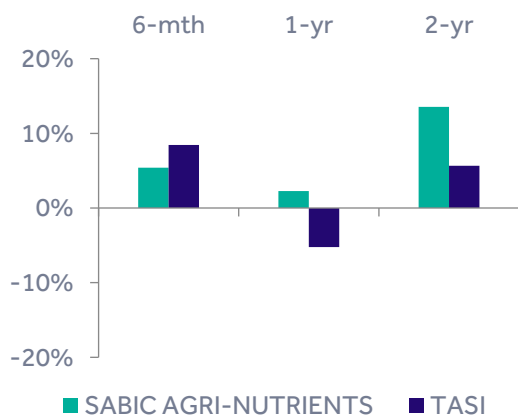


Market Data	
52-week high/low	SAR 185.8/123.2
Market Cap	SAR 68,644 mln
Shares Outstanding	476 mln
Free-float	49.90%
12-month ADTV	1,071,068
Bloomberg Code	SAFCO AB



## Shrinking Margins Continue

August 01, 2023

Upside to Target Price	2.6%
Expected Dividend Yield	2.8%
Expected Total Return	5.4%

Rating	Neutral
Last Price	SAR 144.20
12-mth target	SAR 148.00

SABIC Agri-Nutrients	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Sales	2,629	5,700	(54%)	2,760	(5%)	2,146
Gross Profit	932	3,260	(71%)	1,137	(18%)	847
Gross Margins	35%	57%		41%		39%
Operating Profit	678	3,126	(78%)	957	(29%)	679
Net Profit	651	3,025	(78%)	981	(34%)	707

(All figures are in SAR mln)

- On the back of a prolonged decline in urea prices, SABIC Agri-Nutrients reported revenues at SAR 2.6 bln, down -5% Q/Q and -54% Y/Y. The drop Q/Q was mainly attributed to lower average sales prices (which went down by -18%) but were mitigated by a +16% rise in sales volume. We are happy to note that the Company has maintained good sales volumes despite the sharp drop in urea prices.
- Moving forward, demand is relatively stable at a global level, with expectations for seasonal Q3 purchasing in some continents, while supply developments remain mixed. As of now, Urea prices have started to rally to reach USD 421/per ton and we expect this might positively affect SABIC Agri-Nutrients third quarter revenues.
- In 2Q, gross margins were thinner on a quarterly basis at 35%, versus 41% in the preceding quarter and 57% last year. Gross profit went down by -18% Q/Q to SAR 932 mln while EBITDA came in at SAR 942 mln, representing a decline of -21% Q/Q due to lower average selling prices.
- SABIC Agri-Nutrients delivered a bottomline of SAR 651 mln this quarter (-34% Q/Q, -78% Y/Y). Bottomline was in line with our SAR 707 mln forecast. This marked decline emanates from lower average product prices. However, better performance by the Company is expected in 3Q. We maintain our target price at SAR 148.00 and a Neutral rating.

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## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors  
For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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