

## Agri-Nutrients Holds Up - Petchem Is Under Review

March 2, 2025

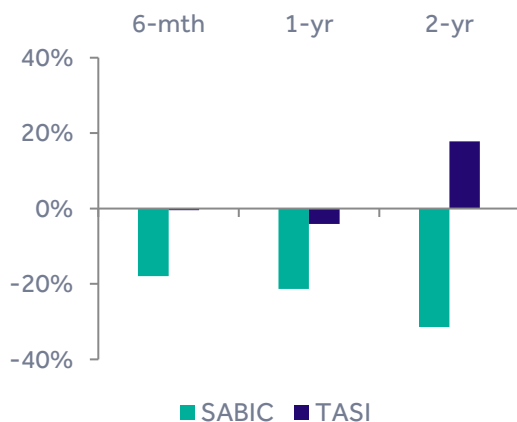
Upside to Target Price	5.2%	Rating	Neutral
Expected Dividend Yield	5.5%	Last Price	SAR 61.80
Expected Total Return	10.7%	12-mth target	SAR 65.00

Market Data	
52-week high/low	SAR 89.0 / 60.3
Market Cap	SAR 185,400 mln
Shares Outstanding	3,000 mln
Free-float	30.00%
12-month ADTV	1,773,120
Bloomberg Code	SABIC AB

SABIC	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Sales	34.70	35.03	(1%)	36.88	(6%)	34.21
Gross Profit	5.56	4.32	29%	7.00	(21%)	6.14
Gross Margins	16%	12%		19%		18%
Operating Profit	(0.05)	(1.36)	(96%)	2.48	-	2.13
Net Profit	(1.89)	(1.73)	(9%)	1.00	-	0.99

(All figures are in SAR bln)

- SABIC reported a topline of SAR 34.70 bln (-1% Y/Y and -6% Q/Q), in-line with our SAR 34.21 bln estimate. Management commented on annual revenues for 2024, stating the decrease of -1% Y/Y was driven by lower sales in Chemicals; not offset by higher sales of Polymers. KPIs which influenced these results, were lower sales volumes, dropping -2% Y/Y, which were not offset by +1% Y/Y increase in average selling prices. SABIC's Petrochemicals segment (91% of revenues and 69% of EBITDA) revenue decreased -7% Q/Q, driven by lower sales prices in key products, such as MTBE, PE, and PP. While the Agri-Nutrient segment (9% of revenues and 31% of EBITDA) performed strong last quarter in comparison to 2Q24, in 4Q24, revenue further increased by +9% Q/Q, on the back of greater Urea prices, which were driven by supply disruptions. We also note, this supply tightness of Urea has been influenced by Chinese Urea export restrictions and lower supply of fertilizer products from Iran, coupled with seasonal inventory purchases.
- SABIC's operating loss in 4Q24 was SAR (0.05) bln, a significant drop Q/Q, but decreased 96% Y/Y. We believe this is driven by the lower sequential margins Q/Q, which were lower by more than -290 bps, despite being higher Y/Y by over +350 bps.
- SABIC reported a net loss of SAR (1.89) bln, down -9% Y/Y and also erased its previous profits when compared sequentially. This is most likely driven by an impairment that SABIC took from a non-integral joint venture; management stated the impairment was for roughly USD\$ 311 mln on their 4Q24 earnings conference call. Management also stated that given the current market environment, SABIC has launched a strategic review of their international business within the Petrochemicals and Specialties Business Unit. This review will also be executed in parallel with a comprehensive review of the Company's cost structure, in order to remain competitive and potentially enhance SABIC's business model. We view this as a positive sign; however, we also interpret this as a leading indicator, which should be cautionary. We maintain our rating and trim our target price.



**Brennan Eatough**  
 brennan.eatough@riyadcapital.com  
 +966-11-203-6808

## ■ 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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