First Look Note | 3Q26

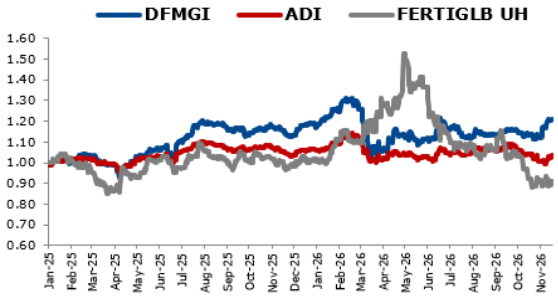
UAE Equity Research | Sector: Basic Materials | Market: ADX

Fertiglobe PLC (FERTIGLB)

Higher Logistics Costs and EBIC Turnaround Weigh on Profitability

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.23	AED 3.20	+43%	BUY

- UAE exports recovered to 95% of production in 3Q26 from 56% in 2Q26, supported by active inventory and logistics management.
- The Company's own-produced ammonia sales volume increased 26.4% YOY from 227K metric tons (MT) in 3Q25 to 287K MT in 3Q26, while urea sales volume remained broadly stable at 1,107K MT in 3Q26 compared to 1,105K MT in 3Q25.
- Average Egypt urea prices increased 4.0% YOY to USD 493 per MT, while Middle East ammonia prices increased from USD 315 per MT in 3Q25 to USD 551 per MT in 3Q26.
- Fertiglobe paid a dividend of USD 150 Mn for 1H26 (6.73 fils per share) in October 2026, with the 2H26 dividend to be announced alongside the 2026 results.



Stock Information	
Market Cap (AED, Mn)	18,511.94
Shares Outstanding(mm)	8,301.32
52 Week High	3.85
52 Week Low	2.12
3M Avg. daily value(AED)	21,711,610

3Q26 Result Review (USD, Mn)	
Total Assets	5,682
Total liabilities	3,573
Total Equity	2,108
EBITDA	187
Net Profit	23

Financial Ratios	
Dividend Yield (12m)	5.76
Dividend Pay-out (%)	59.31
Price-Earnings Ratio(x)	11.26
Price-to-Book Ratio (x)	3.61
Book Value (AED)	0.17
Return-on Equity (%)	31.62

Stock Performance	
5 Days	-1.33%
1 Months	-1.33%
3 Months	-13.90%
6 Months	-34.41%
1 Year	-7.47%
Month to Date (MTD%)	-0.45%
Quarter to Date (QTD%)	-11.51%
Year to Date (YTD%)	-10.44%

3Q26 Net Profit lower than our estimate

Fertiglobe Plc (FERTIGLB/the Company) recorded a net profit attributable to shareholders of USD 23 Mn in 3Q26 compared to USD 235 Mn in 3Q25, lower than our estimate of USD 56 Mn. The sharp decline in net profit is largely driven by higher cost of sales, SG&A expenses, depreciation and amortisation expenses and finance charges, coupled with lower finance income, an income tax expense in 3Q26 compared to an income tax credit in 3Q25, and a higher share of profit attributable to non-controlling interest holders. These factors were partially offset by higher revenue and a higher net foreign exchange gain.

P&L Highlights

FERTIGLB's revenue increased 19.3% YOY to USD 905 Mn in 3Q26, primarily driven by higher ammonia prices and sales volumes, which more than offset the decline in Middle East urea prices and the impact of the planned turnaround at EBIC. The Company's own-produced ammonia sales volume increased 26.4% YOY from 227K metric tons (MT) in 3Q25 to 287K MT in 3Q26, while urea sales volume remained broadly stable at 1,107K MT in 3Q26 compared to 1,105K MT in 3Q25. In addition, the Company's third-party traded product volumes increased 6.6% YOY from 316K MT in 3Q25 to 337K MT in 3Q26. Consequently, total product sales volumes grew 5.0% YOY to 1.73 Mn MT during 3Q26. Benchmark Middle East ammonia prices increased from USD 315 per MT in 3Q25 to USD 551 per MT in 3Q26, and benchmark urea Egypt prices rose 4.0% YOY to USD 493 per MT in 3Q26. The increase in benchmark prices was supported by supply shortages in the traded market amid the continued geopolitical conflict in the Middle East, alongside strong natural gas prices raising marginal producer costs in Europe. Cost of sales rose 44.2% YOY to USD 742 Mn in 3Q26, mainly due to significant increases in logistics

and operating costs, including USD 28.5 Mn of conflict-related costs. Gross profit fell 33.4% YOY to USD 162 Mn in 3Q26, and the gross margin narrowed from 32.1% in 3Q25 to 18.0%. SG&A expenses rose 34.9% YOY to USD 51 Mn, while D&A edged up 1.8% YOY to USD 75 Mn. Operating profit dropped 45.8% YOY to USD 112 Mn. EBITDA declined 33.2% YOY to USD 187 Mn, with its margin slipping from 37.0% in 3Q25 to 20.7% in 3Q26. Adjusted EBITDA fell 19.0% YOY to USD 231 Mn, and its margin decreased from 37.7% in 3Q25 to 25.6% in 3Q26. Finance income decreased 14.3% YOY to USD 2 Mn, while finance costs climbed 13.1% YOY to USD 32 Mn. The Company booked a net foreign exchange gain of USD 3 Mn, compared with USD 0.4 Mn in 3Q25. It recorded an income tax expense of USD 8 Mn in 3Q26, against a tax credit of USD 89 Mn in 3Q25, which included a one-off reversal of an uncertain tax position of USD 107 Mn. Profit attributable to non-controlling interests rose to USD 55 Mn from USD 35 Mn in 3Q25.

Balance Sheet Highlights

The Company's total capex increased 36.7% YOY to USD 63 Mn in 3Q26, of which maintenance capex rose 46.2% YOY to USD 50 Mn in 3Q26. Free cash flow before growth capex stood at USD 332 Mn in 3Q26, compared to negative USD 38 Mn in 3Q25, primarily driven by a working capital inflow of USD 213 Mn and lower tax payments, as 3Q25 included a one-time tax settlement payment of USD 119 Mn relating to prior periods. The Company reported a net debt position of USD 306 Mn in 3Q26, compared to USD 621 Mn in 2Q26, with a net debt / LTM adjusted EBITDA ratio of 0.2x.

Target Price and Rating

We maintain our BUY rating on FERTIGLB with a target price of AED 3.20. The Company reported a weaker performance in 3Q26, as higher logistics and operating costs, the planned turnaround at EBIC and lower urea prices weighed on profitability, despite higher ammonia prices and sales volumes. Own-produced sales volumes increased 4.7% YOY to 1,394K MT in 3Q26 despite the EBIC turnaround and continued trade route disruptions in the UAE, supported by a 26.4% YOY increase in own-produced ammonia volumes, while third-party traded volumes rose 6.6% YOY to 337K MT. Middle East ammonia prices increased from USD 315 per MT in 3Q25 to USD 551 per MT (FOB Middle East) in 3Q26, while average urea prices rose 4.0% YOY to USD 493 per MT (FOB Egypt) in 3Q26, although both benchmarks declined from the elevated levels of 2Q26. Fertilizer prices were supported by supply shortages in the traded market amid the continued regional conflict in the Middle East and elevated European gas prices raising marginal producer costs. Despite the challenging operating environment, FERTIGLB restored UAE exports to 95% of production in 3Q26 from 56% in 2Q26 through active inventory and logistics management, while EFC in Egypt and Sorfert in Algeria sustained record performance with urea utilisation rates averaging 99% in 9M26. The Company completed the EBIC turnaround during the quarter, which is expected to increase EBIC's ammonia production by c. 20% and add USD 27 Mn of annual EBITDA, while another major turnaround in the UAE was completed in November 2026, making 2026 the peak year for maintenance spending, with maintenance capex expected to normalise from 2027. Under the Grow 2030 strategy, the Company has actioned initiatives representing c. 50% of the target to grow EBITDA by c. 60% by 2030, with the Manufacturing Improvement Plan 70% complete and on track to deliver USD 81 Mn of EBITDA uplift by the end of 2026 and USD 110–120 Mn by the end of 2027. Having implemented the initial USD 55 Mn cost optimisation programme, the Company launched FIT3, targeting a further USD 30 Mn of annual non-gas cost savings by year-end 2028. The TA'ZIZ Ammonia project (previously Project Harvest), the Company's lower-carbon ammonia project in the UAE in which FERTIGLB holds a 30% stake, secured a USD 462 Mn debt facility in November 2026, enabling the repayment of USD 105 Mn of shareholder funding to FERTIGLB in 4Q26, with commercial operations expected to start in 4Q27. FERTIGLB continues to maintain a strong balance sheet, with net debt declining to USD 306 Mn in 3Q26 from USD 621 Mn in 2Q26, reducing the net debt-to-LTM adjusted EBITDA ratio to 0.2x, supported by strong free cash flow generation of USD 332 Mn during the quarter. However, the distribution of Sorfert's 2025 dividend remains delayed, while the Company noted that the delay does not affect FERTIGLB's entitlement to a share of the cash held by Sorfert. Looking ahead, the Company entered 4Q26 with an improving market backdrop, with urea and ammonia prices up 30% and 7% from their summer lows, respectively. European ammonia production costs of over USD 1,000 per MT remain well above import parity, with over 35% of European ammonia capacity unavailable, while continued Indian tenders, the expected phasing out of Chinese exports and rising EU tariffs on Russian fertilizers are expected to support urea prices. FERTIGLB paid a dividend of USD 150 Mn for 1H26 in October 2026, an increase of 20% YOY, and has repurchased 1.34%

of outstanding shares for USD 74 Mn under the 2.5% share buyback programme, with the 2H26 dividend expected to be announced alongside the 2026 results. FERTIGLB remains well positioned to benefit from a low-cost production base, diversified operations, strong balance sheet and normalising maintenance capex, thereby supporting earnings recovery and cash generation. Thus, we maintain our BUY rating on the stock.

FERTIGLOBE – Relative Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	7.04	3.96	14.19	30.96	11.41	12.88
PB	2.68	2.41	3.43	3.99	3.65	3.36
EV/EBITDA	3.88	2.35	6.35	10.01	6.96	6.88
BVPS (AED)	0.817	0.911	0.639	0.549	0.600	0.651
EPS (AED)	0.311	0.553	0.154	0.071	0.192	0.170
DPS (AED)	0.765	0.641	0.210	0.122	0.116	0.135
Dividend yield	34.3%	28.7%	9.4%	5.5%	5.2%	6.0%

FABS Estimates & Co Data

FERTIGLOBE – P&L

USD Mn	3Q25	2Q26	3Q26	3Q26F	Var.	YOY Ch	QOQ Ch	2025	2026F	Change
Sales	758	1,086	905	792	14.2%	19.3%	-16.7%	2,827	3,791	34.1%
Cost of Sales	-515	-778	-742	-606	22.5%	44.2%	-4.6%	-1,942	-2,819	45.2%
Gross profit	**244**	**308**	**162**	**186**	**-12.6%**	**-33.4%**	**-47.3%**	**885**	**973**	**9.9%**
SG&A Expenses	-38	-47	-51	-51	-1.7%	34.9%	7.4%	-158	-205	29.5%
Operating profit	**206**	**261**	**112**	**134**	**-16.8%**	**-45.8%**	**NM**	**727**	**768**	**5.6%**
Depr. and Amortization	74	77	75	87	-13.1%	1.8%	-1.6%	298	326	9.5%
EBITDA	**280**	**338**	**187**	**221**	**-15.4%**	**-33.2%**	**-44.6%**	**1,025**	**1,094**	**6.7%**
Financial income	3	7	2	7	-65.8%	-14.3%	NM	14	15	NM
Financial expense	-28	-31	-32	-28	12.4%	13.1%	3.6%	-116	-118	1.8%
Foreign exchange loss/gain	0	7	3	0	NM	NM	NM	-12	26	NM
Profit before zakat	**181**	**244**	**85**	**113**	**-24.5%**	**NM**	**NM**	**614**	**690**	**12.5%**
Income tax	89	-42	-8	-20	NM	NM	NM	-25	-48	NM
Profit before NCI	**270**	**202**	**78**	**93**	**-16.4%**	**NM**	**NM**	**589**	**642**	**9.1%**
NCI	-35	-88	-55	-37	47.8%	NM	-37.6%	-155	-263	NM
Net Profit attributable to shareholders	**235**	**115**	**23**	**56**	**NM**	**NM**	**NM**	**434**	**379**	**-12.7%**

FABS estimate & Co Data

FERTIGLOBE - Margins

	3Q25	2Q26	3Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	32.1%	28.4%	18.0%	NM	NM	31.3%	25.7%	-566
EBITDA	37.0%	31.1%	20.7%	NM	NM	36.2%	28.9%	-740
Operating Profit	27.2%	24.1%	12.4%	NM	NM	25.7%	20.3%	-547
Net Profit	31.0%	10.5%	2.5%	NM	-803	15.3%	10.0%	-536

FABS estimate & Co Data

Key Developments:

- **6 February 2026:** FERTIGLB 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.

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	3.41	70.0%	2.39
Relative Valuation (RV)	2.86	30.0%	0.81
Weighted Average Valuation (AED)			**3.20**
Current market price (AED)			2.23
Upside/Downside (%)			+43%

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 8.6%. It arrived after using a cost of equity of 9.5% and an after-tax cost of debt of 6.1%, with a debt-to-equity ratio of 27.6%. The cost of equity is calculated by using a 10-year government bond yield of 5.5%, a beta of 1.00, and an equity risk premium of 4.1%. 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 6.6% after adjusting for a tax rate of 7.0%, which yields an after-tax cost of debt of 6.1%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (USD, Mn)	2,520
Terminal value (USD, Mn)	6,261
(-) Net debt (as of 3Q26)	1,171
FV to Common shareholders (USD, Mn)	**7,611**
No. of share (Mn)	8,182
Current Market Price (AED)	2.23
Fair Value per share (AED)	**3.41**

DCF Method

(All Figures in USD Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
EBIT (1-Tax)	714	568	493	466	515	513
D&A	326	328	331	337	344	352
Change in working capital	-142	14	10	-1	-19	-7
(-) Capex	-284	-226	-246	-246	-247	-248
Free Cash Flow to Firm (FCFF)	**614**	**684**	**588**	**555**	**593**	**610**
Discounting Factor	0.99	0.91	0.84	0.77	0.71	0.66
Discounted FCFF	**152[1]**	**623**	**494**	**429**	**422**	**400**

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 2027 EV/EBITDA of 7.1x in line with peer multiple.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
YAR Equity	10,829	4.36	4.91	8.14	10.03
SAFCO AB EQUITY	14,599	13.42	9.95	19.38	14.05
CF US Equity	18,028	5.78	6.77	8.26	10.05
NTR CAN Equity	34,007	7.72	7.52	15.62	14.17
OCI NV Equity	959	18.46	39.82	NA	NA
COROMANDEL IN Equity	6,277	17.77	13.80	29.58	21.25
ABUK EY Equity	1,838	4.46	3.73	6.86	6.21
MFPC EY Equity	2,097	4.81	4.84	6.47	7.28
Average		**9.6x**	**11.4x**	**13.5x**	**11.9x**
Median		**6.8x**	**7.1x**	**8.3x**	**10.0x**
Max		**14.5x**	**10.9x**	**17.5x**	**14.1x**
Min		**4.7x**	**4.9x**	**7.5x**	**8.7x**

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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