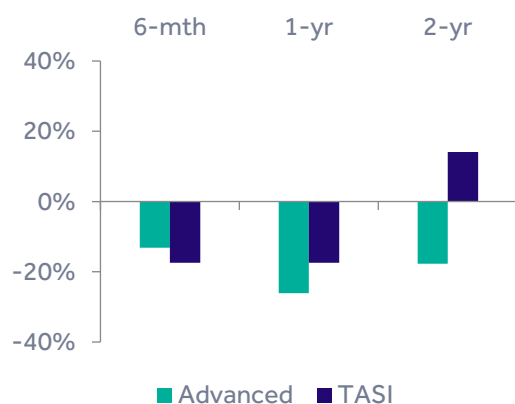


Market Data	
52-week high/low	SAR 75.00/38.45
Market Cap	SAR 11,947 mln
Shares Outstanding	260 mln
Free-float	88.19%
12-month ADTV	532,384
Bloomberg Code	APPC AB



Losses Despite Superior Volumes

Upside to Target Price	8.8%	Rating	Neutral
Expected Dividend Yield	4.4%	Last Price	SAR 45.95
Expected Total Return	13.2%	12-mth target	SAR 50.00

February 21, 2023

ADVANCED	4Q2022	4Q2021	Y/Y	3Q2022	Q/Q	RC Estimate
Sales	611	905	(33%)	657	(7%)	612
Gross Profit	67	246	(73%)	89	(25%)	81
Gross Margins	11%	28%		14%		13%
Operating Profit	30	186	(84%)	55	(45%)	49
Net Profit	(6)	162	-	27	-	20

(All figures are in SAR mln)

- For FY2022, Advanced top-line fell by -5% Y/Y to SAR 2,948 mln due to lower average product prices of -17% Y/Y. It is worth noting that Advanced achieved the highest production and sales volume since inception in FY2022. Sales volume increased +14% Y/Y. Feedstock prices ended the year continuing to put pressure on margins, both Y/Y and Q/Q.
- In 4Q2022, Advanced reported a top-line of SAR 611 mln (-33% Y/Y, -7% Q/Q), matching our SAR 612 mln forecast. This was attributed to a decline in product prices offset by higher consumption of propane and outsourced propylene.
- Gross profit came in at SAR 67 mln for the quarter (-73% Y/Y and -25% Q/Q) due to an increase in the purchase prices of propane and propylene by +13% Y/Y and +4% Y/Y, respectively. Gross margins of 11% this quarter contracted by -260 bps Q/Q mainly due to higher feedstock prices. Net margins were negative as compared to 4% last quarter.
- For FY2022, share from SK Advanced was a loss of SAR (109) mln, compared to a profit of SAR 11 mln last year. Advanced recorded losses for the fourth consecutive quarter from SK Advanced, with an increase in losses by +52% Q/Q. Logistics cost increased by +36% Y/Y causing operating profit to fall by -84% Y/Y to SAR 30 mln.
- Advanced reported a loss of SAR (6) mln this quarter as compared to a profit in the preceding quarter. Bottom-line missed both our forecast and market consensus forecast of a profit. Management approved to distribute dividends of SAR 0.55 per share for the quarter. We maintain our target price of SAR 50.00 but downgrade to 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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