

February 20, 2025

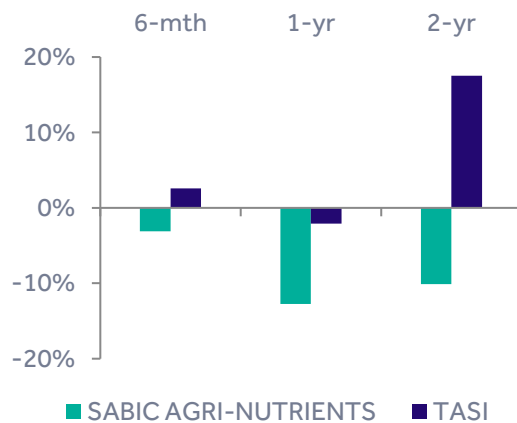
Quarterly Improvement – Prices Still Lower Y/Y

Upside to Target Price	5.6%	Rating	Neutral
Expected Dividend Yield	5.3%	Last Price	SAR 113.60
Expected Total Return	10.9%	12-mth target	SAR 120.00

Market Data	
52-week high/low	SAR 129.4 / 106.0
Market Cap	SAR 54,078 mln
Shares Outstanding	476 mln
Free-float	49.89%
12-month ADTV	533,875
Bloomberg Code	SAFCO AB

SABIC Agri-Nutrients	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Sales	3,017	2,972	2%	2,850	6%	2,805
Gross Profit	1,114	1,303	(15%)	1,072	4%	1,101
Gross Margins	37%	44%		38%		39%
Operating Profit	850	1,020	(17%)	790	8%	836
Net Profit	954	978	(2%)	827	15%	855

(All figures are in SAR mln)



- SABIC AN reported a topline of SAR 3.0 bln vs. SAR 2.9 bln in 4Q23, a +2% Y/Y increase, which was driven by seasonal demand patterns, and increasing sequential prices, as supply disruptions from key markets, such as Iran and China, lowered market supply. We also note, the annual topline results for 2024 (+0.3% Y/Y), were driven by higher sales volumes (+3%), despite the decrease in observed prices (-3% Y/Y).
- In 4Q24, gross margins came in below our expectations, at 37% vs. 38% in the preceding quarter and 44% last year. These margins for 4Q24, translated into higher EBITDA Q/Q, which came in at SAR 1,088 mln, up +7% Q/Q and down -14% Y/Y. On an annual basis, EBITDA performance fell -13% Y/Y, to SAR 3,985 mln, down from SAR 4,579 mln. Management's commentary on 4Q24 had shifted from previous quarters, becoming more optimistic, as Chinese sales restrictions continued, seasonal trade patterns offered support, and winter gas market tightness in Iran and Europe, also supported demand. According to Argam, 4Q24 average prices for Urea settled around USD 356/ton, up from USD 342/ton in 3Q24. However, Urea traded around USD 363/ton in 4Q23, higher than this year, which we expected would drive lower results; which is also in-line with management's commentary; that pricing was a key driver of lower Y/Y results. We also note, that Ammonia prices were also lower by -19% Y/Y, but higher +16% Q/Q, (USD 432/ton) in 4Q24.
- SABIC Agri-Nutrients produced a net profit of SAR 954 mln in 4Q24 (+15% Q/Q, -2% Y/Y), a rare deviation from our SAR 855 mln forecast, most likely driven by a large variation in non-controlling interest performance. With our expectations for the demand environment and pricing in-line, this quarter was not surprising. Management's bullish commentary does support our optimism on fertilizers. However, we maintain our cautious view on Chinese export restrictions of Urea, as these restrictions, along with year-end-weighted seasonal lift in prices, could reverse. Until we have more visibility regarding supply disruptions, we slightly 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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