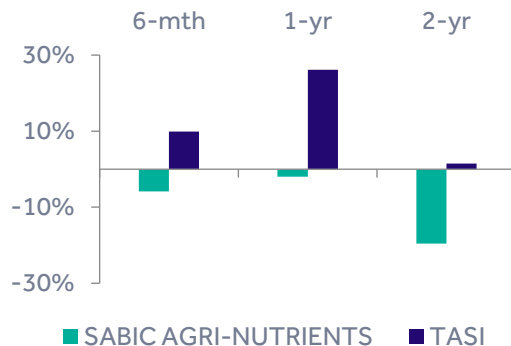


| Market Data | |
|--------------------|-------------------|
| 52-week high/low | SAR 148.2 / 123.8 |
| Market Cap | SAR 59,600 mln |
| Shares Outstanding | 476 mln |
| Free-float | 49.90% |
| 12-month ADTV | 790,296 |
| Bloomberg Code | SAFCO AB |



■ Topline & Gross Profits Expand Q/Q

March 04, 2024

| | | | |
|-------------------------|-------|---------------|------------|
| Upside to Target Price | 7.8% | Rating | Neutral |
| Expected Dividend Yield | 4.8% | Last Price | SAR 125.20 |
| Expected Total Return | 12.6% | 12-mth target | SAR 135.00 |

| SABIC Agri-Nutrients | 4Q2023 | 4Q2022 | Y/Y | 3Q2023 | Q/Q | RC Estimate |
|----------------------|--------|--------|-------|--------|------|-------------|
| Sales | 2,972 | 4,206 | (29%) | 2,672 | 11% | 2,276 |
| Gross Profit | 1,303 | 1,942 | (33%) | 1,226 | 6% | 1,070 |
| Gross Margins | 44% | 46% | | 46% | | 47% |
| Operating Profit | 1,020 | 2,183 | (53%) | 1,009 | 1% | 874 |
| Net Profit | 978 | 2,168 | (55%) | 1,049 | (7%) | 868 |

(All figures are in SAR mln)

- The continued increase of fertilizer prices YTD will support higher revenues moving forward, but we also recognize that average pricing in FY2023 when compared to FY2022 was a key driver in lower results Y/Y; with FY2023 topline sales of SAR 11.0 bln vs. SAR 18.9 bln in FY2022, a -42% Y/Y decrease. Softer fertilizer prices also continued to drag SABIC Agri-Nutrient's quarterly revenues in 4Q23, which came in at SAR 2.9 bln, up +11% Q/Q, but down -29% Y/Y. According to management, quarterly average sales prices in 4Q23 were down -33% Y/Y. These prices also hold a significantly higher impact, as lower prices were not offset by a +5% Y/Y increase in sales volumes. This volatile relationship caused 4Q23 sales results to deviate from our estimates.
- In 4Q23, gross margins came in below our expectations, at 44% vs. 46% in the preceding quarter and 46% last year. While quarterly EBITDA also improved, coming in at SAR 1,266 mln, representing an increase of +2% Q/Q and driven by higher average selling prices, this still represents a -47% decrease Y/Y. Management's commentary on demand in 1Q24 is optimistic, with major importers requiring stock replenishment, which should shift focus to inventory delivery, instead of waiting for better prices. According to Argaam, as of this week Urea prices have settled around USD 385/ton, which we expect will improve SABIC Agri-Nutrient's 1Q24 revenues, gross margins, and EBITDA.
- SABIC Agri-Nutrients produced net profit of SAR 978 mln in 4Q23 (-7% Q/Q, -55% Y/Y), higher than our conservative SAR 868 mln forecast, which deviated via higher quarterly gross profits (+6% Q/Q) and lower performance of an associate (-53% Y/Y). SABIC Agri-Nutrients' Annual results continue to provide a 'reality-check' when measuring overall performance, investors should still monitor commodity prices for potential upside in 2024; given our current outlook for 2024 fertilizer prices. Muted performance in FY23 vs. FY22 and commodity price volatility (Urea) lowers our short-term optimism, as a response we trim our target price and maintain our 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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