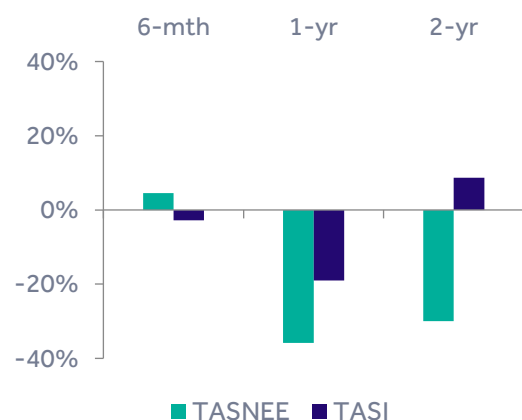


Market Data	
52-week high/low	SAR 20.86/10.84
Market Cap	SAR 8,856 mln
Shares Outstanding	669 mln
Free-float	82.93%
12-month ADTV	3,304,724
Bloomberg Code	NIC AB



Net Profit Jumps 90% Q/Q

May 07, 2023

Upside to Target Price 13.3%
 Expected Dividend Yield -
 Expected Total Return 13.3%

Rating Neutral
 Last Price SAR 13.24
 12-mth target SAR 15.00

TASNEE	1Q2023	1Q2022	Y/Y	4Q2022	Q/Q	RC Estimate
Sales	889	979	(9%)	939	(5%)	950
Gross Profit	115	288	(60%)	187	(38%)	192
Gross Margins	13%	29%		20%		20%
Operating Profit	162	543	(70%)	35	355%	177
Net Profit	82	309	(73%)	43	90%	35

(All figures are in SAR mln)

- Tasnee reported lower revenues of SAR 889 million (down -9% Y/Y and -5% Q/Q) despite higher sales volumes, which were offset by lower average selling prices of most products.
- Gross profit for the quarter went down by -60% Y/Y and -38% Q/Q. Gross margins contracted by -698 bps Q/Q and by -16.5% Y/Y to 13% this quarter. With improvements in PP and PE prices as well as lower feedstock costs (which settled at USD 555/per ton), margins will likely expand in 2Q. Net margins did expand Q/Q to 9% in 1Q compared to 5% in the preceding quarter.
- Operating profit went up by +355% Q/Q to SAR 162 mln likely helped by higher share of income from associates and lower impairment of assets despite higher G&A.
- Net profit came in at SAR 82 mln for the quarter (down -73% Y/Y but up +90% Q/Q). Bottomline beat both our estimates and market consensus. The incline Q/Q in net profit was attributed mainly to increase in share of profit from investments in associates and joint ventures due to higher sales volumes and average selling prices, despite higher finance costs. We raise our target price from SAR 13.00 to SAR 15.00 on higher earnings estimates going forward but we are still Neutral on the stock.

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Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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