

Market Data	
52-week high/low	SAR 27.40/14.10
Market Cap	SAR 11,091 mln
Shares Outstanding	669 mln
Free-float	82.95%
12-month ADTV	5,393,201
Bloomberg Code	NIC AB



Margins Contract on Feedstock Prices

August 07, 2022

Upside to Target Price	5.5%	Rating	Neutral
Expected Dividend Yield	-	Last Price	SAR 16.58
Expected Total Return	5.5%	12-mth target	SAR 17.50

TASNEE	2Q2022	2Q2021	Y/Y	1Q2022	Q/Q	RC Estimate
Sales	1,077	780	38%	979	10%	930
Gross Profit	259	219	18%	288	(10%)	247
Operating Profit	563	609	(7%)	543	4%	516
Net Profit	297	357	(17%)	309	(4%)	290

(All figures are in SAR mln)

- Tasnee reported revenues of SAR 1.1 bln (+38% Y/Y, +10% Q/Q) for the quarter, in-line with our estimates of SAR 930 mln. Revenue growth on both quarterly and yearly basis was mainly driven by improved average product prices of downstream products and sales volume of certain products.
- For 2Q2022, gross margins came in at 24.1%, significantly lower than 29.4% in the preceding quarter. Higher feedstock prices and higher logistics costs negatively impacted margins. Thus, gross profit decreased by -10% Q/Q to SAR 259 mln.
- Operating profit went down by -7% Y/Y but is up +4% Q/Q to SAR 563 mln for the quarter. The company witnessed a decrease in share of profit from investments in associates and JVs, on the back of lower average product prices with higher feedstock price and higher financial charges.
- Net income came in at SAR 297 mln for the quarter (down -17% Q/Q and -4% Y/Y). Bottomline came matching with our SAR 290 mln estimate. Net margin contracted to of 27.6% for the quarter, lower than 31.6% in the preceding quarter and 45.7% in the same quarter last year.
- We reduce our target price to SAR 17.50 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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