Nutrichemâ??s profitability rebounds as core earnings rise 406% in H1

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China agrochemical company sees profitability improve across domestic and export markets despite lower revenue and foreign-exchange pressures

Nutrichem Company Limited delivered a sharp improvement in underlying profitability during the first half of 2026, with core net profit surging more than fourfold as stronger margins, a higher-value product mix and operational improvements offset a modest decline in revenue.

Revenue for the six months ended June 30 fell 3.36 per cent year-on-year to RMB 2.76 billion. However, net profit attributable to shareholders excluding non-recurring items increased 405.66 per cent to RMB 5.02 million, marking a significant recovery from the weak base recorded a year earlier.

Gross margin increased by 1.61 percentage points to 14.19 per cent, while operating profit climbed 12.48 per cent to RMB 42.24 million. The results point to improving underlying business quality even as reported earnings remained under pressure from foreign-exchange movements and other non-operating factors.

Core performance diverges from reported profit

Nutrichem's reported net profit fell 62.62 per cent to RMB 5.72 million, creating a significant divergence between headline earnings and underlying operating performance. Foreign-exchange volatility was a major factor. Financial expenses rose 49.43 per cent to RMB 104.58 million, largely reflecting losses associated with movements in the renminbi against the US dollar. The company also recorded RMB 7.94 million in fair-value losses on financial derivatives, compared with a gain of RMB 1.18 million in the first half of 2025.

In addition, the previous year benefited from gains associated with asset disposals, creating a tougher comparison for the current reporting period. Together, these factors masked the improvement in Nutrichem's core operations.

Higher-value products gain ground

The company continued to shift its business towards proprietary agrochemical products and other higher-margin activities. Proprietary agrochemical products generated RMB 2.42 billion in revenue, representing approximately 89 per cent of core revenue. Gross margin for the segment rose 1.91 percentage points to 13.90 per cent.

Trading activities contributed RMB 260.27 million, equivalent to roughly 9.6 per cent of core revenue. Although the segment remained important to the business, its gross margin was significantly lower at 6.79 per cent . Technical advisory services represented a smaller but more profitable business. Revenue rose 15.33 per cent year-on-year to RMB 40.50 million, while gross margin reached 55.54 per cent.

The changing mix indicates that Nutrichem is increasingly focusing on proprietary products and specialist services rather than relying as heavily on lower-margin trading activities.

Domestic and export businesses both improve margins

Nutrichem's geographic revenue profile also became more balanced during the first half. Domestic sales reached RMB 1.44 billion, accounting for approximately 52.8 per cent of core revenue, while exports contributed RMB 1.29 billion, or around 47.2 per cent.

More importantly, margins improved in both markets. Domestic gross margin increased 1.81 percentage points to 14.48 per cent, while export gross margin rose 1.36 percentage points to 13.85 per cent. The simultaneous improvement suggests that the company's margin recovery is not dependent on a single geographic market and reflects broader improvements in product mix and operating efficiency.

Expanding global registration footprint

Nutrichem continued to strengthen its international market access during the period. As of June 30, the company held 1,423 overseas registrations, including 236 proprietary registrations. In China, it held 428 pesticide registration certificates, including 159 covering technical-grade active ingredients. The breadth of its registration portfolio provides Nutrichem with a platform for expanding its proprietary agrochemical products across multiple markets and crop-protection segments.

Its investment in US-based Albaugh also contributed to earnings. Albaugh generated revenue of approximately RMB 8.01 billion and net profit of RMB 120 million during the period. Nutrichem's investment income increased 46.98 per cent year-on-year to RMB 30.50 million, supported by the performance of its investee company.

Capacity investments remain focused on competitiveness

Nutrichem is continuing to invest in production capacity and technology upgrades despite the challenging market environment. Construction-in-progress assets reached RMB 603.46 million at the end of June, an increase of 11.59 per cent from the end of 2025.

A significant portion of the investment is directed towards technology upgrades and capacity relocation intended to improve production efficiency and strengthen the competitiveness of the company's product portfolio. The relocation and upgrading project covering 15,200 tonnes of agrochemical active ingredients and intermediates was 65.05 per cent complete.

The second phase of a new active-ingredient capacity expansion project reached 57.93 per cent completion, with part of the investment already transferred to fixed assets. A separate second-plant project was 43.65 per cent complete at the end of the reporting period.

Debt profile undergoes restructuring

Alongside capacity investment, Nutrichem is adjusting the structure of its borrowings. Long-term borrowings increased 11.63 per cent from the end of 2025 to RMB 946.06 million, while short-term borrowings declined 4.38 per cent to RMB 2.29 billion.

The shift towards longer-term financing is aimed at improving the maturity profile of the company's debt and aligning financing more closely with its ongoing capital-investment programme.

Portfolio rationalisation continues

Nutrichem is also addressing weaker parts of its legacy asset base. Shandong Fuer, the subsidiary responsible for the company's intermediate chemicals business, reported a net loss of RMB 27.73 million during the first half. The loss was broadly unchanged from the previous year, suggesting that the business has moved towards greater operational stability but remains a drag on overall performance.

The company also dissolved two subsidiaries, Shandong Fusheng Chemical Technology Co., Ltd. and Huapont Holding Hong Kong Limited, as part of efforts to simplify its corporate structure and improve asset efficiency.

Profitability recovery takes centre stage

Nutrichem's first-half results highlight a business undergoing a gradual shift from volume-driven growth towards margin and portfolio quality. Although revenue declined and reported net profit was affected by foreign-exchange losses and other non-operating items, operating profit increased and core earnings recovered sharply.

Higher-margin proprietary products, stronger domestic and export margins, expanding registration coverage, improved investment income and ongoing capacity upgrades are collectively reshaping the company's earnings profile. The challenge for Nutrichem in the second half will be to sustain those operational gains while managing currency volatility, financing costs and the investment requirements associated with its capacity expansion.