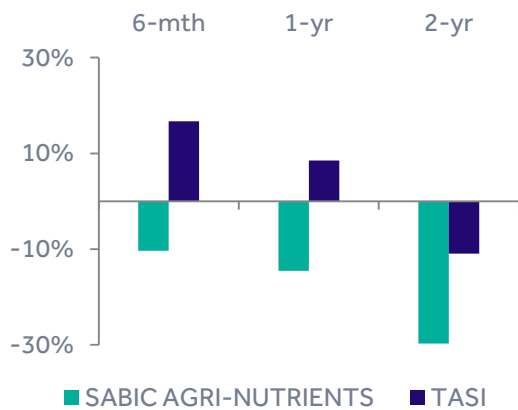


Market Data	
52-week high/low	SAR 148.2 / 107.6
Market Cap	SAR 54,363 mln
Shares Outstanding	476 mln
Free-float	49.89%
12-month ADTV	790,296
Bloomberg Code	SAFCO AB



## Softer Fertilizer Prices Soften Results

April 29, 2024

Upside to Target Price	9.5%	Rating	Neutral
Expected Dividend Yield	5.3%	Last Price	SAR 114.20
Expected Total Return	14.7%	12-mth target	SAR 125.00

SABIC Agri-Nutrients	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	2,517	2,760	(9%)	2,972	(15%)	2,437
Gross Profit	988	1,137	(13%)	1,303	(24%)	667
Gross Margins	39%	41%		44%		27%
Operating Profit	730	957	(24%)	1,020	(28%)	462
Net Profit	841	981	(14%)	978	(14%)	512

(All figures are in SAR mln)

- SABIC AN reported topline sales of SAR 2.5 bln vs. SAR 2.8 bln in 1Q23, a -9% Y/Y decrease. Softer fertilizer prices also continued to drag SABIC AN's quarterly revenues in 1Q24, which came in at SAR 2.5 bln, down -15% Q/Q, but only down -9% Y/Y. According to management, quarterly average sales prices in 1Q24 were down -7% Y/Y. These prices also hold a significantly higher impact, which was only further compounded by a -2% Y/Y decrease in sales volumes. Consecutively lower sales prices supported our estimates being in-line with results.
- In 1Q24, gross margins came in above our expectations, at 39% vs. 44% in the preceding quarter and 41% last year. EBITDA, unlike the preceding quarter, also came under pressure, coming in at SAR 963 mln, representing a decrease of -24% Q/Q and -17% Y/Y, respectively; driven by lower average selling prices. Management's commentary on demand in 1Q24, was in our opinion, more 'data rich', noting logistical constrictions in Panama and Bab Al Mandab, while also noting demand from India (a major importer) fell short; contributing further to mild price fluctuations. According to Argaam, 1Q24 average prices for Urea settled around USD 357/ton, but we also note that Urea has now traded below USD 300/ton in April, which we expect will further dampen SABIC Agri-Nutrient's 2Q24 revenues, margins, and EBITDA. We also express concern over Ammonia's average price of USD 342/ton (-34% Q/Q) in 1Q24, potentially driving further softness in earnings in 2H24.
- SABIC Agri-Nutrients produced net profit of SAR 841 mln in 1Q24 (-14% Q/Q, -14% Y/Y), higher than our conservative SAR 512 mln forecast, which deviated via higher quarterly gross profits, as we estimated a more negative impact from lower commodity prices and a lower demand environment. Given the current trend in fertilizer prices for 1H24 we believe that our lower estimates will be realized in later quarters, contributing to further muted performance in FY24 vs. FY23. We maintain our Neutral rating and trim our target price accordingly.

**Brennan Eatough**  
 brennan.eatough@riyadcapital.com  
 +966-11-203-6808

## ■ 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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