of Hormuz restrictions.
- Average Egypt urea prices increased from USD 408 per MT to USD 723 per MT, while Middle East ammonia prices increased from USD 286 per MT in 2Q25 to USD 693 per MT in 2Q26.
- Board proposed a minimum dividend of USD 150 Mn for 1H26 (6.7 fils per share).




| Stock Information | |
|---|---|
| Market Cap (AED, Mn) | 21,998.50 |
| Shares outstanding(mm) | 8,301.32 |
| 52 Week High | 3.85 |
| 52 Week Low | 2.35 |
| 3M Avg. daily value (AED) | 23,952,090 |

| 2Q26 Result Review (USD, Mn) | |
|---|---|
| Total Assets | 5,642 |
| Total Debt | 1,994 |
| Total Equity | 2,163 |
| EBITDA | 338 |
| Net Profit | 115 |

| Financial Ratios | |
|---|---|
| Dividend Yield (12m) | 4.41 |
| Dividend Pay-out (%) | 59.31 |
| Price-Earnings Ratio(x) | 9.00 |
| Price-to-Book Ratio (x) | 3.93 |
| Book Value (AED) | 0.18 |
| Return-on Equity (%) | 48.31 |

| Stock Performance | |
|---|---|
| 5 Days | -0.75% |
| 1 Months | -3.99% |
| 3 Months | -29.14% |
| 6 Months | -2.21% |
| 1 Year | 1.15% |
| Month to Date (MTD%) | -3.99% |
| Quarter to Date (QTD%) | -3.99% |
| Year to Date (YTD%) | 6.43% |

## 2Q26 Net Profit lower than our estimate

Fertiglobe Plc (FERTIGLB/the Company) recorded a net profit attributable to shareholders of USD 115 Mn in 2Q26 compared to USD 20 Mn in 2Q25, lower than our estimate of USD 125 Mn. The growth in net profit is largely driven by higher revenue supported by higher realized prices, increase in finance income and foreign exchange gains, partially offset by higher cost of sales, SG&A expenses, depreciation and amortisation expenses, finance charges and a higher share of profit attributable to non-controlling interest holders.

## P&L Highlights

Fertiglobe's revenue increased from USD 566 Mn in 2Q25 to USD 1,086 Mn in 2Q26, primarily driven by higher realized prices alongside improved sales volume, particularly third-party trading volumes. The Company's ammonia sales volume declined from 289K metric tons (MT) in 2Q25 to 276K MT in 2Q26. Similarly, urea sales volume declined from 965K MT in 2Q25 to 941K MT in 2Q26. In addition, the Company's third-party traded product volumes increased significantly from 188K MT in 2Q25 to 351K MT in 2Q26. Consequently, total product sales volumes grew 8.7% YOY to 1.57 Mn MT during 2Q26. Benchmark Middle East ammonia prices increased 142% YOY to USD 693 per MT, and benchmark urea Egypt prices rose 77.2% YOY to USD 723 per MT in 2Q26. The sharp increase in benchmark ammonia and urea prices in 2Q26 was driven by supply disruptions in Middle East and constrained Chinese exports along with strong import demand from key global markets. Cost of sales rose from USD 425 Mn in 2Q25 to USD 778 Mn in 2Q26. Gross profit increased significantly from USD 141 Mn in 2Q25 to USD 308 Mn in 2Q26, with gross profit margin expanding 351 bps to 28.4% in 2Q26. SG&A expenses increased 64.7% YOY to USD 47 Mn in 2Q26, while D&A increased 1.1% YOY to USD 77 Mn in 2Q26. Operating profit grew from USD 112 Mn in 2Q25 to USD 261 Mn in 2Q26.

EBITDA also increased from USD 188 Mn in 2Q25 to USD 338 Mn in 2Q26. However, EBITDA margin declined from 33.2% in 2Q25 to 31.1% in 2Q26. Finance income increased 52.2% YOY to USD 7 Mn, while finance costs increased 6.9% YOY USD 31 Mn in 2Q26. The income tax charges remained broadly stable at USD 42 Mn in 2Q26 as compared to 2Q25, despite increase in profit before tax. The profit share attributable to non-controlling interest stood at USD 88 Mn in 2Q26, compared to USD 18 Mn in 2Q25.

### Balance Sheet Highlights

The Company's total capex declined from USD 42 Mn in 2Q25 to USD 34 Mn in 2Q26, of which maintenance capex stood at USD 26 Mn in 2Q26, compared to USD 31 Mn in 2Q25. Free cash flow before growth capex stood at USD 320 Mn in 2Q26, compared to USD 94 Mn in 2Q25 primarily driven by higher profitability. The Company reported a net debt position of USD 621 Mn in 2Q26, with a net debt / LTM adjusted EBITDA ratio of 0.5x.

### Target Price and Rating

We maintain our BUY rating on Fertiglobe with a target price of AED 3.20. The Company delivered a strong performance in 2Q26, supported by significantly higher ammonia and urea prices, coupled with higher overall product sales volumes driven by an increase in third-party traded volumes. Own-produced sales volumes remained under pressure due to GCC trade route disruptions, however strong operating performance in Egypt and Algeria partially offset the pressure. Average urea prices increased 77.2% YOY to USD 723 per MT (FOB Egypt), while Middle East ammonia prices increased 142% to USD 693 per MT (FOB Middle East) in 2Q26. Fertilizer prices were supported by supply disruptions caused by regional conflict in Middle East, reduced Chinese exports and strong import demand from key markets like India and Europe. Despite the challenging operating environment, Fertiglobe continued to execute its Grow 2030 strategy during 2Q26 by leveraging its diversified production footprint, trading platform and logistics network to mitigate the impact of regional supply chain disruptions and maintain customer deliveries. The Company further diversified UAE export routes, expanded storage capacity and sustained high utilization rates at its Egyptian and Algerian facilities thereby supporting resilient financial performance. Project Harvest, the Company's 1 mtpa lower-carbon ammonia project in the UAE, continued to progress with construction remaining on schedule for commercial operations in 2027. The Company's Egypt Green Hydrogen project also advanced during the quarter. The project involves a 100 MW electrolyze supplying renewable hydrogen to produce up to 79K tons of renewable ammonia annually thereby strengthening the Company's long-term low-carbon product portfolio. Together with Project Harvest, these initiatives further strengthen Fertiglobe's long-term position in the low-carbon ammonia value chain. Fertiglobe continues to maintain a strong balance sheet with net debt declined to USD 621 Mn in 2Q26 from USD 822 Mn in 1Q26, reducing the net debt-to-LTM adjusted EBITDA ratio to 0.5x, providing financial flexibility to support both shareholder distributions and future growth investments. Looking ahead, fertilizer market fundamentals remain constructive despite prices normalizing from the highs in April 2026. Urea prices moderated towards the end of 2Q26 following the reopening of the Strait of Hormuz, the resumption of Chinese exports and softness in seasonal demand. However, improving fertilizer affordability, rising crop prices and continued demand from key importing regions are expected to support consumption, while limited Middle East ammonia exports and elevated European gas prices are expected to provide continued support to ammonia prices. Fertiglobe proposed a dividend of USD 150 Mn (6.73 fils per share) for 1H26, reflecting the Company's strong cash generation, disciplined capital allocation and healthy balance sheet. Fertiglobe remains well positioned to benefit from its low-cost production base, diversified operations, strong balance sheet and expanding low-carbon ammonia portfolio thereby supporting sustainable earnings growth in 2026. Thus, we maintain BUY rating on the stock.

**FERTIGLOBE – Relative Valuation**

| (at CMP) | 2021 | 2022 | 2023 | 2024 | 2025 | 2026F |
|---|---|---|---|---|---|---|
| PE | 8.62 | 4.85 | 17.36 | 37.89 | 13.77 | 9.25 |
| PB | 3.28 | 2.94 | 4.19 | 4.44 | 4.47 | 3.48 |
| EV/EBITDA | 4.58 | 2.81 | 7.47 | 11.78 | 7.25 | 5.05 |
| BVPS (AED) | 0.817 | 0.911 | 0.639 | 0.604 | 0.600 | 0.771 |
| EPS (AED) | 0.311 | 0.553 | 0.154 | 0.071 | 0.195 | 0.290 |
| DPS (AED) | 0.765 | 0.641 | 0.210 | 0.122 | 0.116 | 0.134 |
| Dividend yield | 28.9% | 24.2% | 7.9% | 4.6% | 4.4% | 5.1% |

*FABS Estimates & Co Data*

**FERTIGLOBE – P&L**

| USD Mn | 2Q25 | 1Q26 | 2Q26 | 2Q26F | Var | YOY Ch | QOQ Ch | 2025 | 2026F | Change |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales | 566 | 915 | 1,086 | 951 | 14.2% | NM | 18.7% | 2,827 | 3,800 | 34.4% |
| Cost of Sales | -425 | -599 | -778 | -655 | 18.8% | NM | 29.9% | -1,942 | -2,434 | 25.4% |
| **Gross profit** | **141** | **317** | **308** | **296** | **4.1%** | **NM** | **-2.6%** | **885** | **1,366** | **54.3%** |
| SG&A Expenses | -29 | -51 | -47 | -54 | -13.1% | 64.7% | -7.1% | -158 | -220 | 39.4% |
| **Operating profit** | **112** | **266** | **261** | **242** | **7.9%** | **NM** | **-1.8%** | **727** | **1,146** | **57.5%** |
| Depr. and Amortization | 76 | 76 | 77 | 81 | -6.1% | 1.1% | 0.5% | 298 | 326 | 9.5% |
| **EBITDA** | **188** | **342** | **338** | **323** | **4.4%** | **79.7%** | **-1.3%** | **1,025** | **1,472** | **43.6%** |
| Financial income | 5 | 1 | 7 | 6 | 16.6% | 52.2% | NM | 14 | 19 | 40.5% |
| Financial expense | -29 | -27 | -31 | -32 | -3.7% | 6.9% | 15.4% | -116 | -107 | -7.5% |
| Foreign exchange loss/gain | -8 | 16 | 7 | 0 | NM | NM | -54.8% | -12 | 23 | NM |
| **Profit before zakat** | **80** | **256** | **244** | **216** | **13.1%** | **NM** | **-4.5%** | **614** | **1,080** | **76.1%** |
| Income tax | -42 | 12 | -42 | -35 | 21.8% | 0.5% | NM | -25 | -130 | NM |
| **Profit before NCI** | **38** | **268** | **202** | **181** | **11.5%** | **NM** | **-24.5%** | **589** | **950** | **61.5%** |
| NCI | -18 | -70 | -88 | -56 | 56.1% | NM | 25.4% | -155 | -304 | 96.7% |
| **Net Profit** | **20** | **198** | **115** | **125** | **-8.5%** | **NM** | **-42.1%** | **434** | **646** | **49.0%** |

*FABS estimate & Co Data*

**FERTIGLOBE - Margins**

| | 2Q25 | 1Q26 | 2Q26 | YOY Ch | QOQ Ch | 2025 | 2026F | Change |
|---|---|---|---|---|---|---|---|---|
| Gross Profit | 24.9% | 34.6% | 28.4% | 351 | -621 | 31.3% | 35.9% | 463 |
| EBITDA | 33.2% | 37.4% | 31.1% | -211 | -627 | 36.2% | 38.7% | 247 |
| Operating Profit | 19.8% | 29.1% | 24.1% | 422 | -500 | 25.7% | 30.1% | 442 |
| Net Profit | 3.6% | 21.6% | 10.5% | 697 | -1,108 | 15.3% | 16.9% | 155 |

*FABS estimate & Co Data*

## Key Developments:

- **6 February 2026:** Fertiglobe signed an MoU with Covestro and TA'ZIZ to explore strategic collaboration across the ammonia value chain, including support to infrastructure and downstream opportunities. The partnership could expand the Company's global customer base and strengthens its position in the ammonia market.
- **1 October 2025:** Fertiglobe completed its acquisition of Wengfu Australia Pty Ltd.'s distribution assets, establishing Fertiglobe Australia Pty Ltd. Financed through short-term facilities, the deal is expected to contribute USD 23 Mn in annual EBITDA by 2030 with minimal impact on net debt/LTM adjusted EBITDA as of June 2025.
- **12 May 2025:** Fertiglobe had agreed to acquire the distribution assets of Wengfu Australia Pty Ltd. The transaction includes net asset value, a USD 8 Mn premium, and USD 75 Mn in working capital. Operating from five ports and eight warehouses, Wengfu distributes 700 KT to 800 KT of fertilizers annually. This acquisition aligns with Fertiglobe's strategy to expand in the Asia-Pacific region and diversify its portfolio.
- **9 April 2025:** Fertiglobe received ADX approval for its share buyback program, authorizing the repurchase of up to 2.5% of its issued shares as approved by the General Assembly. As of 31 December 2025, Fertiglobe repurchased 109.49 Mn shares, representing 1.32% of capital under its 2.5% buyback program, with 98.1 Mn shares available for repurchase.

# Valuation:

We use Discounted Cash Flow (DCF) and Relative Valuation (RV) methods to value Fertiglobe. We have assigned a 70% weight to the DCF method and a 30% weight to the RV method.

| Valuation Method | Target | Weight | Weighted Value |
|---|---|---|---|
| DCF Method | 3.13 | 70.0% | 2.19 |
| Relative Valuation (RV) | 3.37 | 30.0% | 1.01 |
| **Weighted Average Valuation (AED)** | | | **3.20** |
| Current market price (AED) | | | 2.65 |
| Upside/Downside (%) | | | +20.8% |

## 1) DCF Method:

Fertiglobe 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 a cost of equity of 9.5% and an after-tax cost of debt of 5.0%, with a debt-to-equity ratio of 25.0%. The cost of equity is calculated by using a 10-year government bond yield of 4.9%, a beta of 1.00, 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. The cost of debt is calculated using a cost of 6.0% after adjusting for a tax rate of 16.0%, which yields an after-tax cost of debt of 5.0%. Also, assumed a terminal growth rate of 2.0%.

| | |
|---|---|
| Sum of PV (USD, Mn) | 2,272 |
| Terminal value (USD, Mn) | 6,121 |
| (-) Net debt (as of 4Q25) | 1,416 |
| **FV to Common shareholders (USD, Mn)** | **6,976** |
| No. of share (Mn) | 8,190 |
| Current Market Price (AED) | 2.65 |
| **Fair Value per share (AED)** | **3.13** |

**DCF Method**

| (All Figures in USD Mn) | FY 2026E | FY 2027E | FY 2028E | FY 2029E | FY 2030E |
|---|---|---|---|---|---|
| EBIT (1-Tax) | 1,008 | 571 | 400 | 402 | 446 |
| D&A | 326 | 328 | 331 | 336 | 342 |
| Change in working capital | -211 | 81 | 32 | -7 | -17 |
| (-) Capex | -285 | -225 | -231 | -233 | -232 |
| **Free Cash Flow to Firm (FCFF)** | **838** | **754** | **532** | **498** | **539** |
| Discounting Factor | 0.97 | 0.89 | 0.82 | 0.76 | 0.70 |
| **Discounted FCFF** | **405[1]** | **673** | **438** | **378** | **378** |

*Source: FAB Securities, [1]Adjusted for partial year*

**2) Relative Valuation:**

We have used local as well as international peers to value Fertiglobe, and it is valued using the EV/EBITDA multiple. We value Fertiglobe in line with its regional peer, SAFCO, due to the advantage of feedstock in the region. It is valued at a 2026 EV/EBITDA of 6.1x in line with peer multiple.

| Company | Market (USD Mn) | EV/EBITDA (x) 2026F | EV/EBITDA (x) 2027F | P/E (x) 2026F | P/E (x) 2027F |
|---|---|---|---|---|---|
| YAR Equity | 11,540 | 4.22 | 4.91 | 7.27 | 9.16 |
| SAFCO AB EQUITY | 15,446 | 8.85 | 8.24 | 12.44 | 11.30 |
| CF US Equity | 18,402 | 5.34 | 7.47 | 7.06 | 10.67 |
| NTR CAN Equity | 32,379 | 6.79 | 7.22 | 12.10 | 13.03 |
| OCI NV Equity | 970 | 17.47 | 15.24 | NA | NA |
| COROMANDEL IN Equity | 6,153 | 17.65 | 16.91 | 27.85 | 26.98 |
| ABUK EY Equity | 1,435 | 3.82 | 3.46 | 8.59 | NA |
| MFPC EY Equity | 1,733 | 3.97 | 4.73 | 6.06 | 7.72 |
| **Average** | | **8.5x** | **8.5x** | **11.6x** | **13.1x** |
| **Median** | | **6.1x** | **7.3x** | **8.6x** | **11.0x** |
| **Max** | | **11.0x** | **10.0x** | **12.3x** | **12.6x** |
| **Min** | | **4.2x** | **4.9x** | **7.2x** | **9.5x** |

*Source: FAB Securities*

FAB SECURITIES
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## 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% |

## FAB Securities Contacts:


**Research Analyst**

| | | |
|---|---|---|
| Ahmad Banihani | +971-2-6161629 | Ahmad.Banihani@Bankfab.com |
| Shahrukh Nawaz | +971-2-6161612 | Shahrukh.Nawaz@bankfab.com |

**Sales & Execution**

| | | |
|---|---|---|
| Abu Dhabi Head Office | | |
| Trading Desk | +971-2-6161700/1 | Online Trading Link |
| | +971-2-6161777 | |
| Institutional Desk | +971-4-4245765 | |


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