

# Mesaieed Petrochemical Holding Company (Mesaieed) - 1Q22 Result Review

Date: 27-Apr-22

**Recommendation:**

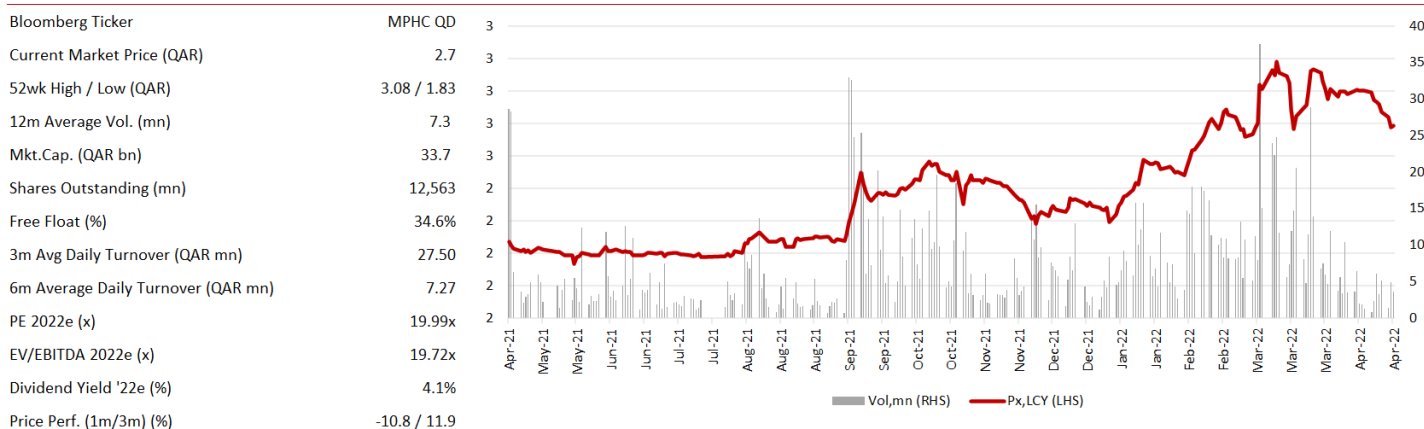
**Hold**

**Fair Value (QAR):** 2.50

Reco. Date:

13-Feb-22

Upside / (Downside): -6.9%



## Largescale turnaround at Q-Chem facility led to the subdued performance in Petrochemical segment

Petrochemical segment revenue in 1Q22 stood at QAR 594 mn, down by 3.7% YoY (-23.0% QoQ) underpinned by lower production (-24.0% YoY) and sales volume (-21.0% YoY) resulting from largescale turnaround at Q-Chem facilities during the quarter

Petrochemical segment's net profit for the quarter stood at QAR 247 mn, down by 1.2% YoY (-30.8% QoQ). The decline on YoY basis was mainly due to lower production and sales volume however, partly offset by improved product prices supported by continued momentum from positive macro-drivers carried from latter part of last year.

## Higher product price bodes well for the Chlor-alkali segment

Chlor-alkali segment revenue in 1Q22 stood at QAR 376 mn, up by 35.7% YoY (+114.9% QoQ) backed by increase in average selling price by 40.0% YoY complemented by strength from end product industries (alumina/aluminium, polymers etc)

Chlor-alkali segment's net profit for the quarter stood at QAR 189 mn, up by 51.2% YoY (+225.9% QoQ). The improvement on YoY basis was mainly driven by higher selling prices however, partly offset by decline in sales volume by 3% YoY. 1Q22 also witnessed planned preventive maintenance shutdown at its Chlor-Alkali facilities

Mesaieed reported overall revenue of QAR 435.2 mn, up 15.9% YoY (+4.7% QoQ, largely in line with our estimates)

EBITDA margin for 1Q22 stood higher at 56% vs 54% in 1Q21.

Overall utilisation rate dropped to 84% during the quarter as against 97% in 1Q21. Utilisation rate in 4Q21 stood at 78%

Income Statement												
(QAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e	YoY (%)	QoQ (%)	Var (%)	FY20	FY21	YoY (%)
Revenue	375.5	526.9	523.0	415.6	435.2	458.2	15.9%	4.7%	-5.0%	596.1	1,841.0	208.8%
Gross profit *	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
General and administrative expenses	3.8	3.9	3.8	4.3	4.1	4.1	8.1%	-6.1%	-1.2%	14.0	15.9	13.0%
<b>Net Profit</b>	<b>378.9</b>	<b>531.7</b>	<b>528.9</b>	<b>422.0</b>	<b>442.9</b>	<b>468.7</b>	<b>16.9%</b>	<b>4.9%</b>	<b>-5.5%</b>	<b>532.2</b>	<b>1,861.6</b>	<b>249.8%</b>
Balance Sheet												
(QAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e	YoY (%)	QoQ (%)	Var (%)	FY20	FY21	YoY (%)
Shareholders' Equity	15,632.4	16,162.8	16,691.7	17,068.4	16,129		3.2%	-5.5%		15,755.9	17,068.4	8.3%
Key Ratios												
	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e				FY20	FY21	
Net profit margin	100.9%	100.9%	101.1%	101.5%	101.8%	102.3%				89.3%	101.1%	
RoE (annualized)	9.9%	14.1%	13.5%	10.4%	11.1%					3.3%	11.3%	

Source: Financials, Bloomberg, U Capital Research, note \*: Gross profit is not applicable since Mesaieed is a holding company

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



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