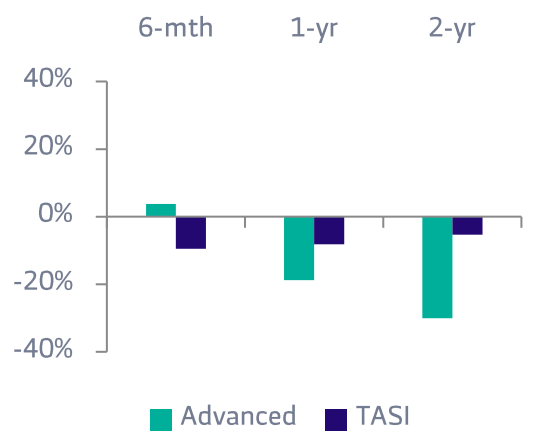


Market Data	
52-week high/low	SAR 41.05 / 25.85
Market Cap	SAR 8,445 mln
Shares Outstanding	260 mln
Free-float	86.21%
12-month ADTV	621,972
Bloomberg Code	APPC AB



■ Netbacks Drag, But New Capacity Showcases Volume Power July 16, 2025

Upside to Target Price (7.6%)
Expected Dividend Yield 0.0%
Expected Total Return (7.6%)

Rating
Last Price
12-mth target

Neutral
SAR 32.48
SAR 30.00

ADVANCED	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	698	649	8%	614	14%	711
Gross Profit	134	123	9%	107	25%	116
Gross Margins	19%	19%		17%		16%
Operating Profit	92	75	23%	73	26%	70
Net Profit	82	42	95%	72	14%	64

(All figures are in SAR mln)

- Advanced generated a topline of SAR 698 mln for the quarter, +8% Y/Y and +14% Q/Q, in-line with our SAR 711 mln revenue forecast. The increase Y/Y was driven by a significant increase in volumes, from partial recognition of a new PP production line, resulting in the increase in sales volumes by +20% Y/Y and +19% Q/Q. We also note, these results occurred despite a drop in netback prices, both Y/Y and Q/Q, by -10% and -4%, respectively. Moreover, we also observed that PP prices, according to Argam, have dropped Y/Y and Q/Q, by -3% and -2%, respectively. In summary, major increases in net revenues were driven by the recent additional capacity.
- Gross margins in 2Q25 were 19%, higher than our forecast, as we underestimated the positive effect on simple volume growth, despite our correct assumption that netback related profits would decrease. Management also commented that purchased Propane prices decreased -8% both Y/Y and Q/Q, which we believe supported gross profits. We also note, purchased Propylene prices, according to management, also dropped, decreasing -18% Y/Y and -20% Q/Q. Overall, this was a strong quarter for margins, however, we also seek to highlight that the lower PP prices probably curbed profitability, leading us to believe gross margins could grow if this changes.
- Advanced’s 2Q25 net profit was SAR 82 mln, a significantly better result both Q/Q and Y/Y, which deviated from our estimates of a more modest profit, influenced by our belief that lower PP prices would have a stronger effect. Our previous sentiment on end-product prices is maintained, however, given the increase in capacity, which has not been fully realized, we hold optimistic anticipation regarding the potential for profit growth. Until the new PDH plant’s full capacity comes online, we maintain our target price and 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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