

August 23, 2020

Net Loss Rises Q/Q

Upside to Target Price	(7.6%)
Expected Dividend Yield	-
Expected Total Return	(7.6%)

Rating	Neutral
Last Price	SAR 11.36
12-mth target	SAR 10.50

TASNEE	2Q2020	2Q2019	Y/Y	1Q2020	Q/Q	RC Estimate
Sales	486	731	(33%)	659	(26%)	620
Gross Profit	76	88	(13%)	94	(19%)	87
Operating Profit	(169)	(88)	93%	38	-	118
Operating Margins	(35%)	(12%)		6%		19%
Net Profit	(189)	212	-	(77)	147%	21

(All figures are in SAR mln)

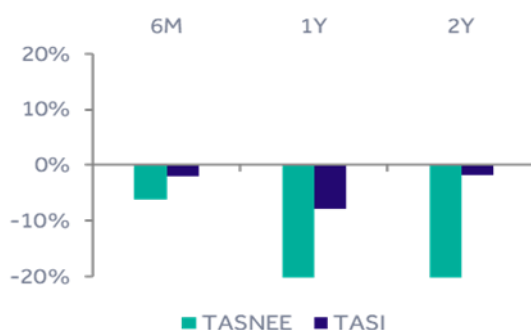
- Tasnee experienced lower average selling prices and lower share of profit from investment in associates and joint ventures in the second quarter on a yearly basis. PE prices came down -10% Q/Q and -29% Y/Y, while PP fell -13% Q/Q and -27% Y/Y.
- Net loss of SAR (189) million was worse than our expectations of a minor profit of SAR 21 million and market consensus of SAR 1 million. The Company booked an impairment of certain assets of Advanced Metal Industries Cluster Company, one of its subsidiaries. At the same time, financial charges were lower while other income came in higher.
- We have a Neutral stance on the Company but we slightly adjust the target price to SAR 10.50 from SAR 10.00 earlier. Tasnee's business remains concentrated in the local market after the divestiture of Cristal and this will may have an impact versus peers. We would be happy to see reduced operating expenses going forward.

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Market Data	
52-week high/low	SAR 14.44/8.23
Market Cap	SAR 7,599 mln
Shares Outstanding	668.9 mln
Free-float	88.32%
12-month ADTV	2,979,686
Bloomberg Code	NIC AB



■ 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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