

Special Report

Tight Supply and Steady Demand to Benefit Leading Urea Producers



Urea Prices Have Rallied Sharply Over the Past Year

- Urea prices have surged globally over the past year, driven by elevated energy costs, restricted exports from China and Iran, and a recovery in crop prices.
- Middle East urea spot prices are 40% higher than the five-year average price before the Russia-Ukraine war, reflecting sustained supply-demand imbalances.
- Prices are expected to remain firm due to ongoing supply constraints and steady demand, benefiting companies with large-scale production and export capabilities.

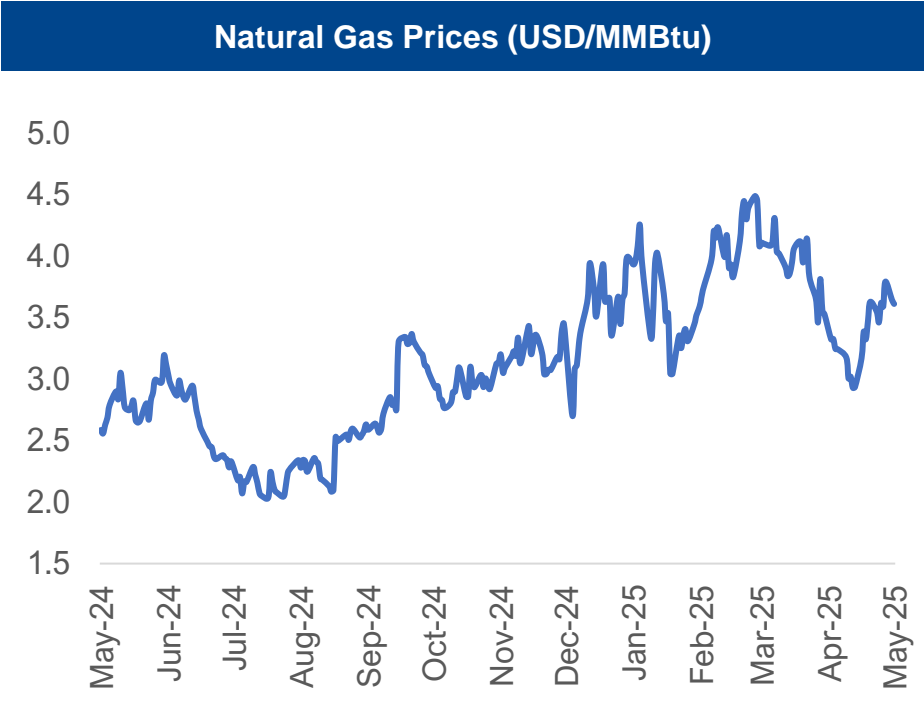
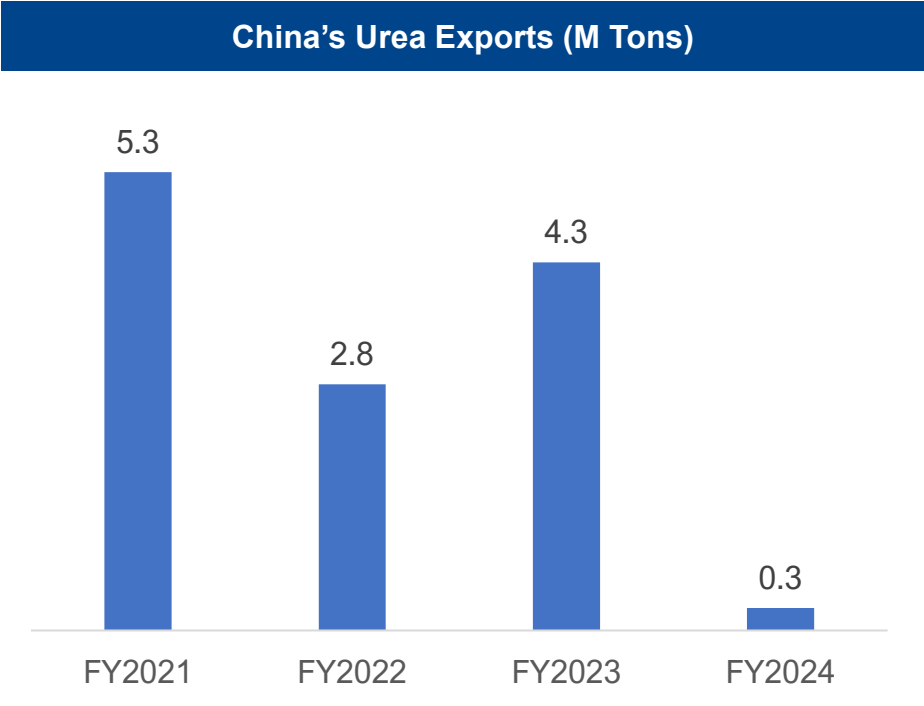
Urea Granular FOB Middle East Price (USD/t)



Source: Bloomberg, Aranca Research

Supply Constraints Amplified by China Export Curbs & Energy Cost Inflation

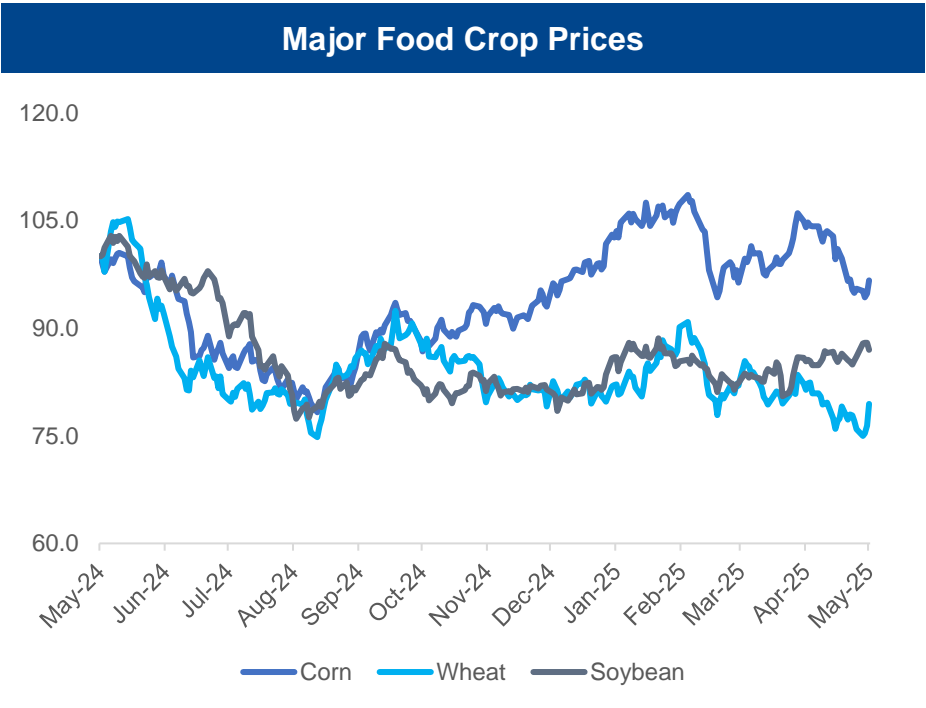
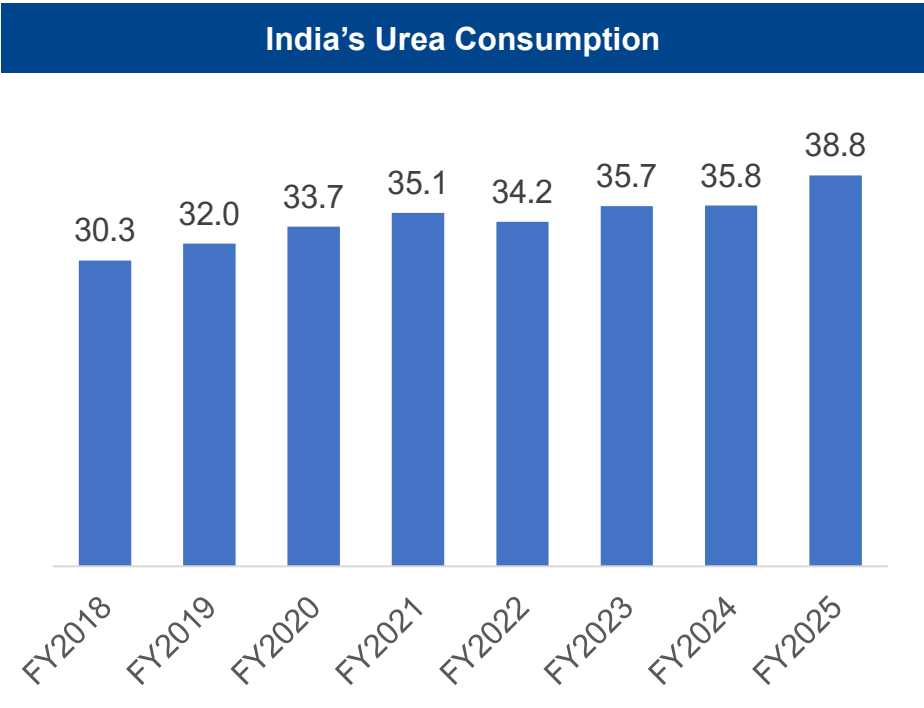
- China, which typically accounts for about a third of global urea production and is a major exporter, slashed urea exports by ~94% y/y to 0.26 million tons in 2024, as the government prioritized domestic supply amid increasing rising prices and energy rationing.
- Natural gas, the predominant feedstock for urea production was a key influencer in driving the prices up due to colder-than-expected weather and geopolitical events.
- EU gas prices surged 65% y/y in Q1 25, while Egypt faced disruptions in natural gas supply.



Source: IMF, Bloomberg, Aranca Research

Persistent Demand Meets Global Supply Uncertainty

- India’s urea demand remains robust and continues to rise steadily, reaching 38.8 million tons in FY2025 (vs. 30.3 million tons in FY2018). Despite capacity expansion, India will remain structurally dependent on imports to meet growing consumption.
- Meanwhile, Chinese export outlook remains uncertain, with domestic policy priorities likely to curb outbound shipments.
- Global crop dynamics are further intensifying demand, with the U.S. Department of Agriculture projecting corn year-ending stocks to hit 12-year lows in 2025–26, reinforcing the need for higher nutrient application to sustain yields.



Source: Gol, Bloomberg, Aranca Research

Urea Manufacturers Positioned for Upside

- The forward P/E ratios of listed urea manufacturers for FY25E range from 6.9x to 25.4x, with a median of 12.8x.
- Egypt-based Abu Qir Fertilizers is trading at the highest discount to the peers' median, while UAE-based Fertiglobe is trading at the highest premium.
- In terms of FY25E EV/EBITDA valuation, Norway's Yara International is trading at the highest discount compared to the peers' median, while Netherland's OCI is trading at the highest premium.

Company	Country	Market Cap (USD m)	P/E		EV/EBITDA	
			FY25E	FY26E	FY25E	FY26E
Nutrien	Canada	27,794	14.4x	14.0x	7.5x	7.5x
Industries Qatar	Qatar	20,192	17.6x	13.8x	15.2x	13.5x
CF Industries	United States	13,928	12.0x	14.3x	7.5x	8.3x
SABIC Agri-Nutrients	Saudi Arabia	12,514	13.7x	13.8x	8.6x	8.6x
Yara International	Norway	8,596	9.6x	10.5x	5.2x	5.3x
Fertiglobe	United Arab Emirates	5,535	25.4x	21.0x	8.3x	8.1x
OCI	Netherlands	1,784	NM	25.6x	20.6x	5.5x
Misr Fertilizers Production	Egypt	1,584	8.4x	8.0x	4.7x	4.9x
Abu Qir Fertilizers	Egypt	1,310	6.9x	5.6x	5.5x	3.6x
MEDIAN			12.8x	13.8x	7.5x	7.5x

* Data as of May 15, 2025

Source: S&P Capital IQ, Aranca Research



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