Daily Bulletin

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SABIC Agri-Nutrients: 2Q26 net profit drops 64% YoY on margin pressure

Last Price: SAR 122.7 | Consensus Target Price: SAR 151.1 | YoY Performance: 5.2%

SABIC Agri-Nutrients reported 2Q26 net income of SAR 379 mn, down 64% YoY and significantly below the consensus estimate of SAR 865 mn, down by 56%. The decline was driven by lower quantities sold amid supply-chain challenges and a lower share of results from an associate and a joint venture, partly offset by higher average selling prices across most of the company's products. Alongside the result, the board approved an interim cash dividend of SAR 3.5/share for 1H26.

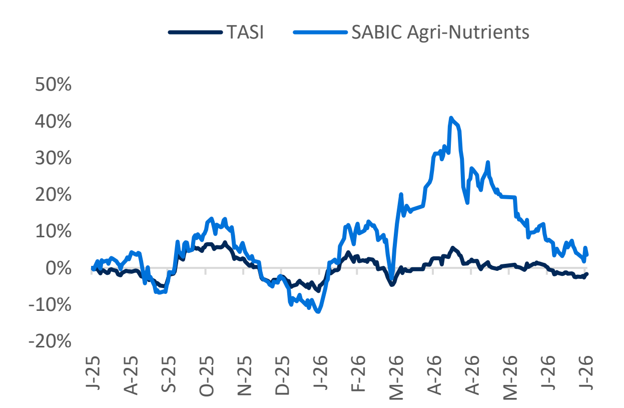
Revenue for the quarter came in at SAR 2,411 mn, down 27% YoY and 16% QoQ, exceeding consensus estimate of SAR 2,266 mn by 6%. Lower sold volumes on the back of supply-chain disruption were partly cushioned by higher average selling prices for most of the company's products. The gross margin dropped to 30% from 39% in 2Q25 and 48% in 1Q26. Operating profit declined 59% YoY to SAR 423 mn, taking the operating margin to 18% from 31%. EBITDA of SAR 618 mn was down 51% YoY and 55% QoQ, implying an EBITDA margin of 26% versus 38% a year earlier.

Fertilizer prices peaked early in the quarter as importers rushed to replace Middle East supply disrupted by the conflict, while outages in natural gas, ammonia, and sulphur feedstocks constrained global nitrogen and phosphate production. Prices eased toward the end of the quarter as the initial demand surge subsided and supply conditions improved following China's export quota announcement, bringing urea prices back to pre-crisis levels. However, phosphate prices remained elevated due to persistently high input costs.

Management expects urea demand to improve as prices normalize, supporting a more stable market in 3Q26. Improved product availability and increased competition among suppliers are likely to prevent prices from returning to the elevated levels seen in 2Q26. Global trade is also expected to stabilize as importers rebuild inventories ahead of the winter planting season.

SABIC Agri-Nutrients has increased 5.2% YoY, outperforming TASI, which declined 1.6% during the same period. The stock is currently trading at a 2026e P/E of 11.9x, with a consensus target price of SAR 151.1/sh, implying an upside of 23.1%.

Relative price chart



Source: Tadawul, anbc research

SABIC Agri-Nutrients financials (SAR mn)

	2Q26	2Q25	YoY (%)	1Q26	QoQ (%)	Consensus	Var. (%)
Revenue	2,411	3,287	(27)	2,874	(16)	2,266	6
COGS	1,699	2,020	(16)	1,505	13	1,244	37
Gross profit	**712**	**1,267**	**(44)**	**1,369**	**(48)**	**1,022**	**(30)**
Gross margin (%)	30	39		48		45	
Operating exp.	289	239	21	201	44	234	23
Operating profit	**423**	**1,028**	**(59)**	**1,168**	**(64)**	**788**	**(46)**
Opt. margin (%)	18	31		41		35	
Net income	**379**	**1,060**	**(64)**	**1,227**	**(69)**	**865**	**(56)**
Net margin (%)	16	32		43		38	
EPS	***0.8***	***2.2***		***2.6***		***2.1***	

Source: Company financials, anbc research

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