FAB SECURITIES أبوظبي الأول للأوراق المالية

Earnings Call Insight | 2Q25

UAE Equity Research　Sector: Basic Materials　Market: ADX

Fertiglobe PLC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.65	AED 3.20	+20.8%	BUY

2Q26 Net Profit lower than our estimate

- Total sales volume rose 8.7% YOY to 1.57 Mn metric tons in 2Q26, mainly driven by an increase in third-party sales volume partially offset by decrease in own-product sold.
- Own product sales volume declined 3.0% YOY to 1.22 Mn metric tons in 2Q26. Additionally, total third-party product sales grew to 0.35 Mn metric tons in 2Q26, compared to 0.19 Mn metric tons in 2Q25.
- Benchmark Middle East ammonia prices significantly increased 142% YOY to USD 693 per metric tons, and benchmark urea Egypt prices rose 77.2% YOY to USD 723 per metric ton in 2Q26.
- Fertiglobe's revenue increased significantly 91.9% YOY to USD 1.1 Bn in 2Q26, primarily supported by higher realized prices and increased sales volumes.
- Cost of sales rose 83% YOY to USD 778 Mn in 2Q26.
- Gross profit more than double from USD 141 Mn in 2Q25 to USD 308 Mn in 2Q26, with gross profit margin increasing to 28.4% in 2Q26, compared to 24.9% in 2Q26.
- SG&A expenses increased 64.7% YOY to USD 47 Mn in 2Q26.
- EBITDA increased from USD 188 Mn in 2Q25 to USD 338 Mn in 2Q26. Additionally, EBITDA margin decreased from 33.2% in 2Q25 to 31.1% in 2Q26.
- The Company's net profit attributable to shareholders increased from USD 20 Mn in 2Q25 to USD 115 Mn in 2Q26, lower than our estimate of USD 125 Mn driven by strong revenue growth, rise in finance income and foreign exchange gain partially offset by higher cost of sales, SG&A expenses coupled with higher share of NCI.

Earnings Call Summary

- Fertiglobe targets a USD 340–420 Mn EBITDA uplift by 2030, raising EBITDA from a USD 629 Mn in 2024 baseline to over USD 1 Bn, via four pillars: Operational Excellence, USD 165–175 Mn, Customer Proximity, USD 30–45 Mn, Nitrogen Product Expansion, USD 75–100 Mn, and Disciplined Low-Carbon Growth, USD 70–100 Mn, with additional upside from potential ADNOC partner projects.
- Adjusted EBITDA of USD 371 Mn (up 111% YOY, up 9% QOQ), implying an adjusted EBITDA margin of 34.2% (vs. 31.1% in 2Q25) and 40.2% on own-produced volumes (vs. 37.7% in 2Q25).
- Net debt stood at USD 621 Mn as of June 30, 2026, implying a net debt to LTM adjusted EBITDA ratio of 0.5x, down from USD 1 Bn at end-December 2025.
- The Board proposed a dividend increase of at least 20% YOY, equivalent to a minimum of USD 150 Mn or 6.73 fils per share, subject to Board approval in September and payment in October 2026, implying an annualized yield of 5%.
- Gas price averaged USD 6/MMBtu in 2Q26, or USD 8/MMBtu including RSOU Algeria, reflecting strong product prices. Any further rise in gas costs from continued high prices would be more than offset by stronger product margins.
- Fertiglobe signed an MOU with Covestro in February (reiterated this quarter) to explore ammonia demand for nitric acid and downstream value chain uses in Abu Dhabi, as part of its Pillar 3 nitrogen product expansion strategy.
- Urea prices peaked in the high USD 800s/ton FOB Egypt in April 2026, fell to the low USD 400s/ton by end-June on seasonal softness, then recovered to USD 555/ton by mid-July on improved affordability and grain price support.
- Approximately 56% of 2Q26 UAE production was exported, above the "under 50%" management had previously guided to, with most shipments occurring in late May and June at weaker pricing than April.

- India secured 4.2 Mt of urea imports across two tenders in 2Q26; China's urea exports are expected to reach 5.5 Mt for the year, up from 4.9 Mt in 2025.
- Management noted c. 30% of global urea exports and c. 20% of global ammonia trade transit the Strait of Hormuz.
- Project Harvest a 1 mtpa UAE lower-carbon ammonia project with a capex of c.USD 500 Mn 90% complete on construction, targeting first production in the latter half of 2027 with a typical post-startup ramp-up; the company is arranging project financing at c. 70% gearing to recover invested funds.
- Harvest will raise gross ammonia capacity from 1.5 Mt to 2.5 Mt, with Fertiglobe responsible for 80% of offtake, equivalent to 800K tons, after partner allocations to GS Korea and Mitsui Japan. No additional urea capacity is included.
- Demand-side, Brazil has entered its urea buying season through 2H26, India is expected to issue a further tender for 2-2.5 Mt, and Europe's next buying season starts near end-3Q26.
- Growth Capex is largely covered for major projects, with Project Harvest potentially financed through project debt in 2026, with 2027 maintenance capex guidance of USD 105–125 Mn reaffirmed.
- Maintenance capex is expected to increase in the second half of 2026 to reach the targeted 2025–26 average range of USD 145-170 Mn. The Company maintained its 2027 maintenance capex guidance at USD 105-125 Mn, unchanged from the previous Capital Markets Day.
- UAE utilization reached 92% in H126 (vs. 81% in H125); Egypt and Algeria ran near-100% urea utilization in 2Q26, while Fertil was at c. 70% due to a three-week planned maintenance outage in June. Company remains on track for 93% ammonia / 95% urea utilization targets by end-2027.
- Deferred volumes of 100kt shifted to 3Q26 will be recognized during the quarter, but pricing will be based closer to June levels as prices are typically agreed one month in advance.

Fertiglobe – P&L

USD Mn	2Q25	1Q26	2Q26	2Q26F	Var	YOY Ch	QOQ Ch
Sales	566	915	1,086	951	14.2%	91.9%	18.7%
Cost of Sales	-425	-599	-778	-655	18.8%	83.0%	29.9%
Gross profit	**141**	**317**	**308**	**296**	**4.1%**	**NM**	**-2.6%**
SG&A expenses	-29	-51	-47	-54	-13.1%	64.7%	-7.1%
Operating Profit	**112**	**266**	**261**	**242**	**7.9%**	**NM**	**-1.8%**
Depr. & Amort	76	76	77	81	-6.1%	1.1%	0.5%
EBITDA	**188**	**342**	**338**	**323**	**4.4%**	**79.7%**	**-1.3%**
Financial income	5	1	7	6	16.6%	52.2%	NM
Financial charges – net	-29	-27	-31	-32	-3.7%	6.9%	15.4%
Net foreign exchange loss	-8	16	7	0	NM	NM	-54.8%
Profit before zakat	**80**	**256**	**244**	**216**	**13.1%**	**NM**	**-4.5%**
Income tax expense	-42	12	-42	-35	21.8%	0.5%	NM
Profit before NCI	**38**	**268**	**202**	**181**	**11.5%**	**NM**	**-24.5%**
NCI	-18	-70	-88	-56	56.1%	NM	25.4%
Profit attributable to shareholders	**20**	**198**	**115**	**125**	**-8.5%**	**NM**	**-42.1%**

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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