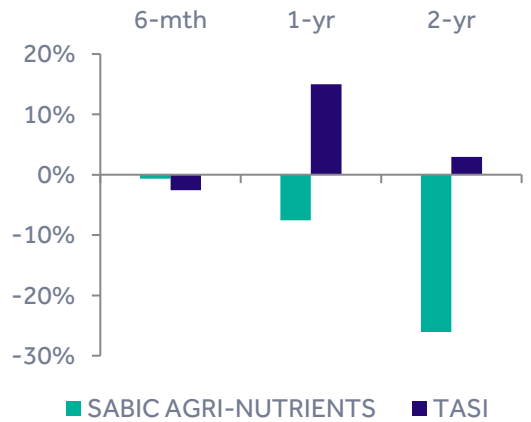


Market Data	
52-week high/low	SAR 142.6 / 106.0
Market Cap	SAR 56,077 mln
Shares Outstanding	476 mln
Free-float	49.89%
12-month ADTV	574,426
Bloomberg Code	SAFCO AB



■ Less Profitable Restocking Season

October 29, 2024

Upside to Target Price	6.1%	Rating	Neutral
Expected Dividend Yield	5.1%	Last Price	SAR 117.80
Expected Total Return	11.2%	12-mth target	SAR 125.00

SABIC Agri-Nutrients	3Q2024	3Q2023	Y/Y	2Q2024	Q/Q	RC Estimate
Sales	2,850	2,672	7%	2,676	7%	2,822
Gross Profit	1,072	1,226	(13%)	902	19%	1,029
Gross Margins	38%	46%		34%		36%
Operating Profit	790	1,009	(22%)	678	17%	767
Net Profit	827	1,041	(21%)	705	17%	838

(All figures are in SAR mln)

- SABIC AN reported a topline of SAR 2.9 bln vs. SAR 2.7 bln in 3Q23, a +7% Y/Y increase, driven by higher sales volumes (+5%), despite the increase in cost of goods sold Y/Y. According to management, quarterly average sales prices in 3Q24 were up +11% Y/Y, which were not offset by the slightly lower sales volumes Q/Q, down -4% Q/Q. Notably, our estimates for volume and prices were in-line.
- In 3Q24, gross margins came in above our expectations, at 38% vs. 34% in the preceding quarter and 46% last year. EBITDA performance was strong, coming in at SAR 1,013 mln, representing an increase of +10% Q/Q and +35% Y/Y, respectively. These results were driven via higher average selling prices Q/Q, while alternatively, we estimate the driver of Y/Y performance was higher sales volumes. Management's commentary on 3Q24 was cautiously optimistic, as Chinese sales restrictions of Urea continued, with India failing to secure 2 Urea tenders in the quarter; either scenario changing, could drive prices higher or lower. According to Argam, 3Q24 average prices for Urea settled around USD 342/ton, but we also note that Urea traded around USD 308/ton in 2Q24, which we expect, if maintained, will drive similar performance in 4Q24 revenues, margins, and EBITDA. We also note that Ammonia prices are higher +21% Y/Y and +20% Q/Q (USD 372/ton) in 3Q24.
- SABIC Agri-Nutrients produced net profit of SAR 827 mln in 3Q24 (+17% Q/Q, -21% Y/Y), in-line with our SAR 838 mln forecast, which also stayed tightly correlated through gross and operating profits. We also note, that our expectations for the demand environment were also in-line with results, driven by a Q/Q rebound in product pricing (up from 2Q24 prices). As previously stated in our last report, we suspect our uncertain outlook could be too conservative. However, we still remain cautious regarding Chinese export restrictions of Urea, as these restrictions, along with year-end-weighted seasonal lift in prices, could reverse. We maintain our rating and target price.

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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](mailto:research@riyadcapital.com)

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