

November 04, 2020

Revenue Drops 31% Y/Y

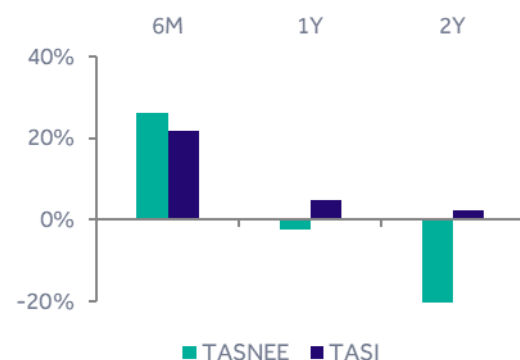
Upside to Target Price (11.2%)
 Expected Dividend Yield 0.0%
 Expected Total Return (11.2%)

Rating Neutral
 Last Price SAR 11.82
 12-mth target SAR 10.50

Market Data	
52-week high/low	SAR 14.38/8.23
Market Cap	SAR 7,907 mln
Shares Outstanding	668.9 mln
Free-float	88.30%
12-month ADTV	3,763,935
Bloomberg Code	NIC AB

TASNEE	3Q2020	3Q2019	Y/Y	2Q2019	Q/Q	RC Estimate
Sales	555	800	(31%)	486	14%	686
Gross Profit	72	91	(21%)	76	(6%)	99
Operating Profit	68	188	(64%)	(169)	-	95
Net Profit	(49)	22	-	(189)	(74%)	7

(All figures are in SAR mln)



- Tasnee's revenues declined -31% Y/Y primarily on the back of lower selling price of its products. Polyethylene prices were down -4% Y/Y while Polypropylene prices were down -11% Y/Y, however, they increased +24% Q/Q and +13% Q/Q respectively, helping revenues rise +14% Q/Q.
- The Company posted a net loss of SAR (49) million as compared to our expectations of a minor profit of SAR 7 million and street estimates of a SAR 6 million profit. While financial charges have been lower for the quarter, share of profit from associates has been lower and operating expenses and Zakat have been higher.
- The net loss for 3Q2020 is much better than the huge loss in the preceding quarter as there was an impairment charge in 2Q. After a stellar October, outlook for petrochemical prices seems mixed as crude oil prices have dipped in the last 2 weeks. Trading above our target price of SAR 10.50, we have a Neutral stance 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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