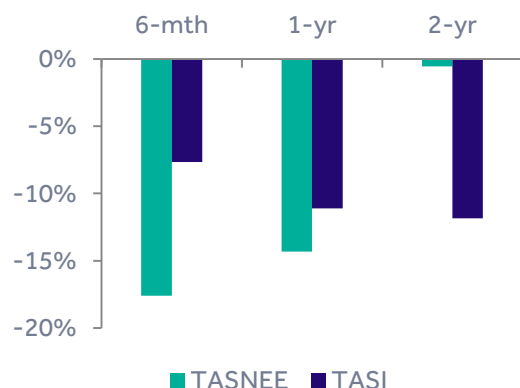


Market Data	
52-week high/low	SAR 15.70 / 10.84
Market Cap	SAR 7,519 mln
Shares Outstanding	669 mln
Free-float	82.96%
12-month ADTV	2,602,766
Bloomberg Code	NIC AB



## Non-recurring Items Improve Profit in 3Q23

October 29, 2023

Upside to Target Price	33.5%	Rating	Buy
Expected Dividend Yield	-	Last Price	SAR 11.24
Expected Total Return	33.5%	12-mth target	SAR 15.00

TASNEE	3Q2023	3Q2022	Y/Y	2Q2023	Q/Q	RC Estimate
Sales	832	887	(6%)	889	(6%)	848
Gross Profit	156	130	20%	143	9%	169
Gross Margins	19%	15%		16%		20%
Operating Profit	184	179	3%	52	252%	169
Net Profit	78	17	357%	31	149%	115

(All figures are in SAR mln)

- Tasnee revenues came in slightly lower, down -6% both Q/Q and Y/Y, to SAR 832 million for 3Q, which are in-line with our estimates. The decline Y/Y was primarily attributed to lower average end-produce sales prices, which was not offset by increases in sales volumes. Tasnee's topline translated into better than expected gross margins, which we believe is more important to maintain stable performance in the long-term.
- Driven by continued decreases in feedstock prices, gross margins improved by +271 bps Q/Q, from 16% to 19% this quarter, which were also higher than gross margins of 15% in 3Q2022. This translated into further growth in gross profit, up +9% Q/Q to SAR 156 million, which also represents a double digit increase of +20% Y/Y.
- Operating profit improved by +252% Q/Q to SAR 184 million, mainly driven by a decrease in the share of losses from joint ventures & associates, which offset increases in general and administrative expenses.
- The increase in net profit to SAR 78 million (+149% Q/Q, +357% Y/Y) was driven by profit from associates, which lifted operating profit Q/Q by SAR 132 million. This improvement cascaded into net profits, which was further lifted by a non-recurring adjustment of a valuation allowance, related to an associate's recorded deferred tax assets in the previous quarter (Tronox Holdings plc.). We maintain our target price of SAR 15.00 and upgrade to a Buy 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](mailto:research@riyadcapital.com)

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