FAB أبوظبي الأول للأوراق المالية SECURITIES

Earnings Call Insight | 3Q25

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

Fertiglobe PLC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.44	AED 3.20	+31%	BUY

3Q25 Net Profit higher than our estimate

- Total sales volume rose 19.5% YOY to 1.65 Mn metric tons in 3Q25, mainly driven by an increase in third-party sales.
- Own product sales fell 2.1% YOY to 1.33 Mn metric tons in 3Q25, driven by the impact of gas supply issues in Egypt and the strategic decision to increase urea production. In contrast, the total third-party product sales grew to 0.32 Mn metric tons in 3Q25, compared to 0.02 Mn metric tons in 3Q24.
- Benchmark Middle East ammonia prices declined 12% YOY to USD 315 per metric tons, while benchmark urea Egypt prices rose 33% YOY to USD 474 per metric ton in 3Q25.
- Fertiglobe's revenue increased substantially 53.0% YOY to USD 758 Mn in 3Q25, mainly driven by higher urea prices.
- Cost of sales rose 23.6% YOY to USD 515 Mn in 3Q25, mainly due to higher raw materials costs.
- Gross profit increased substantially from USD 79 Mn in 3Q24 to USD 244 Mn in 3Q25, with gross profit margin increasing to 32.1% in 3Q25, compared to 16.0% in 3Q24.
- SG&A expenses declined 9.0% YOY to USD 38 Mn in 3Q25.
- EBITDA increased from USD 109 Mn in 3Q24 to USD 280 Mn in 3Q25. Additionally, EBITDA margin increased from 22.0% in 3Q24 to 37.0% in 3Q25.
- The Company recorded a net profit of USD 235 Mn in 3Q25, compared to a net loss of USD 10 Mn in 3Q24. Excluding the one-off gains from the goodwill settlement in Egypt, the Company reported an adjusted net profit of USD 134 Mn in 3Q25.

Earnings Call Summary

- Fertiglobe has actioned USD 140 Mn in EBITDA initiatives as part of its Grow 2030 strategy. This includes USD 49 Mn from manufacturing upgrades (43% complete), USD 46 Mn from cost reductions (84% complete), USD 23 Mn from Wengfu acquisition synergies, and USD 22 Mn from product enhancements like DEF and AGU.
- Fertiglobe launched an AI initiative, which is expected to deliver USD 25 Mn in annual EBITDA by 2030, focusing on asset optimization, anomaly detection, and predictive maintenance.
- Fertiglobe is advancing its low-carbon growth strategy through three key projects. Project Harvest, a 1 Mn ton per annum low-carbon ammonia facility, is 60% complete and on track for completion by 2027.
- The Company's Egypt Green project, supported by offtake agreements with the German government, is currently awaiting a final investment decision, which depends on achieving regulatory clarity.
- Fertiglobe is exploring a Texas-based project in collaboration with ADNOC and Exxon to enhance its low-carbon ammonia production capacity further.
- The Company distributed USD 125 Mn in dividends for 1H25 and plans to pay at least USD 287 Mn to shareholders for 2025. This includes a minimum dividend of USD 125 Mn for 2H25, which is expected to be distributed in 2Q26.
- Urea prices averaged USD 474 per ton (FOB Egypt) in 3Q25, marking an increase of 16% QOQ and 33% YOY. The rise was driven by supply shortages in Iran and Egypt, along with strong Indian demand, as India issued four tenders and recorded all-time high domestic sales of 5.4 Mn tons in July.
- China resumed controlled urea exports with a quota of 4.8 Mn tons for 2025, which remains below its 10-year average of 6.0 Mn tons.

- Fertiglobe's USD 142 Mn goodwill tax settlement in Egypt in 9M25, is expected to generate recurring annual cash tax savings of c. USD 16 Mn over the next 10 years, based on an annual amortization of USD 72 Mn and a 22.5% tax rate.
- The Company's AGU initiative has begun test shipments, with small volumes expected by the end of 2025 and a full ramp-up through 2026, supported by premium partnerships in Europe.
- Fertiglobe's DEF production capacity in the UAE is nearing readiness, with demand expected to accelerate following the implementation of new local legislation.
- The Company's project Harvest is c. 60% complete by the end of 3Q25 and is expected to begin commercial operations by 2027.

Fertiglobe – P&L

USD Mn	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch
Sales	496	566	758	696	9.0%	53.0%	34.0%
Cost of Sales	-416	-425	-515	-478	7.6%	23.6%	21.1%
Gross profit	**79**	**141**	**244**	**217**	**12.2%**	**NM**	**73.1%**
SG&A expenses	-41	-29	-38	-42	-10.1%	-9.0%	31.1%
Operating Profit	**38**	**112**	**206**	**175**	**17.5%**	**NM**	**83.8%**
Depr. & Amort	71	76	74	76	-2.1%	4.7%	-2.2%
EBITDA	**109**	**188**	**280**	**251**	**11.6%**	**NM**	**49.1%**
Financial income	3	5	3	4	-32.0%	-17.6%	-39.1%
Financial charges – net	-34	-29	-28	-29	-1.7%	-18.0%	-2.1%
Net foreign exchange loss	1	-8	0	0	NM	-33.3%	-105.1%
Profit before zakat	**8**	**80**	**181**	**151**	**20.1%**	**NM**	**125.9%**
Income tax expense	-27	-42	89	-36	NM	NM	-311.9%
Profit before NCI	**-19**	**38**	**270**	**115**	**NM**	**NM**	**605.0%**
NCI	9	-18	-35	-34	2.3%	NM	94.5%
Profit attributable to shareholders	**-10**	**20**	**235**	**80**	**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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