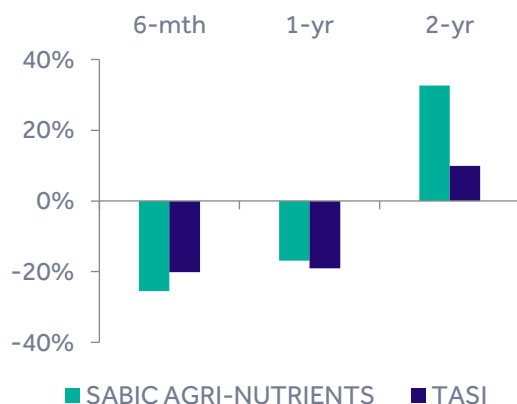


Market Data	
52-week high/low	SAR 202.4/121.2
Market Cap	SAR 60,552 mln
Shares Outstanding	476 mln
Free-float	49.90%
12-month ADTV	1,404,562
Bloomberg Code	SAFCO AB



## Stellar Y/Y Performance

February 27, 2023

Upside to Target Price	16.4%	Rating	Buy
Expected Dividend Yield	3.1%	Last Price	SAR 127.20
Expected Total Return	19.5%	12-mth target	SAR 148.00

SABIC Agri-Nutrients	4Q2022	4Q2021	Y/Y	3Q2022	Q/Q	RC Estimate
Sales	4,207	4,040	4%	4,417	(5%)	3,980
Gross Profit	1,942	3,191	(39%)	2,746	(29%)	2,367
Gross Margins	46%	79%		62%		60%
Operating Profit	2,188	2,993	(27%)	2,415	(9%)	1,990
Net Profit	2,169	2,764	(22%)	2,331	(7%)	1,911

(All figures are in SAR mln)

- For FY2022, SABIC Agri-Nutrients reported revenues of SAR 19.0 bln, +98% higher compared with 2021. For 4Q, SABIC Agri-Nutrients achieved revenues of SAR 4.2 bln, (up +4% Y/Y but down -5% Q/Q), in-line with our SAR 4.0 bln forecast. The strong growth in the revenue's Y/Y was led by higher volumetric sales, supported by higher product prices for the period. The decline on a quarterly basis was mainly attributed to lower average product prices since Urea and Ammonia start to normalize and fell by -8% Q/Q and -5% Q/Q, respectively.
- Gross margins contracted on a quarterly basis to 46% versus 79% last year and 62% in the preceding quarter. For 4Q, gross profit went down by -39% Y/Y and -29% Q/Q to SAR 1.9 bln. Net margins slightly decreased by -229 bps Q/Q to 51.6% this quarter.
- Management points to an increase in both general and administrative expenses as well as selling and distribution expenses. Also, Zakat provisions increased Y/Y on the back of higher sales revenues. It should be also noted that SABIC Agri-Nutrients is working to complete the acquisition of a 49% stake in ETG Inputs Holdco Ltd. The financial impact of the transaction is likely to appear during the first half of 2023.
- Bottom-line went up by +92% Y/Y to SAR 10.0 bln in 2022. On a quarterly basis, SABIC Agri-Nutrients delivered a bottom-line of SAR 2.2 bln this quarter (-22% Y/Y, -7% Q/Q). Net profit beat our forecast of SAR 1.9 bln and market consensus by +14.5%. This emanates from strong sales volumes.
- For 2H2022, the Company announced a cash dividend of SAR 8 per share, due to the outstanding performance as compared to SAR 4 per share in 1H2022. We reduce our target price on lower Urea prices to SAR 148.00 but upgrade to Buy rating.

Ghadah A. Bin Ekresh  
ghadah.bin.aekresh@riyadcapital.com  
+966-11-203-6812

## ■ 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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