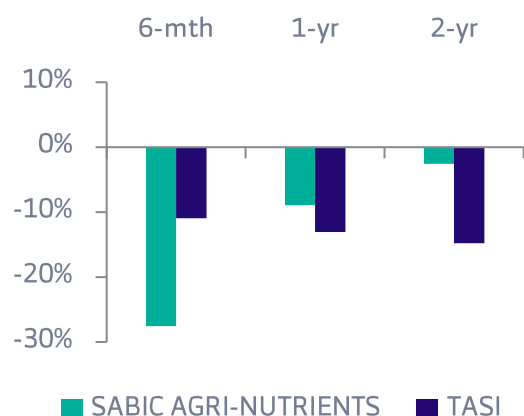


Market Data	
52-week high/low	SAR 159.3 / 108.3
Market Cap	SAR 52,269 mln
Shares Outstanding	476 mln
Free-float	49.89%
12-month ADTV	599,845
Bloomberg Code	SAFCO AB



■ Margins Down Again, Alternate Shipping Route Costs Bite

October 21, 2026

Upside to Target Price 9.3%
 Expected Dividend Yield 5.5%
 Expected Total Return 14.8%

Rating Neutral
 Last Price SAR 109.80
 12-mth target SAR 120.00

SABIC Agri-Nutrients	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Sales	3,220	3,522	(9%)	2,411	34%	2,404
Gross Profit	803	1,443	(44%)	712	13%	824
Gross Margins	25%	41%		30%		34%
Operating Profit	408	1,224	(67%)	423	(4%)	551
Net Profit	484	1,290	(62%)	379	28%	555

(All figures are in SAR mln)

- SABIC AN's topline fell -9% Y/Y and increased +34% Q/Q to SAR 3.2 bln, well above our SAR 2.4 bln estimate. Management attributes the Q/Q increase to maximizing sales volumes through the West Coast and the Y/Y decline to lower volumes from the Hormuz-related supply-chain disruption (volumes not directly disclosed). At our assumed blended realized price of roughly \$500/t (across products), implied volumes were ~1.7 mmt, around +75% Q/Q and close to 3Q25's 1.8 mmt, versus our ~1.25 mmt assumption. The west-coast adjustment delivered the volume recovery faster than we expected, via Yanbu, Rabigh, Neom and Jeddah shipping points, expanded West Hub warehousing and an east-to-west line of more than 25 transporters, as disclosed by management.
- Gross profit was SAR 803 mln (vs. SAR 712 mln in 2Q26), -44% Y/Y and +13% Q/Q, with gross margin at 25% versus our 34% estimate, 30% in 2Q26 and 41% in 3Q25. We note that sales +34% Q/Q added no fixed-cost absorption benefit because the cost of moving product west sits in cost of sales and in selling and distribution. Operating profit of SAR 408 mln (-67% Y/Y, -4% Q/Q) was -26% below our SAR 551 mln estimate. 3Q26 represents a mirror image of 2Q26: sales volumes returned, but it cost the margin to get there.
- Net profit was SAR 484 mln in 3Q26 (-62% Y/Y and +28% Q/Q), -13% below our SAR 555 mln estimate, with the deviation at the operating line and partly offset below it. Management expects urea prices to remain broadly stable in 4Q26 on restocking ahead of spring and a pause in Chinese exports, and names a sudden reopening of the Strait of Hormuz as a potential release of additional volumes. This is where the disruption now carries downside risk. Earlier in the cycle we noted that producers still able to ship could benefit from elevated prices; a disrupted Gulf keeps unit costs elevated while supporting prices, and a reopened Gulf normalizes costs while returning Gulf tons to the market. This is consistent with our prior view that the disruption could ultimately net out for some producers. Free cash flow of SAR 581 mln (-65% Y/Y) covers capex but we do not believe it can cover the prior SAR 7.00/share dividend, so we now assume SAR 6.00/share going forward. With volumes increasing at the cost of margins, we maintain our target price and our Neutral rating. We remain constructive on the 2H26 price path and deliberately cautious on 2027. Our Hormuz disruption scenario matrix and reassessment bar are unchanged.

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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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