

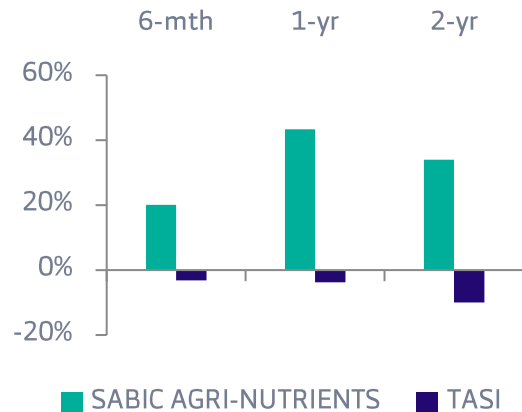
## ■ Margins are Price Driven, Sales Volume Endurance Uncertain April 26, 2026

Upside to Target Price	1.0%	Rating	Neutral
Expected Dividend Yield	4.7%	Last Price	SAR 148.50
Expected Total Return	5.7%	12-mth target	SAR 150.00

Market Data	
52-week high/low	SAR 159.3 / 94.7
Market Cap	SAR 70,691 mln
Shares Outstanding	476 mln
Free-float	49.89%
12-month ADTV	663,451
Bloomberg Code	SAFCO AB

SABIC Agri-Nutrients	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Sales	2,874	3,074	(7%)	3,194	(10%)	2,818
Gross Profit	1,369	1,165	18%	1,204	14%	1,127
Gross Margins	48%	38%		38%		40%
Operating Profit	1,168	857	36%	913	28%	853
Net Profit	1,227	985	25%	988	24%	931

(All figures are in SAR mln)



- SABIC AN produced sales of SAR 2.9 bln vs. SAR 3.1 bln in 1Q25, a -7% Y/Y decrease, driven by lower sales volumes which were not offset by higher prices (+31%). We also note that Q/Q results were driven by +31% increase in average urea prices, offset by lower sales volumes. According to management, average sales prices in 1Q26 increased via seasonality and the obvious disruption from Middle East vessel traffic.
- Gross margins of 48% were higher than our estimate, while also higher than 38% in 4Q25 and 1Q25. EBITDA was unsurprisingly higher Y/Y, coming in at SAR 1,378 mln, an increase of +28% Y/Y and +21% Q/Q. Management's outlook for 2Q2026 highlighted lower LNG and sulfur supply which impacted other countries' domestic production, a factor we also validate as accurate and supportive of prices. We note that liquids in particular, such as ammonia anhydrous, are more difficult to ship on land given that they are handled as a pressurized/refrigerated liquids, while also representing 40% of the Company's production in 2025 and 39% in 2024, making this particularly integral to cash generation. We caution investors that we are unaware of the ability of the Company to swap to more urea production.
- SABIC AN produced net profit of SAR 1,227 mln in 1Q26 (+24% Q/Q, +25% Y/Y), higher than our more conservative forecast of SAR 931 mln, also driven by gross margins, as sales overall decreased. Reported free cash flow during 1Q26 was SAR 580 mln, down Y/Y and Q/Q, by -10% and -54%, respectively. With the potential for China to restrict exports given shortages, we believe tightness, and therefore higher prices in 1Q2026, will continue. However, we are also concerned now about the market in 2027, where structural shortages and destocking could leave prices elevated next year as well. We must also note other countries' lower access to LNG could be an opportunity. With the uncertainty regarding liquids logistics, their percentage of 2025 revenues, and recent stock price performance, we maintain our target price for now and lower our 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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