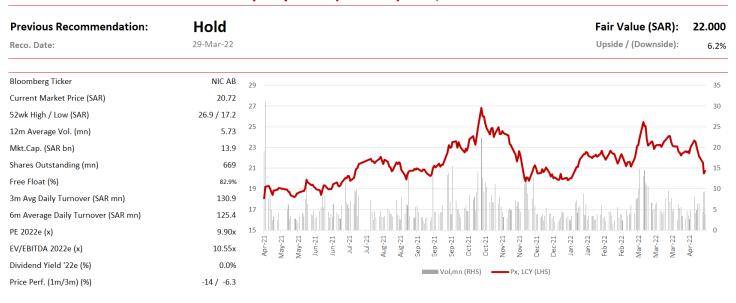




National Industrialization Company SJSC (Tasnee) - 1Q22 Result Review

Date: 27-Apr-22



Improvement in YoY product prices drives the topline

Tasnee's revenue stood at SAR 979.2 mn in 1Q22, increasing 35.0% YoY (-15.8% QoQ) which is in line with our estimate of SAR 957.0 mn. The increase was driven by higher sales revenue resulting from rise in average selling prices of most of the products. Decline in quarterly revenue was partly attributable to decline in average price of polypropylene and LDPE.

Higher feedstock cost and lower contribution from associates and JVs impacted net profit

Tasnee's 1Q22 net income declined by 5.7% YoY to SAR 309.0 mn (-8.8% QoQ) and was in line with our estimate of SAR 306.5 mn. The decline was attributable to lower share of results from investment in associates and joint venture coupled with higher feedstock costs.

Income Statement												
_(SAR 'mn)	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e	YoY (%)	QoQ (%)	Var (%)	FY20	FY21	YoY (%)
Sales	725.4	780.4	1,004.3	1,163.0	979.2	957.0	35.0%	-15.8%	2.3%	2,271.8	3,673.1	61.7%
COGs	(538.8)	(561.0)	(754.4)	(831.9)	(691.0)	(707.6)	28.2%	-16.9%	-2.3%	(1,942.0)	(2,686.1)	38.3%
Gross profit	186.6	219.4	249.9	331.1	288.2	249.4	54.5%	-13.0%	15.6%	329.8	987.0	199.2%
Operating profit	561.9	608.7	526.2	818.3	543.2	435.0	-3.3%	-33.6%	24.9%	(9.8)	2,515.1	
Net Profit	327.5	356.7	333.4	338.7	309.0	306.5	-5.7%	-8.8%	0.8%	(446.7)	1,356.4	
Balance Sheet												
(SAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e	YoY (%)	QoQ (%)	Var (%)	FY20	FY21	YoY (%)
Shareholders' Equity	10,042.4	10,587.5	10,939.8	11,562.9	9,423.3		-6%	-19%		9,583	11,563	21%
Key Ratios												
	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e				FY20	FY21	
Gross profit margin	25.7%	28.1%	24.9%	28.5%	29.4%	26.1%				14.5%	26.9%	-
Operating profit margin	77.5%	78.0%	52.4%	70.4%	55.5%	45.5%				-0.4%	68.5%	
Net profit margin	45.2%	45.7%	33.2%	29.1%	31.6%	32.0%				-19.7%	36.9%	
RoE (annualized)	14.0%	14.6%	13.0%	12.6%	12.3%					NA	12.8%	

Source: Financials, Bloomberg, U Capital Research

For our earlier report on the company, please click here.





Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%

Ubhar Capital SAOC (U Capital)

Website: <u>www.u-capital.net</u> PO Box 1137 PC 111, Sultanate of Oman Tel: +968 2494 9000 Fax: +968 2494 9099 Email: <u>research@u-capital.net</u>



Disclaimer: This report has been prepared by Ubhar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.