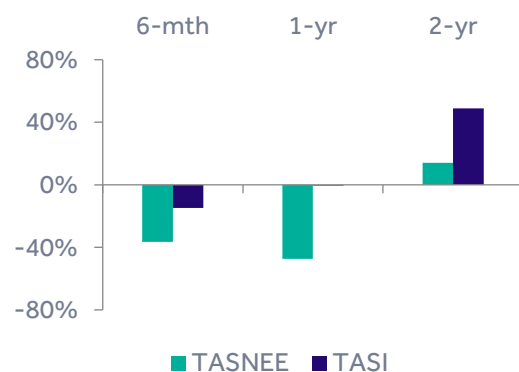


Market Data	
52-week high/low	SAR 26.05/12.88
Market Cap	SAR 8,803 mln
Shares Outstanding	669 mln
Free-float	82.94%
12-month ADTV	4,752,583
Bloomberg Code	NIC AB



Feedstock Prices Hit Margins

Upside to Target Price	14.0%
Expected Dividend Yield	-
Expected Total Return	14.0%

October 30, 2022	
Rating	Neutral
Last Price	SAR 13.16
12-mth target	SAR 15.00

TASNEE	3Q2022	3Q2021	Y/Y	2Q2022	Q/Q	RC Estimate
Sales	887	1,004	(12%)	1,077	(18%)	871
Gross Profit	130	150	(13%)	259	(50%)	124
Operating Profit	179	526	(66%)	563	(68%)	425
Net Profit	17	333	(95%)	297	(94%)	221

(All figures are in SAR mln)

- Tasnee reported revenues of SAR 887 million (down -12% Y/Y and -18% Q/Q), in-line with our SAR 871 million forecast. The decline was primarily attributed to lower average product prices and lower sales volumes of certain products. On quarterly basis, Polyethylene and Polypropylene prices were down by -16% and -15%, respectively.
- Gross margin contracted to 15% for the quarter versus 24% in the preceding quarter. As per management, the company witnessed higher feedstock prices and higher logistics costs which in turn has negatively impacted margins. Gross profit declined by -13% Y/Y and -50% Q/Q to SAR 130 mln.
- For 3Q2022, operating profit significantly declined (down -66% Y/Y, -68% Q/Q) to SAR 179 mln. The decline was primarily due to lower share of profit from investments in JVs tied with lower product prices in addition to higher financial charges despite the decline in G&A expenses and Zakat provisions.
- Net income was recorded at SAR 17 million for the quarter, down -95% Y/Y and -94% Q/Q. Bottomline missed our forecast of SAR 221 million and consensus of SAR 208 million. Net Margins were 2% for the quarter, significantly lower than 28% in the preceding quarter.
- We reduce our target price to SAR 15.00 but maintain a Neutral rating.

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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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