

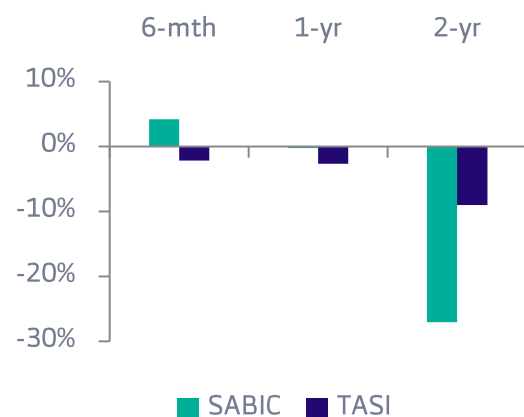
Subsidiary Strain Absorbed at the Parent; Agri Expansion Long Overdue **May 4, 2026**

Upside to Target Price	(2.0%)	Rating	Neutral
Expected Dividend Yield	4.9%	Last Price	SAR 61.25
Expected Total Return	2.9%	12-mth target	SAR 60.00

Market Data	
52-week high/low	SAR 64.0 / 48.2
Market Cap	SAR 187,750 mln
Shares Outstanding	3,000 mln
Free-float	30.00%
12-month ADTV	1,790,970
Bloomberg Code	SABIC AB

SABIC	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Sales	26.15	29.27	(11%)	27.95	(6%)	24.30
Gross Profit	5.13	5.04	2%	3.87	33%	4.30
Gross Margins	20%	17%		14%		18%
Operating Profit	1.45	0.30	383%	(0.88)	-	0.75
Net Profit	0.01	(1.21)	-	(20.94)	-	(0.47)

(All figures are in SAR bln)



- SABIC reported a topline of SAR 26.15 bln (-11% Y/Y and -6% Q/Q), higher than our estimate of SAR 24.30 bln. Management commented on profitability during the quarter, stating that the EBITDA received a +36% lift Q/Q from 4Q25, which is not surprising given some of the tailwinds in the beginning of 1Q2026; such as the EU/Americas transaction, strong nitrogen fertilizer pricing, and lower prices of LPG feedstocks. We also note that gross margins increased by over +600 bps, in-line with our expectations. The Petrochemicals segment (83% of revenues and 57% of EBITDA) revenue decreased -7% Q/Q, AgriNutrients (10% of revenues and 33% of EBITDA) revenue also decreased -7% Q/Q, and Specialties (6% of revenues and 11% of EBITDA) grew almost +1% Q/Q.
- Separately, management received Ministry of Energy feedstock allocation approval to expand urea capacity by up to 54%, which we view as a logical and overdue step. AgriNutrients delivers ~33% of group EBITDA on just 10% of revenue, and the structural backdrop, gas-short producers (e.g., Bangladesh) progressively exiting domestic fertilizer output, with global urea pricing well-supported, only reinforces Saudi's feedstock-cost moat. In our view, the urea expansion is accretive, and aligned with SABIC's portfolio optimization agenda.
- SABIC reported net profit of SAR 0.01 bln, a strong reversal of losses both Y/Y and Q/Q, deviating from our more conservative estimate, mostly because we had accounted for residual fair value adjustments on the EP and ETP carve-outs, which had been flagged as incomplete at year-end 2025 but were ultimately not recognized in the quarter. Within the petrochemicals segment, however, subsidiary Kayan's separately-reported 1Q26 numbers show a ~SAR 489 mln Y/Y finished-goods inventory build alongside flat gross margins (-19.1% vs -18.9%) – suggesting March demand softened materially as the early-quarter butane tailwind faded, and tempering our conviction on the durability of the petrochemicals' recovery. We maintain our target price and 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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