

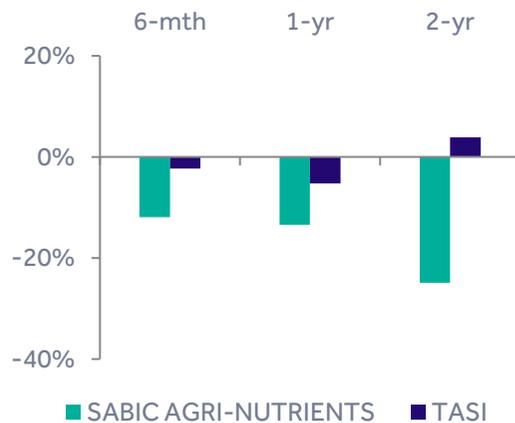
■ Lower Margins Y/Y Observed While Free Cash Flow Falls Faster April 30, 2025

Upside to Target Price	4.8%	Rating	Neutral
Expected Dividend Yield	6.0%	Last Price	SAR 100.20
Expected Total Return	10.8%	12-mth target	SAR 105.00

Market Data	
52-week high/low	SAR 122.6 / 96.5
Market Cap	SAR 47,699 mln
Shares Outstanding	476 mln
Free-float	49.89%
12-month ADTV	488,492
Bloomberg Code	SAFCO AB

SABIC Agri-Nutrients	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	3,074	2,517	22%	3,018	2%	3,106
Gross Profit	1,165	988	18%	1,113	5%	1,094
Gross Margins	38%	39%		37%		35%
Operating Profit	857	773	11%	844	2%	841
Net Profit	985	841	17%	954	3%	877

(All figures are in SAR mln)



- SABIC AN reported a topline of SAR 3.1 bln vs. SAR 2.5 bln in 1Q24, a +22% Y/Y increase, driven by higher sales volumes (+18%), while quantities sold Q/Q decreased by -2%. According to management, average sales prices in 1Q25 were up +3% Y/Y, which was parallel with Q/Q price movements, as average selling prices increased +4% Q/Q. Our estimates for volume and pricing remain in-line.
- In 1Q25, gross margins came in above our expectations at 38%, higher vs. 37% in the preceding quarter and lower than 39% last year. EBITDA performance wavered, coming in at SAR 1,080 mln, representing a slight decrease of -1% Q/Q and an expected increase of +12% Y/Y. These results were driven via higher average selling prices Q/Q and Y/Y, while increases in feedstock costs were an obvious limitation (Methane). Management's commentary on 1Q25 reiterated Chinese sales restrictions of Urea, while also touching on restocking for key import destinations, as key demand and supply drivers. According to Argaam, 1Q25 average prices for Urea settled around USD 403/ton, which is a very notable price point considering that the last time in recent history that Urea traded above USD 400/ton was in 4Q22 (USD 575/ton). These prices in 2022 came during severe supply disruptions driven by the conflict in Ukraine, a market pricing anomaly. We also note, that average Ammonia prices during the quarter reached USD 381/ton, are +11% higher Y/Y, but moved -12% lower Q/Q.
- SABIC Agri-Nutrients produced net profit of SAR 985 mln in 1Q25 (+3% Q/Q, +17% Y/Y), above our SAR 877 mln forecast, which also stayed tightly correlated through gross and operating profits. We also note, free cash flow generation during 1Q25 was SAR 643 mln, down -41% Y/Y and -34% Q/Q; which supports our cautious sentiment, despite gross margins coming in above our estimate. Chinese export restrictions of Urea appear to be maintained, as these restrictions, along with year-end-weighted seasonal lift in prices, could both change suddenly, we lower our target price and maintain our 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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