Earnings Call Insight | 3Q26

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

Fertiglobe PLC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.17	AED 3.20	+47%	BUY

3Q26 Net Profit lower than our estimate

- Total sales volume rose 5.0% YOY to 1.73 Mn metric tons in 3Q26, mainly driven by an increase in third-party sales volume and increase in own-product sold.
- Own product sales volume increased 4.7% YOY to 1.39 Mn metric tons in 3Q26. Additionally, total third-party product sales grew 6.6% YOY to 0.34 Mn metric tons in 3Q26.
- Benchmark Middle East ammonia prices increased 75% YOY to USD 551 per metric tons, and benchmark urea Egypt prices rose 4% YOY to USD 493 per metric ton in 3Q26.
- Fertiglobe's revenue increased 19.3% YOY to USD 905 Mn in 3Q26, primarily supported by higher ammonia prices and increased sales volumes, which partly offset lower urea prices.
- Cost of sales rose 44.2% YOY to USD 742 Mn in 3Q26 due to higher logistics cost and higher gas costs alongside the impact of the EBIC turnaround.
- Gross profit declined 33.4% YOY to USD 162 Mn with margins declining significantly from 32.1% in 3Q25 to 18.0% in 3Q26 as increase in costs more than offset the increase in revenue.
- SG&A expenses increased 34.9% YOY to USD 51 Mn in 3Q26.
- EBITDA decreased from USD 280 Mn in 3Q25 to USD 187 Mn in 3Q26. Additionally, EBITDA margin decreased from 37.0% in 3Q25 to 20.7% in 3Q26.
- The Company's net profit attributable to shareholders decreased from USD 235 Mn in 3Q25 to USD 23 Mn in 3Q26, lower than our estimate of USD 56 Mn.

Earnings Call Summary

- Fertiglobe's Adjusted EBITDA declined 19.0% YOY to USD 231 Mn, reflecting lower urea prices, higher logistics costs and the impact of the EBIC turnaround. Adjusted EBITDA margin declined to 25.6% in 3Q26 from 37.0% in 3Q25.
- Logistics costs increased by c. USD 73 Mn during 3Q26, including USD 28 Mn of conflict-related one-off expenses, primarily associated with warehousing and transportation in the UAE. Management indicated that logistics costs remained elevated, although some moderation had been observed recently.
- The average gas cost across the platform stood at c. USD 5.40/MMBtu in 3Q26, while UAE gas costs remained below USD 4/MMBtu. Continued gas supply constraints in Egypt could affect ammonia production and regional urea availability.
- The EBIC turnaround was completed during 3Q26, with the upgrades expected to increase ammonia production capacity by c. 20% and generate an annual EBITDA uplift of USD 27 Mn relative to the 2024 baseline, assuming unchanged prices. The Fertil UAE turnaround was also completed in November 2026.
- The Manufacturing Improvement Programme (MIP) was 70% complete, with targeted recurring EBITDA improvements of USD 81 Mn by end-2026 and USD 110–120 Mn by end-2027, relative to the 2024 baseline.
- Management introduced the FIT3 programme, targeting USD 30 Mn in additional annual non-gas cost savings by end-2028 through operational and commercial efficiencies, logistics optimisation, and AI-driven initiatives.
- Urea prices averaged USD 493/tonne FOB Egypt during 3Q26 and subsequently increased to c. USD 535/tonne. The Company highlighted continued demand from India, with imports expected to reach c. 9.5 Mn tonnes in 2026, while seasonal supply constraints in China could further support market tightness.
- Management noted supportive ammonia market conditions, driven by supply disruptions, elevated European gas prices and production curtailments. More than 35% of European ammonia capacity was

reportedly curtailed, shut down or under maintenance, supporting import demand and global ammonia pricing.

- UAE export volumes recovered to 95% of 3Q26 production, compared with 56% in 2Q26. Management indicated that 4Q26 shipments were progressing positively, although the operating environment and logistics visibility remained dynamic.
- Management indicated that capex requirements are expected to moderate from 2027, following the peak investment year in 2026, with annual capex projected at USD 105–125 Mn thereafter. The company also expects to receive USD 105 Mn in 4Q26 from the repayment of shareholder funding related to the Harvest project.
- The distribution of Sorfert's 2025 dividend remains delayed due to a technical legal matter affecting both Fertiglobe and Sonatrach. Management reiterated confidence in its legal position and continues to pursue the release of the funds.
- Management expects around 3–4 Mn tonnes of European ammonia capacity could be permanently retired by 2030, in addition to approximately 1.5 Mn tonnes of closures already witnessed, reflecting the cost disadvantage of European producers amid elevated gas prices.
- Management indicated that Egypt typically exports c. 450 Kt of urea per month, while recent gas constraints could reduce export availability by around 100 Kt, potentially tightening supply in the Mediterranean and European markets.
- Management indicated that it is evaluating opportunities to convert merchant ammonia into higher-value downstream products. However, no final investment decision has been taken.
- Fertiglobe paid an interim cash dividend of USD 150 Mn (6.73 fils per share) an increase of 20% YOY in October 2026 for 1H26, with the proposal for the 2H26 dividend expected to be announced alongside the 2026 results.

Fertiglobe – P&L

USD Mn	**3Q25**	**2Q26**	**3Q26**	**3Q26F**	**Var**	**YOY Ch**	**QOQ Ch**
Sales	758	1,086	905	792	-14.2%	19.3%	-16.7%
Cost of Sales	-515	-778	-742	-606	22.5%	44.2%	-4.6%
Gross profit	**244**	**308**	**162**	**186**	**-12.6%**	**-33.4%**	**-47.3%**
SG&A expenses	-38	-47	-51	-51	-1.7%	34.9%	7.4%
Operating Profit	**206**	**261**	**112**	**134**	**-16.8%**	**-45.8%**	**NM**
Depr. & Amort	74	77	75	87	-13.1%	1.8%	-1.6%
EBITDA	**280**	**338**	**187**	**221**	**-15.4%**	**-33.2%**	**-44.6%**
Financial income	3	7	2	7	-65.8%	-14.3%	NM
Financial charges – net	-28	-31	-32	-28	12.4%	13.1%	3.6%
Net foreign exchange loss	0	7	3	0	NM	NM	NM
Profit before zakat	**181**	**244**	**85**	**113**	**-24.5%**	**NM**	**NM**
Income tax expense	89	-42	-8	-20	NM	NM	NM
Profit before NCI	**270**	**202**	**78**	**93**	**-16.4%**	**NM**	**NM**
NCI	-35	-88	-55	-37	47.8%	NM	-37.6%
Profit attributable to shareholders	**235**	**115**	**23**	**56**	**NM**	**NM**	**NM**

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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