

## SABIC Agri-Nutrients Co

Substantial growth in average selling prices drove the bottom line

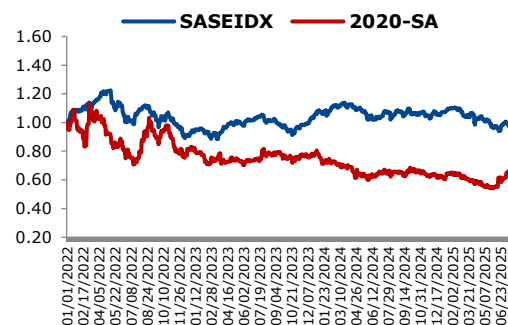
**Current Price**  
SAR 116.90

**Target Price**  
SAR 130.00

**Upside/Downside (%)**  
+11.2%

**Rating**  
**ACCUMULATE**

- Revenue grew 22.8% YOY to SAR 3,287 Mn in 2Q25, driven by an increase in average selling prices.
- Sales volume remained flat on YOY basis but rose 5.6% QOQ to 1,938 thousand MT in 2Q25.
- Average selling price increased 23% YOY and 1% QOQ in 2Q25.
- Capex increased 8% YOY and 64% QOQ to SAR 154 Mn in 2Q25.
- Free cash flow increased from SAR 159 Mn in 2Q24 to SAR 946 Mn in 2Q25.
- EBITDA rose 36.7% YOY to SAR 1,258 Mn in 2Q25, while EBITDA margin increased from 34.4% in 2Q24 to 38.3% in 2Q25.
- Approved an interim cash dividend of SAR 3.5 per share for 1H25, amounting to SAR 1.67 Bn.



### 2Q25 Net Profit higher than our estimate

Sabic Agri-Nutrients Co ("SABIC AGRI-NUTRIENTS", "The Company") reported a 50.3% YOY growth in net profit to SAR 1,060 Mn in 2Q25, higher than our estimate of SAR 911 Mn. The growth in net profit is mainly driven by a rise in revenue due to higher selling price of urea and an increase in the share of results from an associate and JVs partially offset by an increase in the cost of sales.

### P&L Highlights

The Company's revenue grew 22.8% YOY to SAR 3,287 Mn in 2Q25, primarily driven by increased average selling prices. Sales volumes remained flat on YOY basis but rose 6% QOQ to 1,938 thousand MT in 2Q25. For 1H25, total sales volumes increased 8% YOY to 3,774 thousand MT, compared to 3,492 thousand MT in the same period last year. The average selling prices rose 23% YOY and 1% QOQ in 2Q25. In 2Q25, urea prices experienced notable volatility, initially trending lower before rebounding toward the quarter's end due to geopolitical developments. Urea prices were under pressure following the U.S. announcement of "Liberation Day" tariffs, which imposed a 10% duty on fertilizer imports from several countries, including Saudi Arabia. Midway through the quarter, supply conditions eased as China introduced export quotas allowing temporary urea outflows. Escalating geopolitical tensions on the back of Israel-Iran conflict led to production halts across multiple fertilizer plants in the region. This resulted in a rise in energy prices and increased fears of potential supply chain disruptions at the Strait of Hormuz. These developments pushed urea prices higher toward the quarter's close, enabling SABIC Agri-Nutrients to capitalize on market conditions by selling spot cargoes at high prices. On the other hand, the cost of sales increased 13.8% YOY to SAR 2,020 Mn in 2Q25, attributed to a rise in feedstock prices. As a result, gross profit rose significantly by 40.5% YOY to SAR

### Stock Information

Market Cap (SAR, Mn)	56,314.99
Paid Up Capital (Mn)	476.04
52 Week High	122.60
52 Week Low	94.90
3M Avg. daily value (SAR)	608,179.9

### 2Q25 Result Review (SAR, Mn)

Total Equity	20,156
EBITDA	1,258
Net Profit	1,060

### Financial Ratios

Dividend Yield (12m)	5.1
Dividend Pay-out (%)	85.85
Price-Earnings Ratio(x)	15.88
Price-to-Book Ratio (x)	2.86
Book Value (SAR)	38.81
Return-on Equity (%)	18.37

### Stock Performance

5 Days	3.77%
1 Months	11.81%
3 Months	15.53%
6 Months	3.77%
1 Year	4.32%
Month to Date (MTD%)	10.35%
Quarter to Date (QTD%)	10.35%
Year to Date (YTD%)	6.58%

1,267 Mn in 2Q25, while the gross profit margin increased from 33.7% in 2Q24 to 38.5% in 2Q25. The Company's operating profit increased significantly 51.6% YOY to SAR 1,028 Mn in 2Q25. However, operating profit margin increased from 25.3% in 2Q24 to 31.3% in 2Q25. SABIC AGRI-NUTRIENTS EBITDA rose 36.7% YOY to SAR 1,258 Mn in 2Q25, which led to a rise in EBITDA margins from 34.4% in 2Q24 to 38.3% in 2Q25.

### Balance Sheet Highlights

SABIC AGRI-NUTRIENTS total shareholders' equity (after deducting minority equity) increased 14.9% YOY to SAR 20.2 Bn in 2Q25. The Company's capex increased 8% YOY and 64% QOQ to SAR 154 Mn in 2Q25. Similarly, free cash flow increased substantially from SAR 159 Mn in 2Q24 to SAR 946 Mn in 2Q25.

### Target Price and Rating

We revise our rating on SABIC AGRI NUTRIENTS from BUY to ACCUMULATE with an unchanged target price of SAR 130.00. The Company's share price increased 19.9% YOY since our previous rating (April 2025). SABIC Agri-Nutrients reported strong profitability growth in 2Q25, primarily driven by a substantial rise in average selling prices. Sales volumes for the quarter rose 5.6% QOQ and remained flat on YOY basis at 1,938 thousand MT in 2Q25. The Average selling prices increased 23% YOY and 1% QOQ in 2Q25. Outlook for 3Q25 remains strong, with prices expected to strengthen, supported by seasonal demand from key markets including India, Oceania, Brazil, and Europe. Consequently, tighter supply conditions are expected despite ongoing exports from China, as regional producers reduce operations during the summer to allocate gas towards electricity over fertilizer production. The Company approved an interim cash dividend of SAR 3.5 per share for 1H25, amounting to SAR 1.67 Bn, resulting in an annual dividend yield of 6.0%. Thus, based on the above-mentioned factors, we assign an ACCUMULATE rating on the stock.

### SABIC Agri-Nutrients - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	43.5	10.8	5.6	15.4	16.9	14.7
PB	6.9	3.6	2.8	3.2	3.0	3.0
EV/EBITDA	24.8	7.1	4.2	10.1	11.7	9.8
DPS	1.875	4.250	12.000	6.000	6.000	7.000
EPS	2.719	10.982	21.084	7.687	6.989	8.051
BVPS	17.143	32.667	41.791	37.271	38.807	39.059
Dividend yield	1.6%	3.6%	10.3%	5.1%	5.1%	6.0%

FABS Estimates & Co Data

### SABIC Agri-Nutrients - P&L

SAR Mn	2Q24	1Q25	2Q25	2Q25F	Var	YOY Ch	QOQ Ch	2024	2025F	Change
Sales	2,676	3,074	3,287	3,110	5.7%	22.8%	6.9%	11,061	12,590	13.8%
Cost of Sales	-1,774	-1,909	-2,020	-1,915	5.5%	13.8%	5.8%	-6,986	-7,723	10.6%
<b>Gross profit</b>	<b>902</b>	<b>1,165</b>	<b>1,267</b>	<b>1,195</b>	<b>6.0%</b>	<b>40.5%</b>	<b>8.7%</b>	<b>4,076</b>	<b>4,867</b>	<b>19.4%</b>
<b>Operating profit</b>	<b>678</b>	<b>857</b>	<b>1,028</b>	<b>918</b>	<b>12.0%</b>	<b>51.6%</b>	<b>20.0%</b>	<b>3,048</b>	<b>3,847</b>	<b>26.2%</b>
D&A	242	224	230	230	0.0%	-5.1%	2.8%	936	925	-1.2%
<b>EBITDA</b>	<b>920</b>	<b>1,080</b>	<b>1,258</b>	<b>1,148</b>	<b>9.6%</b>	<b>36.7%</b>	<b>16.4%</b>	<b>3,985</b>	<b>4,773</b>	<b>19.8%</b>
<b>Profit attributable</b>	<b>705</b>	<b>985</b>	<b>1,060</b>	<b>911</b>	<b>16.4%</b>	<b>50.3%</b>	<b>7.7%</b>	<b>3,327</b>	<b>3,833</b>	<b>15.2%</b>

FABS estimate & Co Data

### SABIC Agri-Nutrients - Margins

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024F	2025F	Change
Gross Profit	33.7%	37.9%	38.5%	485	63	36.8%	38.7%	181
EBITDA	34.4%	35.1%	38.3%	388	313	36.0%	37.9%	189
Operating Profit	25.3%	27.9%	31.3%	594	341	27.6%	30.6%	300
Net Profit	26.4%	32.0%	32.2%	589	22	30.1%	30.4%	36

FABS estimate & Co Data

## Valuation:

We use Discounted Free Cash Flow (DCF) and Relative Valuation (RV) method to value SABIC Agri-Nutrients. We have assigned 70% weight to DCF, and 30% to RV method.

Valuation Method	Target	Weight	Weighted Value
DCF Method	129.93	70.0%	90.95
Relative Valuation (RV)	130.16	30.0%	39.05
<b>Weighted Average Valuation (SAR)</b>			<b>130.00</b>
Current market price (SAR)			116.90
Upside/Downside (%)			+11.2%

### 1) DCF Method:

SABIC Agri-Nutrients is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 8.6%. Cost of equity is calculated by using 10-year government bond yield of 5.2%, beta of 0.85 and equity risk premium of 4.0%. Government bond yield is calculated after adding KSA 10-year CDS spread over 10-year US risk free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (SAR, Mn)	14,392
Terminal value (SAR, Mn)	47,459
<b>FV to Common shareholders (SAR, Mn)</b>	<b>61,850</b>
No. of share (Mn)	476
Current Market Price (SAR)	116.90
<b>Fair Value per share (SAR)</b>	<b>129.93</b>

### DCF Method

(All Figures in SAR Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Net profit	3,833	3,659	3,887	4,089	4,335
D&A	925	925	919	911	924
Working Capital	-105	46	-30	-31	-32
Capex	-894	-861	-770	-802	-834
<b>Free Cash Flow to Equity (FCFE)</b>	<b>3,759</b>	<b>3,769</b>	<b>4,006</b>	<b>4,167</b>	<b>4,392</b>
Discounting Factor	0.97	0.89	0.82	0.75	0.70
<b>Discounted FCFE</b>	<b>1,561</b>	<b>3,352</b>	<b>3,282</b>	<b>3,144</b>	<b>3,053</b>

Source: FAB Securities

## 2) Relative Valuation:

We have used local as well as international peers to value SABIC Agri-Nutrients and it is valued using the EV/EBITDA multiple. It is valued at an EV/EBITDA multiple of 13.0x compared to the peer multiple of 7.6x. We have applied a premium to the median valuation multiple as the Company enjoys a feedstock advantage over its peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Abu Qir Fert & Chemical Indus Co.	1,319	4.8	4.5	6.3	5.6
Yara International ASA	9,721	5.2	5.4	9.5	11.2
Misr Fertilizer Production Co	1,651	NA	NA	9.5	8.6
CF Industries Holdings	15,116	7.6	8.5	12.3	14.8
Nutrien Ltd	29,302	7.6	7.6	14.5	14.2
OCI N.V.	1,870	20.5	5.9	NA	NA
Coromandel International Limited	8,326	23.9	21.3	36.8	31.7
Fertiglobe	6,032	8.7	8.2	NA	NA
<b>Average</b>		<b>11.2x</b>	<b>8.8x</b>	<b>14.8x</b>	<b>14.3x</b>
<b>Median</b>		<b>7.6x</b>	<b>7.6x</b>	<b>10.9x</b>	<b>12.7x</b>
<b>Max</b>		<b>14.6x</b>	<b>8.4x</b>	<b>14.0x</b>	<b>14.6x</b>
<b>Min</b>		<b>6.4x</b>	<b>5.6x</b>	<b>9.5x</b>	<b>9.3x</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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