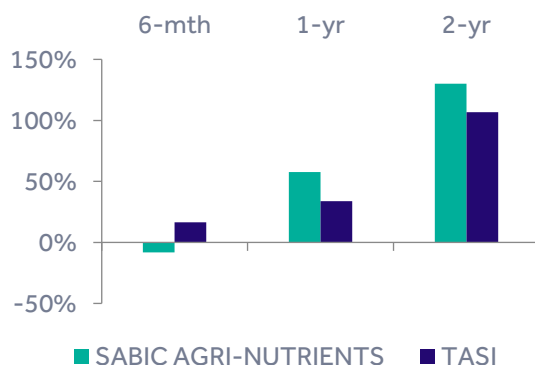


Market Data	
52-week high/low	SAR 202.4 / 99.60
Market Cap	SAR 76,546 mln
Shares Outstanding	476 mln
Free-float	49.90%
12-month ADTV	775,251
Bloomberg Code	SAFCO AB



## Margins Decline Q/Q

Upside to Target Price	6.3%	Rating	Neutral
Expected Dividend Yield	2.2%	Last Price	SAR 160.80
Expected Total Return	8.5%	12-mth target	SAR 171.00

May 10, 2022

SABIC Agri-Nutrients	1Q2022	1Q2021	Y/Y	4Q2021	Q/Q	RC Estimate
Sales	4,657	1,506	209%	4,040	15%	3,838
Gross Profit	3,025	645	369%	3,191	(5%)	2,955
Operating Profit	2,614	502	421%	2,993	(13%)	2,755
Net Profit	2,513	423	494%	2,764	(9%)	2,551

(All figures are in SAR mln)

- SABIC Agri-Nutrients reported a revenue of SAR 4.6 bln for the quarter (+209% Y/Y, +15% Q/Q) on the back of higher product prices as well as an increase in volumetric sales. Ammonia prices rallied substantially during the quarter, rising by +186% Y/Y and +26% Q/Q. However, urea prices declined by -11% Q/Q but increased by +124% Y/Y.
- Both gross and net margins contracted to 65% and 54% respectively, versus 79% and 68% respectively in the preceding quarter. Gross profit increased by +369% Y/Y but fell by -5% Q/Q to SAR 3.0 bln.
- Management has reported an increase in expenses for the quarter as the Company has started to market its own products (versus SABIC earlier) coupled with higher global logistic costs due to COVID-19 related issues. Operating profit increased by +421% Y/Y but decreased by -13% Q/Q to SAR 2.6 bln.
- Net income came in at SAR 2,513 mln, a five-fold rise from SAR 423 mln reported in 1Q2021 but was lower by -9% Q/Q due to higher expenses. Bottomline matched our SAR SAR 2,551 mln forecast. We maintain our target price of SAR 171.00 and 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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