Earnings Call Insight | 2Q25

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

Fertiglobe Plc

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.58	AED 3.20	+24.0%	BUY

2Q25 Net Profit lower than our estimate

- Total sales volume declined 3.6% YOY to 1.44 Mn metric tons in 2Q25, driven by a decline in own-product, partially offset by rise in third-party sales.
- Own product sales fell 9.6% YOY to 1.26 Mn metric tons in 2Q25 driven by the impact of turnarounds in the UAE and external factors on operating rates due to planned and unplanned shutdowns, while third-party product sales rose 74.1% YOY to 0.19 Mn metric tons in 2Q25.
- Benchmark Middle East ammonia prices declined 6.9% YOY to USD 286 per metric tons while benchmark urea Egypt prices rose 27.1% YOY to USD 408 per metric tons in 2Q25.
- Fertiglobe's revenue rose 14.1% YOY to USD 566 Mn in 2Q25, primarily due to higher urea prices, partially offset by lower sales volume.
- Cost of sales increased 12.9% YOY to USD 425 Mn in 2Q25, owing to higher raw material cost and employee benefit expenses.
- Gross profit rose 18.1% YOY to USD 141 Mn with an 84 bps YOY expansion in gross profit margin to 24.9% in 2Q25.
- SG&A expenses declined 16.6% YOY to USD 29 Mn in 2Q25.
- EBITDA increased 21.8% YOY to USD 188 Mn in 2Q25, while EBITDA margin also expanding to 33.2% in 2Q25 compared to 31.1% in 2Q24.
- Net profit grew from USD 14 Mn in 2Q24 to USD 20 Mn in 2Q25.

Earnings Call Summary

- Reaffirmed 2030 EBITDA target of over USD 1 Bn, under the Grow 2030 strategy centered around operational excellence, commercial optimization, disciplined capital allocation, and the development of low-carbon product solutions.
- Cost savings of USD 15-21 Mn are targeted by year-end 2025, through procurement efficiencies, operational improvements, and integration synergies with ADNOC, reinforcing bottom-line expansion.
- Management remains cautiously optimistic for 2H25, underpinned by tighter global supply, persistent Indian demand, and delayed Chinese exports, all expected to support a firm pricing environment.
- Experienced unplanned downtime at Egyptian facilities in 2Q25, as temporary natural gas curtailments led to a 9.6% YOY decline in own-produced sales volumes and disrupted production planning.
- Used Egypt downtime effectively to complete critical maintenance, enabling deferral of scheduled turnarounds and reducing overall disruption, which will help keep 2025 capex toward the lower end of the USD 145-170 Mn guidance.
- Gas contracts in Egypt remain insulated from national price hikes, due to long-term agreements with a fixed USD 4 per MMBtu base and product-linked escalators, ensuring cost stability despite regional regulatory changes.
- Third-party traded volumes surged by 74.1% YOY, as Fertiglobe sourced externally to cover supply gaps and maintain delivery commitments, helping protect market share and revenue continuity.
- Urea prices averaged USD 408 per ton FOB Egypt in 2Q25, rising to USD 488 per tons in July 2025, driven by strong global demand, tight inventories, and constrained exports from China and the Middle East.
- India remains a pivotal demand center, with recent tenders for 1.46 mt achieving FOB Abu Dhabi netbacks of USD 515 per tons, USD 38 per ton higher than prior levels, boosting Fertiglobe's 3Q25 price realizations.

- China's return to urea exports remains limited, with only 66kt exported in June despite a 2 mt quota, reinforcing global tightness and supporting strong regional pricing.
- Ammonia market conditions remain tight but volatile, lifted by high gas prices and plant outages. However, there is a potential for softening if idle capacity restarts and rebalances supply.
- Global demand for nitrogen fertilizers remains healthy, supported by strong farm economics, replenishment in Latin America and Asia, and strategic policy support in key markets.
- Project Baytown in the U.S. is under assessment, with a 1 mtpa ammonia plant being developed by ADNOC and ExxonMobil. Fertiglobe plans to acquire the facility at cost post-construction, with FID expected in 2025.
- Project Harvest, a 1 mtpa low-carbon ammonia facility in the UAE, is under construction and targets a 2027 startup. It is expected to reduce emissions by 50% using ADNOC's infrastructure and over-the-fence feedstock supply.
- Declared a minimum dividend of USD 100 Mn for 1H25, underlining Fertiglobe's consistent approach to capital return even during operational disruptions and a volatile market backdrop.
- Shareholder returns in 1H25 totaled USD 131 Mn, comprising USD 100 Mn in proposed dividends and USD 31 Mn in share buybacks during 2Q25, reinforcing Fertiglobe's leading payout profile in the sector.
- Interest expenses are projected to decline by USD 10 Mn annually, following the successful repricing of the USD 1.1 Bn term loan and refinancing of ADNOC-related debt, improving cash flows and enhancing EPS.

Fertiglobe – P&L

USD Mn	2Q24	1Q25	2Q25	2Q25F	Var.	YOY Ch	QOQ Ch
Sales	496	695	566	551	2.7%	14.1%	-18.6%
Cost of Sales	-377	-473	-425	-422	0.6%	12.9%	-10.1%
Gross profit	**119**	**222**	**141**	**129**	**9.4%**	**18.1%**	**-36.6%**
SG&A expenses	-34	-38	-29	-36	-20.2%	-16.6%	-25.3%
Operating Profit	**85**	**184**	**112**	**93**	**20.9%**	**32.2%**	**-38.9%**
Depr. & Amort	69	76	76	75	0.9%	9.1%	-0.4%
EBITDA	**154**	**260**	**188**	**168**	**12.0%**	**21.8%**	**-27.6%**
Financial income	5	4	5	4	12.4%	-6.1%	7.0%
Financial charges – net	-34	-33	-29	-32	-8.8%	-15.3%	-12.2%
Net foreign exchange loss	5	-2	-8	0	NM	NM	NM
Profit before zakat	**60**	**153**	**80**	**65**	**22.7%**	**32.8%**	**-47.7%**
Income tax expense	-18	-38	-42	-16	NM	NM	10.6%
Profit before NCI	**43**	**115**	**38**	**49**	**-22.2%**	**-10.1%**	**-66.8%**
NCI	-28	-43	-18	-16	14.9%	-36.0%	-57.6%
Profit attributable to shareholders	**14**	**73**	**20**	**33**	**-39.6%**	**41.3%**	**-72.2%**

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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