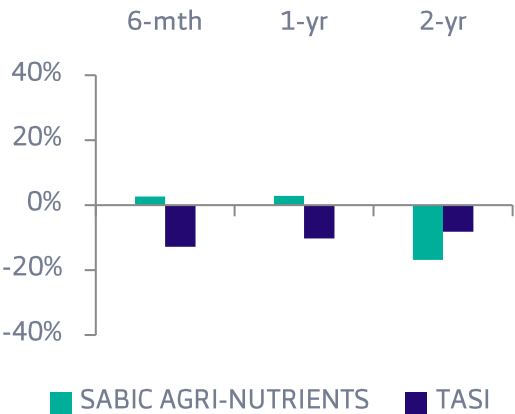


Market Data	
52-week high/low	SAR 122.6 / 94.7
Market Cap	SAR 56,220 mln
Shares Outstanding	476 mln
Free-float	49.89%
12-month ADTV	529,026
Bloomberg Code	SAFCO AB



Tensions and Spot Prices Drive Higher Profits

July 30, 2025

Upside to Target Price (11.1%)  
Expected Dividend Yield 5.9%  
Expected Total Return (5.2%)

Rating  
Last Price  
12-mth target  
Neutral  
SAR 118.10  
SAR 105.00

SABIC Agri-Nutrients	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	3,287	2,676	23%	3,074	7%	2,978
Gross Profit	1,267	902	41%	1,165	9%	1,114
Gross Margins	39%	34%		38%		37%
Operating Profit	1,028	678	52%	857	20%	858
Net Profit	1,060	705	50%	985	8%	937

(All figures are in SAR mln)

- SABIC AN reported a topline of SAR 3.3 bln vs. SAR 2.7 bln in 2Q24, a +23% Y/Y increase, driven by higher average prices (+23%), while we also note that Q/Q results were driven by +1% increases in sales prices, not offset by lower quantities sold Q/Q (-6%). According to management, average sales prices in 2Q25 were up +23% Y/Y, which was parallel with Y/Y Argaam data, reflecting +25% Y/Y (Urea prices). Although our estimates for revenue were optimistic this quarter, the effect of geopolitical tensions and movements in spot prices, were not accounted for.
- In 2Q25, gross margins came in above our expectations at 39%, higher vs. 38% in the preceding quarter and higher than 34% last year. EBITDA performance improved, coming in at SAR 1,258 mln, representing a solid increase of +16% Q/Q and +37% Y/Y. These results were driven via higher average selling prices Q/Q and Y/Y. Management’s commentary on 2Q25 and their market outlook, highlighted the announcement from Chinese authorities regarding export quotas, allowing temporary outflow of Urea; a key driver we have previously noted. According to Argaam, 2Q25 average prices for Urea settled around USD 385/ton, which although not as high as 1Q25, is still elevated. We also note, spot prices above this level, as highlighted by management, most likely drove margins and operating profits higher than our expectations.
- SABIC Agri-Nutrients produced net profit of SAR 1,060 mln in 2Q25 (+8% Q/Q, +50% Y/Y), above our SAR 937 mln forecast, which also stayed tightly correlated through gross and operating profits. We also note, free cash flow generation during 2Q25 was SAR 946 mln, increasing +495% Y/Y and +47% Q/Q, which is significantly greater than we expected; mostly driven by recent geopolitical tensions and spikes in spot market prices. Chinese export restrictions of Urea appear to be slightly lifted for now, as we had previously cautioned, these restrictions could be a permanent reversal and soften Urea prices. We maintain our target price and rating for now, while noting a dividend yield and free cash flow level this high will eventually influence us to re-rate the Company and its equity more positively.

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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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