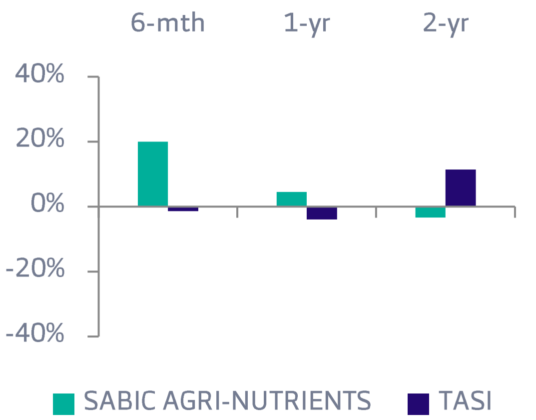
Wider Margins, Higher Cashflows

October 28, 2025

Upside to Target Price	(14.7%)	Rating	Neutral
Expected Dividend Yield	5.7%	Last Price	SAR 123.10
Expected Total Return	(9.0%)	12-mth target	SAR 105.00

Market Data	
52-week high/low	SAR 125.7 / 94.7
Market Cap	SAR 58,600 mln
Shares Outstanding	476 mln
Free-float	49.89%
12-month ADTV	552,194
Bloomberg Code	SAFCO AB



SABIC Agri-Nutrients	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	3,522	2,850	24%	3,287	7%	3,546
Gross Profit	1,443	1,072	35%	1,267	14%	1,419
Gross Margins	41%	38%		39%		40%
Operating Profit	1,224	790	55%	1,028	19%	1,126
Net Profit	1,290	827	56%	1,060	22%	1,175

(All figures are in SAR mln)

- SABIC AN reported a topline of SAR 3.5 bln vs. SAR 2.9 bln in 3Q24, a +24% Y/Y increase, driven by higher average prices (+26%), while we also note, that Q/Q results were driven by +14% increases in sales prices, not offset by lower quantities sold Q/Q (-6%). According to management, average sales prices in 3Q25 were up +26% Y/Y, which we note also runs parallel with Y/Y Argaam data, reflecting +39% Y/Y (Urea prices).
- In 3Q25, gross margins came in above our expectations at 41%, higher vs. 39% in the preceding quarter and higher than 38% last year. EBITDA performance improved, coming in at SAR 1,434 mln, representing a solid increase of +14% Q/Q and +42% Y/Y. These results were driven via higher average selling prices Q/Q and Y/Y. Management's commentary on 3Q25 and their market outlook, highlighted Chinese volumes as a key factor (export restrictions eased) that helped supply balance, while demand was supported by back-to-back government tenders in India and Africa. According to Argaam, 3Q25 average prices for Urea settled around USD 475/ton, higher than both 1Q25 and 2Q25.
- SABIC Agri-Nutrients produced net profit of SAR 1,290 mln in 3Q25 (+22% Q/Q, +56% Y/Y), in-line with our SAR 1,175 mln forecast, which also stayed tightly correlated through gross and operating profits. We also note, free cash flow generation during 3Q25 was SAR 1,677 mln, increasing +49% Y/Y and +77% Q/Q, roughly in-line with our expectations. Chinese export restrictions of Urea easing means that there will be greater supply in the market overall, leading us to believe that prices could be peaking this quarter; driving a muted 4Q25. We maintain our target price and rating for now, while noting a dividend yield and free cash flow level this high, will push us to evaluate a potential re-rate based upon the Company's current equity value.

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Disclaimer

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

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