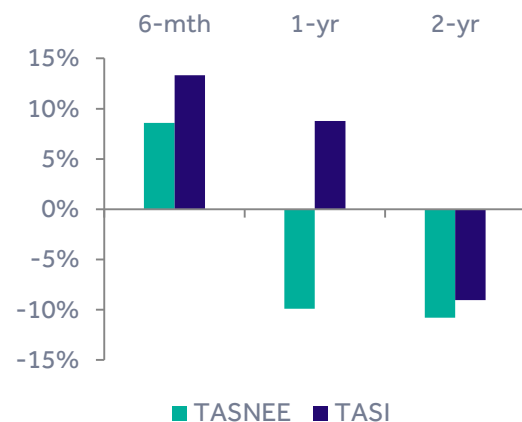


Market Data	
52-week high/low	SAR 15.70 / 10.94
Market Cap	SAR 8,629 mln
Shares Outstanding	669 mln
Free-float	82.93%
12-month ADTV	2,588,278
Bloomberg Code	NIC AB



Gross Profits Return While Operating Profit Eludes

May 14, 2024

Upside to Target Price	(7.0%)	Rating	Neutral
Expected Dividend Yield	-	Last Price	SAR 12.90
Expected Total Return	(7.0%)	12-mth target	SAR 12.00

TASNEE	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	761	889	(14%)	957	(20%)	1,023
Gross Profit	20	115	(83%)	(50)	-	(74)
Gross Margins	3%	13%		(5%)		(7%)
Operating Profit	(32)	162	-	16	-	(78)
Net Profit	(72)	82	-	(17)	(322%)	(96)

(All figures are in SAR mln)

- Tasnee 1Q24 revenues came in lower Q/Q and Y/Y, by -20% and -14%, respectively; at SAR 761 mln. Topline was lower than our estimate, most likely deviating based on the scheduled maintenance shutdowns management commented on in TASNEE's earnings press release. These scheduled shutdowns caused sales volumes to be driven lower, but did receive the marginal benefits Q/Q of some end-product sales prices increasing. This dynamic according to management, caused some lower cost of sales results, from lower volumes and pulled up the gross profit for the quarter, despite increases in feedstock costs. With scheduled maintenance effecting production and the petrochemical industry experiencing a soft pricing environment in FY2023, we encourage investors to evaluate the Company on Q/Q performance changes.
- Operating profit, was unsurprisingly negative, coming in at SAR (32) mln, driven by increases in G&A, lower income from 'other sources' listed in the 'other income' line-item, and lower topline performance. This result was unfortunately not offset by lower net finance costs and a lack of impairments in 1Q24; which explains the deviation Q/Q from positive to negative.
- The net loss of SAR (72) mln was driven by scheduled maintenance which pushed lower volumes and lower revenues from associates. We also note, the Company's acquisition of SAPCO (former JV), is critical to management's strategy to restructure its acrylics business. Given the current environment, companies acquiring assets which carry a lower premium, is interesting to us. However, while we wait to see the impact of this acquisition, we maintain our rating and target price.

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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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