

## Rabigh Refining and Petrochemical Co. (Petro Rabigh) - 2Q22 Result Review

Date: 14-Aug-22

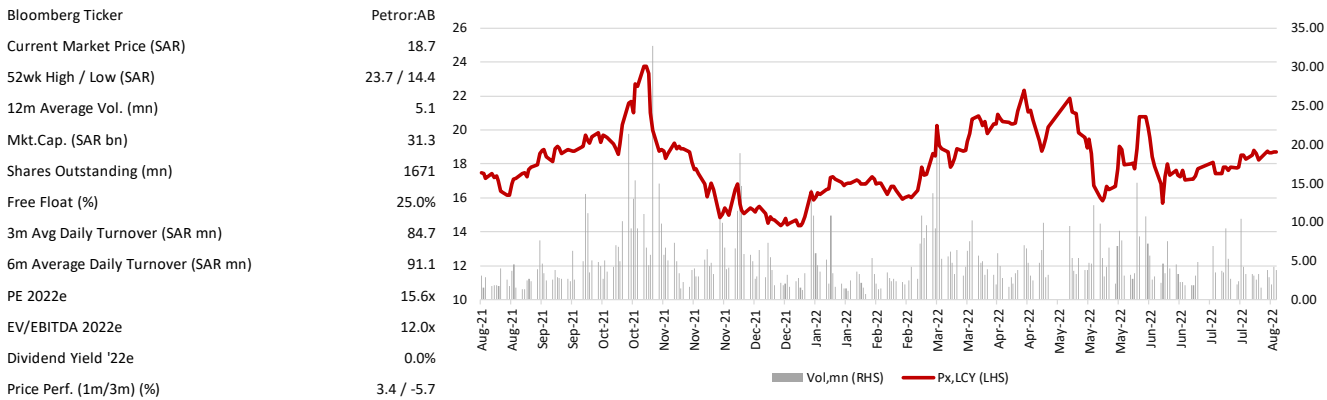
**Recommendation:** Under review

**Fair Value (SAR):** 24.1

Previous Reco. Date: 4-Jul-22

Upside / (Downside): 28.7%

Analyst: Ayisha Zia



### Higher refined product prices augur well for the company's refining business

Petro Rabigh's revenue stood at SAR 18,100.0 mn in 2Q22, increasing 62.9% YoY (+25.7% QoQ), which is above our estimate of SAR 14,355.0 mn. The increase in topline was driven by favourable pricing dynamics in the refining products space. A favourable pricing environment for refined products was also witnessed sequentially.

### Bottomline supported further by a non-recurring income; partly offset by high crude oil price

Company's 2Q22 net income increased by 93.2% YoY to SAR 1,385.0 mn (+91.1% QoQ). The bottomline was further supported by a non-recurring income of SAR 236.3 mn realized on the early settlement of long-term loans, which was classified as financial income under the statement of profit or loss. Net income post adjusting for non-recurring income stood at SAR 1,148.7 mn, up by 60.2% YoY and 58.5% QoQ; however, partly offset by higher crude oil price

The company's retained earnings during the quarter stood at SAR 1,515.4 mn against an accumulated loss of SAR 701.7 mn during 4Q21.

### Income Statement

(SAR 'mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)	Var (%)	1H21	1H22	YoY (%)
Sales	10,136	11,109	11,277	13,116	14,402	18,100	14,355	62.9%	25.7%	26.1%	21,245	32,502	53.0%
COGs	(8,849)	(9,742)	(10,342)	(11,949)	(12,921)	(16,079)	(12,948)	65.0%	24.4%	24.2%	(18,591)	(29,000)	56.0%
Gross profit	1,286	1,367	935	1,168	1,480	2,021	1,407	47.8%	36.5%	43.7%	2,653	3,501	32.0%
Operating profit	947	1,014	492	740	1,078	1,547	993	52.6%	43.5%	55.8%	1,960	2,625	33.9%
<b>Net Profit</b>	649	717	221	449	725	<b>1,385</b>	703	<b>93.2%</b>	<b>91.1%</b>	<b>97.1%</b>	1,366	2,110	<b>54.4%</b>

### Balance Sheet

(SAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)
Shareholder's equity	6,859	7,586	7,802	8,306	9,068	10,523		38.7%	16.0%

### Key Ratios

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e
Gross profit margin	12.7%	12.3%	8.3%	8.9%	10.3%	11.2%	9.8%
Operating profit margin	9.3%	9.1%	4.4%	5.6%	7.5%	8.5%	6.9%
Net profit margin	6.4%	6.5%	2.0%	3.4%	5.0%	7.7%	4.9%
RoE (annualized)	46.1%	46.0%	12.0%	24.2%	37.8%	69.7%	

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%

### Ubhar Capital SAOC (U Capital)

Website: [www.u-capital.net](http://www.u-capital.net)

PO Box 1137

PC 111, Sultanate of Oman

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: [research@u-capital.net](mailto:research@u-capital.net)

**Disclaimer:** This report has been prepared by Ubhar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.