

Fertiglobe PLC

Higher urea prices drove profitability

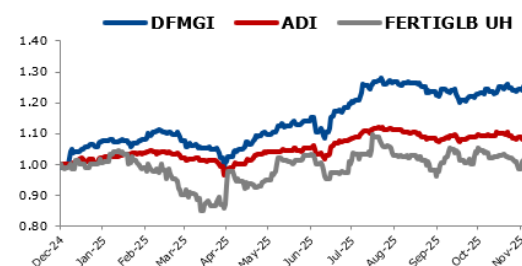
Current Price
AED 2.46

Target Price
AED 3.20

Upside/Downside (%)
+30%

Rating
BUY

- Fertiglobe's USD 142 Mn goodwill tax settlement in Egypt is expected to yield annual cash tax savings of c. USD 16 Mn over the next decade.
- Urea prices averaged USD 474 per ton (FOB Egypt) in 3Q25, up 16% QOQ and 33% YOY, contributing to higher revenues.
- The company paid USD 125 Mn in dividends for 1H25 and plans to distribute at least USD 287 Mn for 2025, including a minimum of USD 100 Mn in 2H25, expected to be paid in 2Q26.
- The company's AGU initiative has commenced test shipments, with initial volumes expected by the end of 2025 and full-scale ramp-up through 2026, backed by premium European partnerships.



3Q25 Net Profit higher than our estimate

Fertiglobe Plc (Fertiglobe/the Company) recorded a net profit of USD 235 Mn in 3Q25 compared to a net loss of USD 10 Mn in 3Q24, higher than our forecast of USD 80 Mn. The growth in net profit is primarily attributable to higher revenue coupled with a fall in SG&A, finance charges, and a reversal of tax expense, partially offset by a rise in cost of sales and a higher profit share of the NCI. Excluding the one-off gains related to the goodwill resolution in Egypt, the Company's adjusted net profit stood at USD 134 Mn in 3Q25.

P&L Highlights

Fertiglobe's revenue increased substantially 53.0% YOY to USD 758 Mn in 3Q25, mainly driven by higher urea prices. The Company's Ammonia sales dropped by 25.6% YOY to 227K metric tonnes (MT) in 3Q25, primarily due to gas supply disruptions in Egypt and a strategic shift toward boosting Urea output. In contrast, urea sales rose by 4.6% YOY to 1,105K MT, driven by a commercial strategy to ramp up production and take advantage of favourable market conditions. In addition, Fertiglobe's third-party traded product volumes increased substantially from 18K MT in 3Q24 to 316K MT in 3Q25. Consequently, total product sales volumes grew 19.5% YOY to 1,648K MT during 3Q25. Benchmark ammonia prices declined 11.8% YOY, while it increased 10.1% QOQ to USD 315 per MT (Middle East, FOB). Furthermore, urea benchmark prices rose 32.8% YOY to USD 474 per MT (FOB Egypt). Cost of sales rose 23.6% YOY to USD 515 Mn in 3Q25, mainly due to an increase in the cost of raw materials consumption. Gross profit increased substantially from USD 79 Mn in 3Q24 to USD 244 Mn in 3Q25. SG&A expenses decreased 9.0% YOY to USD 38 Mn, while D&A increased 4.7% YOY to USD 74 Mn in 3Q25. Operating profit grew substantially from USD 38 Mn in 3Q24 to USD 206 Mn in 3Q25. EBITDA also increased from USD 109 Mn in 3Q24 to USD 280 Mn in 3Q25. Additionally, EBITDA margin increased from

Stock Information

Market Cap (AED, Mn)	20,421.24
Shares Outstanding(mm)	8,301.32
52 Week High	2.77
52 Week Low	1.94
3M Avg. daily value (AED)	14,752,950

3Q25 Result Review (USD, Mn)

Total Assets	4,562
Total Liabilities	2,795
Total Equity	1,767
EBITDA	280
Net Profit	235

Financial Ratios

Dividend Yield (12m)	4.50
Dividend Pay-out (%)	218.05
Price-Earnings Ratio(x)	14.96
Price-to-Book Ratio (x)	3.96
Book Value (AED)	0.17
Return-on Equity (%)	28.13

Stock Performance

5 Days	-0.40%
1 Months	-3.15%
3 Months	-2.38%
6 Months	3.80%
1 Year	-2.38%
Month to Date (MTD%)	-1.60%
Quarter to Date (QTD%)	0.00%
Year to Date (YTD%)	0.41%

22.0% in 3Q24 to 37.0% in 3Q25. Finance income stood at USD 3 Mn, while finance costs declined 18.0% YOY to USD 28 Mn in 3Q25. Fertigllobe recorded a tax reversal of USD 89 Mn in 3Q25, compared to tax charges of USD 27 Mn in 3Q24, mainly due to the one-off gains arising from the goodwill tax settlement in Egypt. The profit share attributable to non-controlling interest stood at USD 35 Mn in 3Q25, compared to loss attributable to NCI at USD 9 Mn in 3Q24.

Balance Sheet Highlights

Fertigllobe's cash and cash equivalents stood at USD 631 Mn in 3Q25, compared to USD 780 Mn in 2Q25. The Company's total capex rose from USD 50 Mn in 3Q24 to USD 46 Mn in 3Q25, out of which, maintenance capex stood at USD 34 Mn in 3Q25, compared to USD 37 Mn in 3Q24. Free cash flow stood at negative USD 38 Mn in 3Q25, compared to negative USD 61 Mn in 3Q24. The Company reported a net debt position of USD 984 Mn in 3Q25, with a net debt / LTM adjusted EBITDA ratio of 1.1x.

Target Price and Rating

We maintain our BUY rating on Fertigllobe with a target price of AED 3.20. The Company delivered a strong performance in 3Q25, supported by higher urea prices, and a USD 142 Mn goodwill tax settlement in Egypt. The settlement is expected to generate recurring annual cash tax savings of around USD 16 Mn over the next 10 years, based on an annual amortization of USD 72 Mn and a 22.5% tax rate. Fertigllobe's total sales volume rose 19.5% YOY to 1.65 Mn metric tons, driven by higher third-party sales, partly offset by a 2.1% YOY decline in own product sales to 1.33 Mn metric tons due to gas supply constraints in Egypt and a strategic focus on increasing urea production. Global fertilizer markets witnessed strong momentum during 3Q25, supported by tight supply, sustained demand, and favourable regulatory developments. Urea prices averaged USD 474 per tonne in 3Q25, driven by robust Indian tender demand and China's export return. Fertigllobe expects FOB Egypt urea prices to average USD 507 per tonne in 2025, with a bullish long-term outlook as global demand is forecasted to reach 12.5 Mn tons by 2029, aided by EU tariffs adding up to USD 151 per tonne by 2028. Meanwhile, ammonia prices surged to USD 670 per tonne (CFR NW Europe) in October 2025, up from USD 435 per tonne in May 2025, amid supply shortages and elevated gas costs. Fertigllobe anticipates the short-term ammonia outlook to remain firm, supported by CBAM and EU ETS changes in 2026. Fertigllobe continues to advance its AI and low-carbon growth strategy to enhance efficiency and sustainability. The Company's AI initiative is expected to contribute c. USD 25 Mn in annual EBITDA by 2030 through asset optimization, anomaly detection, and predictive maintenance. On the low-carbon front, Fertigllobe is progressing on three major projects: Project Harvest, a 1 Mn tonne per annum low-carbon ammonia facility that is 60% complete and scheduled for commissioning by 2027; the Egypt Green Project, supported by offtake agreements with the German government and pending a final investment decision subject to regulatory clarity; and a Texas-based low-carbon ammonia project being explored in partnership with ADNOC and Exxon Mobil. Together, these initiatives position the Company to strengthen its long-term growth prospects while advancing its transition toward a low-carbon and sustainable ammonia portfolio. Additionally, the Company's AGU initiative has begun test shipments, with initial volumes expected by the end of 2025 and a full ramp-up through 2026, supported by premium partnerships in Europe. The Company's total cash capex, including growth investments, amounted to USD 46 Mn in 3Q25, compared to USD 50 Mn in 3Q24. Moreover, Fertigllobe also distributed USD 125 Mn in dividends for 1H25 and plans to pay at least USD 287 Mn in total dividends for 2025, including a minimum of USD 100 Mn for 2H25, expected to be distributed in 2Q26. Thus, based on our analysis, we maintain our BUY rating on the stock.

Fertigllobe - Relative valuation

(at CMP)	2021	2022	2023	2024	2025F
PE	7.91	4.45	15.94	34.78	13.98
PB	3.01	2.70	3.85	4.07	4.00
EV/EBITDA	4.27	2.60	6.96	10.98	6.96
BVPS (AED)	0.817	0.911	0.639	0.604	0.615
EPS (AED)	0.311	0.553	0.154	0.071	0.176
DPS (AED)	0.765	0.641	0.210	0.122	0.154
Dividend yield	31.1%	26.1%	8.5%	4.9%	6.2%

FABS Estimates & Co Data

FERTIGLOBE – P&L

USD Mn	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Sales	496	566	758	696	9.0%	53.0%	34.0%	2,009	2,796	39.1%
Cost of Sales	-416	-425	-515	-478	7.6%	23.6%	21.1%	-1,513	-1,958	29.4%
Gross profit	79	141	244	217	12.2%	NM	73.1%	496	837	68.7%
SG&A Expenses	-41	-29	-38	-42	-10.1%	-9.0%	31.1%	-150	-147	-2.3%
Operating profit	38	112	206	175	17.5%	NM	83.8%	349	691	97.8%
Depr. and Amortization	71	76	74	76	-2.1%	4.7%	-2.2%	280	303	8.3%
EBITDA	109	188	280	251	11.6%	NM	49.1%	629	993	58.0%
Financial income	3	5	3	4	-32.0%	-17.6%	-39.1%	17	16	-3.6%
Financial expense	-34	-29	-28	-29	-1.7%	-18.0%	-2.1%	-136	-121	-10.8%
Foreign exchange loss/gain	1	-8	0	0	NM	-33.3%	NM	-1	-9	NM
Profit before zakat	8	80	181	151	20.1%	NM	NM	229	577	NM
Income tax	-27	-42	89	-36	NM	NM	NM	-16	-39	NM
Profit before NCI	-19	38	270	115	NM	NM	NM	214	538	NM
NCI	9	-18	-35	-34	2.3%	NM	94.5%	-54	-140	NM
Net Profit	-10	20	235	80	NM	NM	NM	160	398	NM

FABS estimate & Co Data

FERTIGLOBE - Margins

	3Q24	2Q25	3Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	16.0%	24.9%	32.1%	1,614	725	24.7%	30.0%	525
EBITDA	22.0%	33.2%	37.0%	1,500	374	31.3%	35.5%	424
Operating Profit	7.7%	19.8%	27.2%	1,950	736	17.4%	24.7%	733
Net Profit	-2.1%	3.6%	31.0%	3,306	2,739	8.0%	14.2%	627

FABS estimate & Co Data

Key Developments:

- 9 April 2025:** Fertigllobe received ADX approval for its share buyback program, authorizing the repurchase of up to 2.5% of its issued shares as approved by the General Assembly. As of 11 November 2025, Fertigllobe repurchased 96.74 Mn shares at an average price of AED 2.448 per share, representing 1.17% of capital under its 2.5% buyback program, with 110.8 Mn shares available for repurchase.
- 12 May 2025:** Fertigllobe had agreed to acquire the distribution assets of Wengfu Australia Pty Ltd. The transaction includes net asset value, a USD 8 Mn premium, and USD 75 Mn in working capital. Operating from five ports and eight warehouses, Wengfu distributes 700 KT to 800 KT of fertilizers annually. This acquisition aligns with Fertigllobe's strategy to expand in the Asia-Pacific region and diversify its portfolio.
- 1 October 2025:** Fertigllobe completed its acquisition of Wengfu Australia Pty Ltd.'s distribution assets, establishing Fertigllobe Australia Pty Ltd. Financed through short-term facilities, the deal is expected to contribute USD 23 Mn in annual EBITDA by 2030 with minimal impact on net debt/LTM adjusted EBITDA as of June 2025.

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	3.15	70.0%	2.20
Relative Valuation (RV)	3.34	30.0%	1.00
Weighted Average Valuation (AED)			3.20
Current market price (AED)			2.46
Upside/Downside (%)			+30.2%

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 arrived after using a cost of equity of 9.3% and an after-tax cost of debt of 7.5%, with a debt-to-equity ratio of 29.0%. The cost of equity is calculated by using a 10-year government bond yield of 4.8%, a beta of 1.00, and an equity risk premium of 4.5%. 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 8.1% after adjusting for a tax rate of 6.8%, which yields an after-tax cost of debt of 7.5%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (USD, Mn)	2,530
Terminal value (USD, Mn)	5,940
(-) Net debt (as of 3Q25)	1,353
FV to Common shareholders (USD, Mn)	7,117
No. of share (Mn)	8,301
Current Market Price (AED)	2.46
Fair Value per share (AED)	3.15

DCF Method

(All Figures in USD Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
EBIT (1-Tax)	644	549	542	547	547	541
D&A	303	282	287	293	291	290
Change in working capital	-164	-63	-55	-57	-58	-55
(-) Capex	-182	-166	-165	-152	-153	-153
Free Cash Flow to Firm (FCFF)	600	602	609	631	627	623
Discounting Factor	0.99	0.91	0.83	0.77	0.70	0.65
Discounted FCFF	148¹	547	508	483	441	403

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. We value Fertiglobe in line with its regional peer, SAFCO, due to the advantage of feedstock in the region. It is valued at a 2026 EV/EBITDA of 9.5x compared to the peer multiple of 6.8x.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
YAR Equity	8,943	4.60	5.01	8.37	9.97
SAFCO AB EQUITY	15,091	8.92	10.25	12.84	15.06
CF US Equity	12,795	6.13	7.10	9.48	11.59
NTR CAN Equity	27,423	6.70	6.79	12.31	12.46
OCI NV Equity	794	NA	NA	NA	NA
COROMANDEL IN Equity	7,137	23.87	18.28	36.76	27.38
ABUK EY Equity	1,435	4.77	3.28	6.20	6.65
MFPC EY Equity	1,733	5.03	5.71	8.57	9.84
Average		8.6x	8.1x	13.5x	13.3x
Median		6.1x	6.8x	9.5x	11.6x
Max		7.8x	8.7x	12.6x	13.8x
Min		4.9x	5.4x	8.5x	9.9x

Source: FAB Securities

