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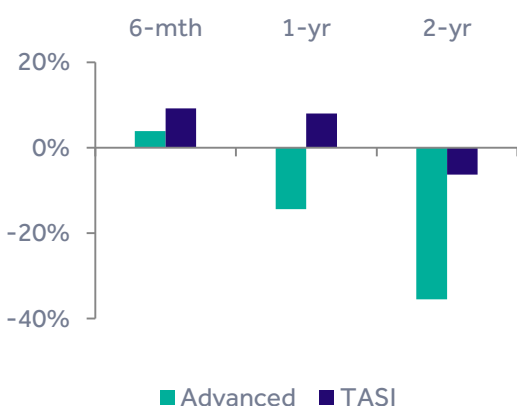
Periodic Maintenance & Lower Sales Prices Weigh

Upside to Target Price	24.5%	Rating	Buy
Expected Dividend Yield	0.0%	Last Price	SAR 40.15
Expected Total Return	24.5%	12-mth target	SAR 50.00

Market Data	
52-week high/low	SAR 47.35 / 35.90
Market Cap	SAR 10,439 mln
Shares Outstanding	260 mln
Free-float	88.13%
12-month ADTV	524,495
Bloomberg Code	APPC AB

ADVANCED	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	321	627	(49%)	571	(44%)	586
Gross Profit	27	102	(74%)	98	(72%)	82
Gross Margins	8%	16%		17%		14%
Operating Profit	(25)	64	-	47	-	39
Net Profit	(58)	43	-	23	-	14

(All figures are in SAR mln)



- Advanced generated a topline of SAR 321 mln for the quarter, down -49% Y/Y and -44% Q/Q, below our SAR 586 mln revenue forecast. The decline on a yearly basis was attributed to the continued effects of lower end-product prices and sales volumes as well, decreasing Y/Y by -6% and -45%, respectively. Although some negative movements in price were observed Y/Y, these were also slightly felt Q/Q, as management commented that average sales prices decreased -1% Q/Q as well. We caution comparing previous periods to 1Q24, due to the periodic maintenance announced 29 January, 2024.
- Gross margins came in below our forecast, as the effect of periodic maintenance was underestimated, while the Company also felt the changes in Propane and Propylene prices; as per managements commentary, both contracted Y/Y, by -10% and -6%, respectively. Gross profit also reached SAR 27 mln in 1Q24, a -74% Y/Y drop, not helped by declining Propane prices. Advanced recorded SAR (34) mln in losses from SK Advanced Co. Ltd. compared to SAR (22) mln loss for the same period last year, a -35% Y/Y decrease. However, it is also worth noting management highlighting a SAR 8 mln increase in shipping costs, which also helped pull operating profit down Q/Q and Y/Y, reaching SAR (25) mln.
- The Company's bottom-line experienced a complete reversal of profits, producing a loss, and a significant decrease in net profits Y/Y and Q/Q, coming in at SAR (58) mln; but this is all generated from periodic maintenance. Our previous sentiment on end-product prices and management's dedication to driving expansion via further investment, cutting dividends etc. still stands, therefore we maintain our rating and target price, but with caution, given increases in Propylene and transport costs.

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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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