

Yanbu National Petrochemical Co. (YANSAB) - 3Q22 Result Review

Date: 27-Oct-22

Recommendation:

Under Review

Fair Value (SAR): 65.40

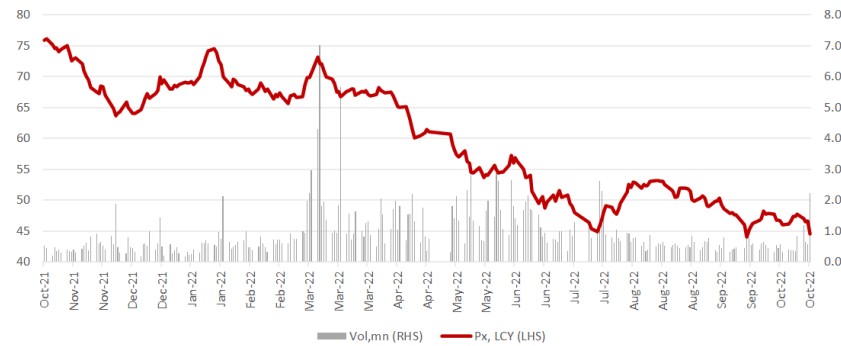
Previous Reco. and Date:

Hold on 23-Jan-22

Upside / (Downside): 46.8%

Analyst: Ayisha Zia

Bloomberg Ticker	YANSAB:AB
Current Market Price (SAR)	44.55
52wk High / Low (SAR)	76.1 / 44
12m Average Vol. (mn)	0.94
Mkt.Cap. (SAR bn)	29.9
Shares Outstanding (mn)	563
Free Float (%)	49.0%
3m Avg Daily Turnover (SAR mn)	29.7
6m Average Daily Turnover (SAR mn)	49.0
PE 2023e (x)	13.5x
EV/EBITDA 2023e (x)	7.0x
Dividend Yield '23e (%)	7.7%
Price Perf. (1m/3m) (%)	-1.4 / -8.3



Topline remains under pressure due to a fall in the price of products sold

Revenue in 3Q22 stood at SAR 1,595.4 mn, down by 10.4% YoY (-22.6% QoQ) due to a fall in average sales price for all of the products despite higher production and sales volume.

The average sales price of the products sold was reduced by 30% YoY and 23% QoQ whereas the sales volume increased by 11% YoY and 17% QoQ.

The dual impact from the lower end product and higher feedstock prices impacted the profitability; net profit below our estimate by 124.3%

Yansab's 3Q22 net income fell by 133.9% YoY to SAR -61.0 mn (-121.1% QoQ). The fall in net profit can be attributed mainly to the feedstock price increase and reduced end-product prices.

Higher shipment costs also impacted profitability.

EBITDA margin for the quarter stood low at 15.5% compared to 30.3% in 3Q21. EBITDA margin in 2Q22 stood at 29.6%

Free cash flow during the 9M22 reduced by 23.8% YoY to SAR 1,290 mn compared to SAR 1,692 mn during 9M21.

Income Statement

(SAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	3Q22e	YoY (%)	QoQ (%)	Var (%)	9M21	9M22	YoY (%)
Sales	1,723.0	1,983.0	1,779.6	1,922.1	1,971.1	2,061.5	1,595.4	2,061.5	-10.4%	-22.6%	-22.6%	5,485.6	5,628.0	2.6%
COGs	(1,191.5)	(1,210.9)	(1,436.0)	(1,415.0)	(1,542.1)	(1,661.8)	(1,520.9)	(1,661.8)	5.9%	-8.5%	-8.5%	(3,838.4)	(4,724.8)	23.1%
Gross profit	531.5	772.1	343.6	507.1	428.9	399.7	74.5	399.7	-78.3%	-81.4%	-81.4%	1,647.2	903.2	-45.2%
Operating profit	413.5	639.8	215.4	382.2	296.2	276.9	(46.0)	260.9	-121.4%	-116.6%	-117.6%	1,268.7	527.1	-58.5%
Net Profit	420.3	596.4	179.8	334.9	283.0	288.5	(61.0)	251.3	-133.9%	-121.1%	-124.3%	1,196.4	510.5	-57.3%

Balance Sheet

(SAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	3Q22e	YoY (%)	QoQ (%)
Shareholders' Equity	14,791.7	14,485.0	14,652.5	15,042.4	14,581.7	14,150.9	14,207.0	-	-3.0%	0.4%

Key Ratios

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	3Q22e
Gross profit margin	30.8%	38.9%	19.3%	26.4%	21.8%	19.4%	4.7%	19.4%
Operating profit margin	24.0%	32.3%	12.1%	19.9%	15.0%	13.4%	-2.9%	12.7%
Net profit margin	24.4%	30.1%	10.1%	17.4%	14.4%	14.0%	-3.8%	12.2%
RoE (annualized)	11.8%	17.3%	5.0%	9.3%	7.9%	8.3%	-1.7%	

Source: Financials, Bloomberg, U Capital Research

For our earlier report on the company, please [click here](#)

Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%

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