

Fertiglobe PLC

Substantial growth in revenue and SG&A expenses optimizations supported profitability

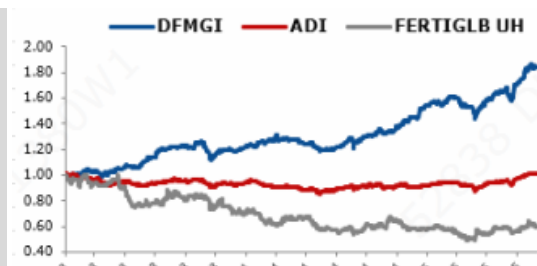
Current Price
AED 2.51

Target Price
AED 3.20

Upside/Downside (%)
+27%

Rating
BUY

- Fertiglobe's strong short-term market outlook is supported by tight global supply and rising demand from major buying regions, keeping prices strong.
- Cost savings of USD 15-21 Mn are targeted by year-end 2025, through procurement efficiencies, operational improvements, and integration synergies with ADNOC.
- Experienced unplanned downtime at Egyptian facilities in 2Q25, as temporary natural gas curtailments led to a decline in own-produced sales volumes and disrupted production planning.
- Shareholder returns in 1H25 totaled USD 131 Mn, comprising USD 100 Mn in proposed dividends and USD 31 Mn in share buybacks during 2Q25.



2Q25 Net Profit lower than our estimate

Fertiglobe Plc (Fertiglobe/the Company) recorded a 41.3% YOY growth in net profit of USD 20 Mn in 2Q25, lower than our forecast of USD 33 Mn. The growth in net profit is primarily attributable to higher revenue coupled with a fall in SG&A, finance, and NCI expenses, partially offset by a rise in cost of sales and depreciation, along with foreign exchange loss and tax expenses.

P&L Highlights

Fertiglobe's revenue increased 14.1% YOY to USD 566 Mn in 2Q25, due to higher realization prices for Urea, despite operational headwinds stemming from turnarounds and external factors in Egypt, reflecting strong commercial execution. Ammonia own product sales volume declined 10.8% YOY to 289K metric tonnes (MT), while Urea volumes dropped 9.4% YOY to 965K MT in 2Q25, both impacted by lower plant operating rates and unplanned shutdown in Egypt. However, third-party traded product volumes surged 74.1% YOY to 188K MT, partially offsetting the decline, consequently total product sales volumes fell 3.6% YOY to 1,443K MT in 2Q25. Benchmark ammonia prices declined 6.8% YOY and 17.3% QOQ to USD 286 per MT (Middle East, FOB), while urea benchmark prices rose 27.1% YOY to USD 408 per MT (FOB Egypt). Cost of sales rose 12.9% YOY to USD 425 Mn in 2Q25, mainly due to input price volatility and employee benefit expenses. Gross profit improved 18.1% YOY to USD 141 Mn, though gross profit margin slightly rose to 24.9% in 2Q25, compared to 24.0% in 2Q24. SG&A expenses decreased 16.6% YOY to USD 29 Mn, while D&A increased 9.1% YOY to USD 76 Mn in 2Q25. Operating profit grew 32.2% YOY to USD 112 Mn in 2Q25. EBITDA increased 21.8% YOY to USD 188 Mn in 2Q25. Additionally, EBITDA margin stood at 33.2% in 2Q25 compared to 31.1% in 2Q24. Finance income stood at USD 5 Mn, while finance cost declined 15.3% YOY to USD 29

Stock Information

Market Cap (AED, Mn)	20,836.31
Shares Outstanding(mm)	8,301.30
52 Week High	2.94
52 Week Low	1.94
3M Avg. daily value (AED)	23,166,090

2Q25 Result Review (USD, Mn)

Total Assets	4,553
Total Liabilities	3,047
Total Equity	1,506
EBITDA	188
Net Profit	20

Financial Ratios

Dividend Yield (12m)	4.82
Dividend Pay-out (%)	218.05
Price-Earnings Ratio(x)	47.03
Price-to-Book Ratio (x)	4.79
Book Value (AED)	0.14
Return-on Equity (%)	9.58

Stock Performance

5 Days	-3.09%
1 Months	-0.79%
3 Months	5.46%
6 Months	3.72%
1 Year	7.73%
Month to Date (MTD%)	-3.46%
Quarter to Date (QTD%)	5.46%
Year to Date (YTD%)	2.45%

Mn in 2Q25. The Company incurred a net foreign exchange loss of USD 8 Mn in 2Q25 versus a gain of USD 5 Mn in 2Q24. Fertiglobe recorded a tax charge of USD 42 Mn in 2Q25 compared to USD 18 Mn in 2Q24. Finally, the share of profit attributable to non-controlling interest stood at USD 18 Mn in 2Q25, compared to USD 28 Mn in 2Q24.

Balance Sheet Highlights

Fertiglobe's cash and cash equivalents stood at USD 780 Mn in 2Q25 compared to USD 831 Mn in 1Q25. The Company's total capex rose from USD 23 Mn in 2Q24 to USD 42 Mn in 2Q25 out of which, maintenance capex stood at USD 31 Mn in 2Q25. Free cash flow increased from USD 70 Mn in 2Q24 to USD 94 Mn in 2Q25 driven by growth in operating profit. The Company reported a net debt position of USD 909 Mn in 2Q25 with a net debt / LTM adjusted EBITDA ratio of 1.2x. This healthy financial position allows the company to manage both growth investments and shareholder returns, backed by strong cash flow and a solid balance sheet.

Target Price and Rating

We maintain our BUY rating on Fertiglobe with a target price to AED 3.20, reflecting the company's improved cost efficiency outlook and solid medium-term earnings visibility, despite short-term volume disruptions. Fertiglobe's reaffirmation of its 2030 EBITDA target of over USD 1 Bn under the Grow 2030 Strategy highlights a clear roadmap focused on operational excellence, commercial optimization, and disciplined capital deployment, particularly in the low-carbon ammonia space. While 2Q25 results were impacted by unplanned gas-related downtime in Egypt, the management efficiently utilized the disruption to advance key maintenance, enabling the deferral of future turnarounds and keeping full-year capex toward the lower end of the USD 145–170 Mn guidance range. Fertiglobe continues to show strength as the world's largest exporter of urea and ammonia by sea. Own-produced volumes fell 9.6% YOY to 1.3 Mn tonnes in 2Q25, but the Company maintained customer commitments via a 74.1% YOY increase in third-party traded volumes, highlighting its strong commercial flexibility. Fertiglobe's gas contracts in Egypt remain structurally hedged via fixed-price arrangements, ensuring cost stability even amid regulatory changes, while its ADNOC backing continues to enable strategic leverage in procurement and infrastructure optimization. Looking ahead, management remains cautiously optimistic for 2H25, supported by rising urea prices (from USD 408/ton in 2Q25 to USD 488/ton in July) on strong Indian demand and limited Chinese exports. India's recent tender netbacks at USD 515 per ton FOB Abu Dhabi reflect a significant uplift in Fertiglobe's realized pricing for 3Q25. The ongoing construction of Project Harvest and the pending acquisition of Project Baytown further reinforce Fertiglobe's transition toward low-carbon ammonia leadership. Fertiglobe has announced at least USD 100 Mn (4.4 fils per share) in dividends for the 1H25 and bought back USD 31 Mn worth of shares. Thus, based on our analysis, we maintain our BUY rating on the stock.

Fertiglobe - Relative valuation

(at CMP)	2021	2022	2023	2024	2025F
PE	8.43	4.74	16.99	37.06	29.28
PB	3.21	2.88	4.10	4.34	5.16
EV/EBITDA	4.50	2.75	7.33	11.57	9.03
EPS	0.085	0.151	0.042	0.019	0.024
BVPS	0.222	0.248	0.174	0.164	0.138
DPS	0.764	0.641	0.210	0.122	0.150
Dividend yield	30.0%	25.1%	8.2%	4.8%	5.9%

FABS Estimates & Co Data

FERTIGLOBE – P&L

USD Mn	2Q24	1Q25	2Q25	2Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Sales	496	695	566	551	2.7%	14.1%	-18.6%	2,009	2,334	16.1%
Cost of Sales	-377	-473	-425	-422	0.6%	12.9%	-10.1%	-1,513	-1,686	11.4%
Gross profit	119	222	141	129	9.4%	18.1%	-36.6%	496	648	30.5%
SG&A Expenses	-34	-38	-29	-36	-20.2%	-16.6%	-25.3%	-150	-157	4.7%
Operating profit	85	184	112	93	20.9%	32.2%	-38.9%	349	491	40.5%
Depreciation& Amortization	69	76	76	75	0.9%	9.1%	-0.4%	280	302	8.1%
EBITDA	154	260	188	168	12.0%	21.8%	-27.6%	629	793	26.1%
Financial income	5	4	5	4	12.4%	-6.1%	7.0%	17	16	-3.6%
Financial expense	-34	-33	-29	-32	-8.8%	-15.3%	-12.2%	-136	-121	-10.8%
Foreign exchange loss/gain	5	-2	-8	0	NM	NM	NM	-1	-10	NM
Profit before zakat	60	153	80	65	22.7%	32.8%	-47.7%	229	376	64.1%
Income tax	-18	-38	-42	-16	NM	NM	10.6%	-16	-90	NM
Profit before NCI	43	115	38	49	-22.2%	-10.1%	-66.8%	214	286	33.9%
NCI	-28	-43	-18	-16	14.9%	-36.0%	-57.6%	-54	-84	55.6%
Net Profit	14	73	20	33	-39.6%	41.3%	-72.2%	160	202	26.6%

FABS estimate & Co Data

FERTIGLOBE - Margins

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross margin	24.0%	31.9%	24.9%	84	-706	24.7%	27.8%	306
EBITDA margin	31.1%	37.4%	33.2%	208	-416	31.3%	34.0%	268
Operating margin	17.1%	26.4%	19.8%	270	-661	17.4%	21.0%	364
Net profit margin	2.9%	10.4%	3.6%	69	-688	8.0%	8.7%	72

FABS estimate & Co Data

Valuation:

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

Valuation Method	Target	Weight	Weighted Value
DCF Method	3.24	70.0%	2.27
Relative Valuation (RV)	3.10	30.0%	0.93
Weighted Average Valuation (AED)			3.20
Current market price (AED)			2.51
Upside/Downside (%)			+27%

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 8.9%. It is arrived after using the cost of equity of 9.3% and after-tax cost of debt of 7.5% with a debt-to-equity ratio of 28.1%. The cost of equity is calculated by using a 10-year government bond yield of 5.1%, beta of 1.00, and equity risk premium of 4.2%. Government bond yield is calculated after adding Abu Dhabi's 10-year spread over 10-year US risk-free rate. The cost of debt is calculated using the cost of 8.1% after adjusting a tax rate of 6.8%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (USD, Mn)	2,067
Terminal value (USD, Mn)	6,492
(-) Net debt (as of 2Q25)	(1,231)
FV to Common shareholders (USD, Mn)	7,328
No. of share (Mn)	8,301
Current Market Price (AED)	2.51
Fair Value per share (AED)	3.24

DCF Method

(All Figures in USD Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
EBIT (1-Tax)	373	402	403	404	428
D&A	302	285	288	292	296
Change in working capital	-29	16	11	52	45
(-) Capex	-152	-136	-136	-125	-126
Free Cash Flow to Firm (FCFF)	494	567	566	623	644
Discounting Factor	0.97	0.89	0.81	0.75	0.69
Discounted FCFF	195¹	503	461	466	442

Source: FAB Securities, ¹Adjusted 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. It is valued at an EV/EBITDA of 10.4x compared to the peer multiple of 7.4x. We value Fertiglobe in line with its regional peer SAFCO due to the feedstock advantage in the region.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
YAR Equity	9,504	5.14	5.32	9.28	11.04
SAFCO AB EQUITY	15,291	9.37	10.35	13.13	15.98
CF US Equity	14,834	7.30	8.26	12.04	14.52
NTR CAN Equity	28,534	7.42	7.34	13.99	13.60
OCI NV Equity	1,775	17.28	4.97	NA	NA
COROMANDEL IN Equity	8,753	23.87	22.19	36.76	33.47
ABUK EY Equity	1,435	4.74	4.37	6.17	5.48
MFPC EY Equity	1,733	NA	NA	9.48	8.64
Average		10.7x	9.0x	14.4x	14.7x
Median		7.4x	7.3x	12.0x	13.6x
Max		13.3x	9.3x	13.6x	15.3x
Min		6.2x	5.1x	9.4x	9.8x

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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