

Market Data	
52-week high/low	SAR 17.42/10.84
Market Cap	SAR 9,405 mln
Shares Outstanding	669 mln
Free-float	82.95%
12-month ADTV	2,956,124
Bloomberg Code	NIC AB



Non-recurring Items Impact Net Profit

Upside to Target Price	6.7%	Rating	Neutral
Expected Dividend Yield	-	Last Price	SAR 14.06
Expected Total Return	6.7%	12-mth target	SAR 15.00

July 31, 2023

TASNEE	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Sales	889	1,077	(17%)	889	0%	829
Gross Profit	144	259	(45%)	115	25%	183
Gross Margins	16%	24%		13%		22%
Operating Profit	52	563	(91%)	161	(68%)	237
Net Profit	31	297	(89%)	82	(62%)	125

(All figures are in SAR mln)

- Tasnee revenues were flat Q/Q but went down -17% Y/Y to SAR 889 million for 2Q, close to our estimates. The decline Y/Y was primarily attributed to lower average product prices and sales volume of certain products. While Q/Q was better than expected, we believe the company maintained a fairly stable sales volume during the quarter, despite the decline in product prices, which made revenues stable.
- On the back of lower feedstock prices, gross margins improved by +320 bps Q/Q, from 13% to 16% this quarter but were lower than 24% in 2Q2022. Margin expansion is a good sign for the company. Gross profit inclined by +25% Q/Q to SAR 144 million.
- Operating profit went down by -68% Q/Q to SAR 52 million mainly due to a decline in the share of profit from joint ventures & associates and an increase in both net finance costs and zakat provisions.
- The decline in net profit to SAR 31 million (down -62% Q/Q, -89% Y/Y) was mainly attributed to the share of profit from associates, which declined Q/Q by SAR 147 million (Tasnee share SAR 116 million) due to IFRS-based non-recurring adjustment recorded by an associate (Tronox Holdings plc.). Without this extraordinary charge, bottom-line would have been SAR 147 million, beating our forecast. Moving forward, we expect second half to be much better, but we maintain our target price of SAR 15.00 and 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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