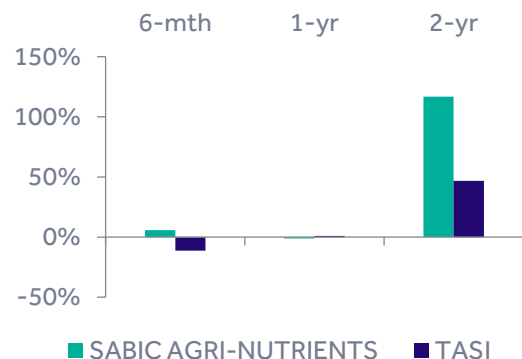


Market Data	
52-week high/low	SAR 202.4 / 121.2
Market Cap	SAR 81,878 mln
Shares Outstanding	476 mln
Free-float	49.90%
12-month ADTV	1,324,274
Bloomberg Code	SAFCO AB



Margin Expands this Quarter

October 26, 2022

Upside to Target Price (7.0%)
 Expected Dividend Yield 2.0%
 Expected Total Return (5.0%)

Rating Neutral
 Last Price SAR 172.00
 12-mth target SAR 160.00

SABIC Agri-Nutrients	3Q2022	3Q2021	Y/Y	2Q2022	Q/Q	RC Estimate
Sales	4,417	2,207	100%	5,700	(23%)	5,073
Gross Profit	2,746	1,548	77%	3,473	(21%)	2,993
Operating Profit	2,415	1,369	76%	3,120	(23%)	2,623
Net Profit	2,331	1,206	93%	3,025	(23%)	2,516

(All figures are in SAR mln)

- SABIC Agri-Nutrients reported revenues of SAR 4.4 bln for the quarter (up +100% Y/Y, down -23% Q/Q) and in-line with our estimates. The increase on yearly basis was attributed to higher sales volume and average product prices. Urea and Ammonia prices kept on rising, up by +33% Y/Y and +47% Y/Y, respectively.
- In 3Q2022, gross margins expanded to 62% versus 61% in the preceding quarter and 65% in 1Q2022. Gross profit went up by +77% Y/Y but was down -21% Q/Q to SAR 2.7 bln.
- During the quarter the company started the scheduled turn around for Albayroni plant. However, SABIC Agri-Nutrients also became the marketer for its own products, which in turn impacted the company's financial performance due to higher revenues and logistics costs as the management stated an increase in S&D expenses.
- Net profit came in at SAR 2.3 bln (+93% Y/Y, -23% Q/Q). The decline on a quarterly basis from SAR 3.0 bln in 2Q2022 was on the back of lower quantities sold and average product prices. Bottomline came in line with our SAR 2.5 bln estimates. We maintain our target price of SAR 160.00 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

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