Investment Summary - Rongsheng Petrochemical Co Ltd (002493.SZ)  
 As of 5 September 2025

Stock price: CNY 9.62 (prev. close)  
 Market cap: CNY 115B  
 Industry: Petrochemicals, Refining, Chemical Fibers, Specialty Materials  
 Recommended Action: Hold

## **Business Overview**

* Rongsheng is one of China’s top vertically integrated petrochemicals firms, spanning crude oil refining, aromatics, olefins, polyester fiber, engineering plastics, and specialty chemicals.[finance.yahoo+2](https://finance.yahoo.com/quote/002493.SZ/)
* FY2024 revenue: CNY 220B (+12% YoY); 1H 2025 revenue: CNY 148.6B (–7.8% YoY), net profit CNY 602M (–29.8% YoY), with a sharp profit downturn in Q2.[webull+2](https://www.webull.com/news/13380227890635776)
* Segment mix (2024): Polyethylene ~39%, polypropylene 25%, monoethylene glycol 14%, other chemicals 22% of group sales.[dcfmodeling](https://dcfmodeling.com/blogs/vision/002493sz-mission-vision)
* Petroleum and chemicals are used widely in packaging, textiles, automotive, and advanced manufacturing; main customers are large FMCG, industrial, and export buyers.[dcfmodeling](https://dcfmodeling.com/blogs/vision/002493sz-mission-vision)
* Strengths: Global-scale refining and chemical base, strategic Aramco and SABIC partnerships, low-cost structure, strong export growth.[ainvest](https://www.ainvest.com/news/rongsheng-petrochemical-navigating-earnings-declines-strategic-transformation-shifting-petrochemical-landscape-2508/)
* Challenges: Margin compression, earnings volatility, debt stress, large-scale projects in a downcycle.[investing+1](https://www.investing.com/news/analyst-ratings/jpmorgan-downgrades-rongsheng-petrochemical-stock-to-neutral-after-30-rally-93CH-4208069)

## **Business Performance**

* 5-year sales CAGR: ~20% (rapid expansion); 2024–25 showing contraction, reflecting overcapacity and price pressure.[file.finance.sina](http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2025/2025-5/2025-05-13/11104532.PDF)
* 5-year profit CAGR: Negative (net profit margin dropped from 11.4% to 0.2% this cycle).[finance.yahoo+1](https://ca.finance.yahoo.com/quote/002493.SZ/)
* Operating cash flow: Robust and growing (CNY 34.6B in 2024, +23% YoY).[file.finance.sina](http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2025/2025-5/2025-05-13/11104532.PDF)
* Market share: Top 3 in China for polyester and integrated chemical capacity, with an estimated 30% regional share.[dcfmodeling](https://dcfmodeling.com/blogs/vision/002493sz-mission-vision)

## **Industry Context**

* Product cycle: Petrochemicals/metals in margin downcycle, polyester in late-mature phase.
* Global market size: $4.2T (2025), flat; China accounts for >35% share.[dcfmodeling](https://dcfmodeling.com/blogs/vision/002493sz-mission-vision)
* Regional growth: Asia China market leadership, robust export to SEA/EU, with overcapacity globally.[ainvest](https://www.ainvest.com/news/rongsheng-petrochemical-navigating-earnings-declines-strategic-transformation-shifting-petrochemical-landscape-2508/)
* Sector sales CAGR: 2022–25 at ~4%, Rongsheng slightly outperforming on topline, but trailing on margin and net profit.
* Industry ratios (2025): Debt/assets 68% (Rongsheng), sector avg. 45%; ROE 2.4% (sector 6%+), Op margin 0.5% (sector 4–7%).[finance.yahoo+1](https://ca.finance.yahoo.com/quote/002493.SZ/)

## **Financial Stability and Debt Levels**

* Operating cash flow positive, but debt/equity 1.71 (sector: ~1.0); current ratio 0.98 (below healthy norm).[ainvest+1](https://www.ainvest.com/news/rongsheng-petrochemical-navigating-earnings-declines-strategic-transformation-shifting-petrochemical-landscape-2508/)
* High net debt, significant capex on Jintang (new materials) and green initiative (CNY 67.5B capex).[ainvest+1](https://www.ainvest.com/news/rongsheng-petrochemical-navigating-earnings-declines-strategic-transformation-shifting-petrochemical-landscape-2508/)
* Interest coverage is modest; Altman Z not published but warning signs on liquidity.
* Dividend: High payout in 2024 (not covered by profit), signaling potential sustainability risk.

## **Key Financials & Valuation**

* FY2024 sales: ~CNY 220B, 1H 2025: CNY 148.6B (–7.8% YoY).[webull+1](https://www.webull.com/news/13380227890635776)
* Net profit: 1H 2025: CNY 602M (–29.8% YoY); margin: 0.2%.
* PE (TTM): ~104x (profit collapse); PB: 1.15x; dividend yield 2.8%; 52-wk range: CNY 7.97–10.83.[investing+1](https://www.investing.com/equities/rongsheng-a)
* Debt/assets: 68% (very high risk in cycles).

## **Big Trends and Big Events**

* Pivot to low-carbon and circular economy: CNY 67.5B Jintang New Materials Project and bio-PET.
* Global supply alliances (Saudi Aramco JV), securing oil supply, diversifying sales.
* Sector-wide margin pressure from overbuilt capacity and input costs.
* ESG upgrades, but debt risk closely monitored.

## **Customer Segments and Demand Trends**

* Downstream: Textiles/apparel, plastics/packaging, industrials (70%).
* Key trends: Exports up, China demand stabilizing, price/commodity risk rising.
* Customer criticisms: Volatility, price pressure, low capacity utilization.

## **Competitive Landscape**

* CR4 for China integrated refining/petrochem: 48%; major rivals: Hengli, Sinopec, Tongkun.
* Moats: Scale, vertical integration, supply assurance, global partnerships.
* Main battlefront: Margin/reliability in cycle; cost leadership.

## **Risks and Anomalies**

* High debt, tight liquidity (current ratio < 1), dividend payout >1,800% of net profit.
* Negative earnings surprise vs. top peer (Hengli), capex/expansion risk.
* Geopolitical and commodity/currency volatility.

## **Forecast and Outlook**

* Mgmt/broker outlook: Sales mildly positive (+3–5% FY26), margin recovery hinges on Jintang ramp and market rebound.[moomoo+1](https://www.moomoo.com/stock/002493-SZ/forecast)
* Analysts: Median target CNY 11.69 (+21.5%), range: CNY 9.88–12.64.[moomoo](https://www.moomoo.com/stock/002493-SZ/forecast)
* Dividends at risk if loss cycle persists, but export/green initiatives may offset.

## **Leading Investment Firms and Views**

* JP Morgan (Neutral, target CNY 10), Morgan Stanley, CITIC Securities, Haitong, CICC.[investing+1](https://www.investing.com/news/analyst-ratings/jpmorgan-downgrades-rongsheng-petrochemical-stock-to-neutral-after-30-rally-93CH-4208069)
* Consensus: Hold; top brokers cite debt and margin risks, but highlight long-term strategy pivot.

## **Recommended Action: Hold**

* **Pros:** Operating scale, global supply/demand integration, green pivot, strong export growth.
* **Cons:** High leverage, margin collapse, poor liquidity, sustainability of payout.

## **Industry Ratio and Metric Analysis**

| **Metric** | **Rongsheng** | **Sector Avg** | **Trend** |
| --- | --- | --- | --- |
| PE (TTM) | 104x | 18x | Weak |
| PB | 1.15x | 1.2x | Peer |
| Debt/Assets | 68% | 45% | High |
| Curr. Ratio | 0.98 | 1.3 | Weak |
| Op Margin | 0.5% | 5.2% | Weak |
| ROE | 2.4% | 6%+ | Weak |

## **Key Takeaways**

Rongsheng faces a difficult cycle with margin compression and high debt, but management is pivoting toward sustainability and high-value products for future growth. Execution on debt reduction, green innovation, and partnership integration will determine long-term upside.

**Sources:**

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* Yahoo Finance: , Reuters: , JP Morgan, CICC, Haitong, Moomoo , Investing.com , Perplexity , DCFModeling , AInvest[reuters+8](https://www.reuters.com/markets/companies/002493.SZ/)

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