

Yanbu National Petrochemical Co. (YANSAB)

Recommendation	Hold
Current Market Price (SAR)	40.1
52wk High / Low (SAR)	43.0/35.9
Mkt. Cap. (USD/SAR Mn)	5,974/22,416
Shares Outstanding (mn)	562.5
Free Float (%)	49.0%
3m Average Vol. (000)	711.4
3m Avg Daily Turnover (SAR'000)	28,623
Dividend Yield '24e (%)	2.1%
P/E'24e (x)	40.5
EV/EBITDA'24e (x)	11.0

Source: Bloomberg

Earnings rose amid improved revenue

- YANSAB posted a net profit of SAR 131mn in 3Q2024, contrasting with a net loss of SAR 161mn in 3Q2023, driven by increased average sales prices and higher production and sales volumes, despite rising input costs. On a QoQ basis, net income dropped 41.9%, primarily due to lower average sales prices for some products and higher input costs, despite increased sales volume. The margin fell 5.5ppts QoQ to 8.0%.
- Revenue in 3Q2024 increased by 48.3% YoY to SAR 1,628mn, mainly due to higher average sales prices and increased production and sales quantities. However, revenue decreased by 1.8% QoQ, primarily due to lower average sales prices for some products despite higher sales volume compared to the previous quarter.
- Gross profit reached SAR 291mn in 3Q2024, compared to a gross loss of SAR 44mn in 3Q2023, supported by revenue growth. QoQ, gross profit decreased by 12.5% due to lower revenue and higher costs, reducing the margin by 2.2ppts to 17.9%.
- Operating profit stood at SAR 138mn in 3Q2024, compared to an operating loss of SAR 153mn in 3Q2023, driven by higher gross profit. QoQ, operating profit dropped by 33.2% due to lower gross profit, with the margin down by 4.0ppts to 8.5%.
- YANSAB reported a net profit of SAR 455mn for 9M2024, up from a net loss of SAR 504mn in 9M2023, primarily due to increased production and sales volumes and higher average sales prices, despite rising input costs. The net profit margin for 9M2024 was 9.7%.
- Revenue for 9M2024 rose 51.4% YoY to SAR 4,675mn, mainly due to increased production and sales quantities and higher average sales prices compared to the same period last year.

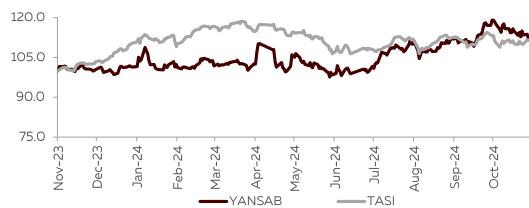
Outlook & Valuation: YANSAB is currently challenged by a sluggish chemical market, impacting short- to medium-term operational efficiency along with higher input costs. Reduced economies of scale are expected to weigh on overall efficiency. Nonetheless, YANSAB remains positive about its long-term outlook, bolstered by its solid standing within the industry. Based on DCF valuation, we arrive at a fair value of SAR 42.0/share, expected upside of 4.7% from the current level. Hence, we recommend a Hold rating on the stock.

Financial Summary

SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Revenue	1,628	1,098	48%	1,657	-2%
Gross profit	291	(44)		332	-12%
GPM (%)	18%			20%	
EBIT	138	(153)		207	-33%
EBIT margin (%)	8%			12%	
Net Income	131	(161)		225	-42%
Net margin (%)	8%			14%	
EPS (SAR)	0.23	-0.29		0.40	-42%

Source: Company Reports, Yaqeen Capital

Relative Price Performance



Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Revenue	7,024	4,533	6,244	7,024
Gross profit	970	(53)	1,124	1,370
GPM (%)	14%		18%	20%
EBIT	442	(495)	693	899
EBIT margin (%)	6%		11%	13%
EBITDA	1,604	700	2,020	2,263
EBITDA margin (%)	23%	15%	32%	32%
Net Income	414	(485)	556	684
Net margin (%)	6%		9%	10%
EPS (SAR)	0.74	-0.86	0.99	1.22
RoE (%)	3%	-4%	5%	6%

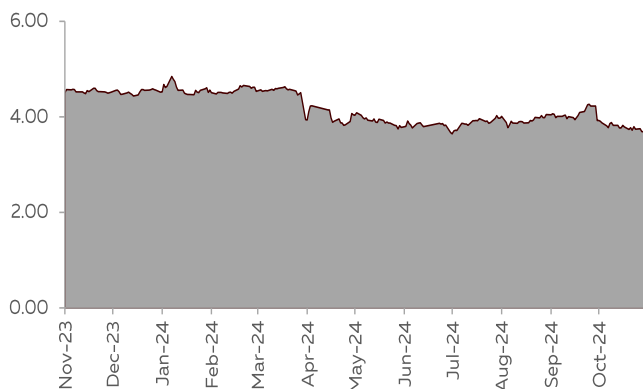
Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

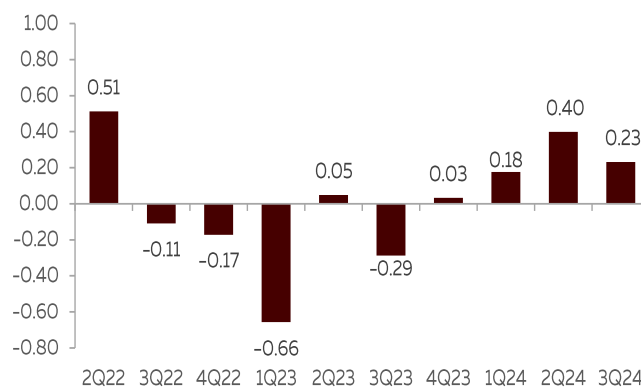
Saudi Basic Industries Corporation (SABIC)	51.00%
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Source: Bloomberg, Yaqeen Capital

Price to Sales Ratio Trend



EPS (SAR) Trend



Rating Methodology

Buy: The Target share price exceeds the current share price by $\geq 10\%$

Hold: The Target share price is either more or less than the current share price by 10%

Sell: The Target share price is less than the current share price by $\geq 10\%$

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