

Yanbu National Petrochemical Co. (YANSAB) - 4Q22 Result Review

Date: 6-Feb-23

Recommendation:

Hold

Fair Value (SAR): 38.00

Previous Reco. and Date:

Hold on 1-Dec-22

Upside / (Downside): -12.5%

Analyst: Research Team

Bloomberg Ticker	YANSAB AB
Current Market Price (SAR)	43.45
52wk High / Low (SAR)	75.5/38.85
12m Average Vol. (mn)	988.1
Mkt.Cap. (SAR bn)	6,513/24,441
Shares Outstanding (mn)	562.5
Free Float (%)	49%
3m Avg Daily Turnover (SAR mn)	28,375.8
6m Average Daily Turnover (SAR mn)	30,047.6
PE 2023e (x)	33.2
EV/EBITDA 2023e (x)	10.7
Dividend Yield '23e (%)	6.9%
Price Perf. (1m/3m) (%)	6.4/-1.1



4Q22 earnings missed our estimate, likely on lower other non-operating income

Yansab posted a 4Q22 topline at SAR1,396mn (largely in line with our estimate), down by 12.5% q-o-q, largely weighed down by lower product prices. However, the company reported lower-than-expected COGS, pushing gross profit above our estimate. This, along with a likely 34% q-o-q decline in SG&A costs, led to a further beat at the operating level, despite posting operating loss. Nonetheless, the company might have witnessed higher non-operating expenses during the quarter. Accordingly, the company incurred net loss of SAR 96.4mn as against our loss estimates of SAR 84mn.

Income Statement														
(SAR mn)	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	4Q22e	YoY (%)	QoQ (%)	Var (%)	2021	2022	YoY (%)
Sales	1,983.0	1,779.6	1,922.1	1,971.1	2,061.5	1,595.4	1,396.04	1,474.0	-27.4%	-12.5%	-5.3%	7,499.0	7,024.0	-6.3%
COGs	(1,210.9)	(1,436.0)	(1,415.0)	(1,542.1)	(1,661.8)	(1,520.9)	(1,328.81)	(1,426.0)	-6.1%	-12.6%	-6.8%	(5,253.0)	(6,053.6)	-15.2%
Gross profit	772.1	343.6	507.1	428.9	399.7	74.5	67.22	48.0	-86.7%	-9.8%	40.1%	2,246.0	970.4	-56.8%
Operating profit	639.8	215.4	382.2	296.2	276.9	(46.0)	(12.32)	(67.0)	NM	73.2%	81.6%	1,734.0	514.8	-70.3%
Net Profit	596.4	179.8	334.9	283.0	288.5	(61.0)	(96.43)	(84.0)	NM	-58.1%	-14.8%	1,531.3	414.1	-73.0%
Balance Sheet														
(SAR mn)	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	4Q22e	YoY (%)	QoQ (%)				
Shareholders' Equity	14,485.0	14,652.5	15,042.4	14,581.7	14,150.9	14,207.0	14,051	13,761	-6.6%	2.1%				
Key Ratios														
	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	4Q22e						
Gross profit margin	38.9%	19.3%	26.4%	21.8%	19.4%	4.7%	4.8%	3.3%						
Operating profit margin	32.3%	12.1%	19.9%	15.0%	13.4%	-2.9%	-0.9%	-4.5%						
Net profit margin	30.1%	10.1%	17.4%	14.4%	14.0%	-3.8%	-6.9%	-5.7%						
RoE (annualized)	17.3%	5.0%	9.3%	7.9%	8.3%	-1.7%	-0.7%	3.0%						

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%