Advanced Petrochemical Company (ADVANCED)

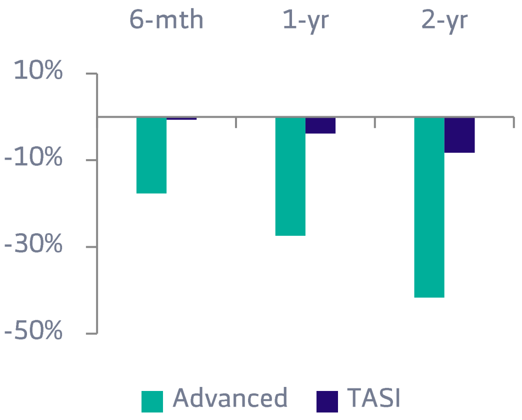
2Q2026 First Look

Netbacks not Captured in April; Ramp-up Could Surprise

July 13, 2026

Upside to Target Price	5.8%	Rating	Neutral
Expected Dividend Yield	0.0%	Last Price	SAR 22.78
Expected Total Return	5.8%	12-mth target	SAR 24.10

Market Data	
52-week high/low	SAR 38.64 / 21.55
Market Cap	SAR 5,923 mln
Shares Outstanding	260 mln
Free-float	83.43%
12-month ADTV	1,006,689
Bloomberg Code	APPC AB



ADVANCED	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	827	698	18%	1,079	(23%)	916
Gross Profit	73	134	(46%)	178	(59%)	114
Gross Margins	9%	19%		16%		12%
Operating Profit	17	92	(82%)	124	(86%)	47
Net Profit	(98)	82	-	30	-	(71)

(All figures are in SAR mln)

- Advanced posted 2Q26 revenue of SAR 827 mln, +18% Y/Y and -23% Q/Q, broadly in-line with our SAR 916 mln forecast. The decline was anticipated: our month-weighted netback and revenue base case scenario work ahead of 2Q26 estimates built in lower sales volumes on Hormuz-related logistical constraints and curtailed propane supply from Aramco. The Company disclosed sales volumes fell -46% and production -57% Q/Q, driven by the April–May propane shortage, partially offset by netback prices rising +42% Q/Q.
- Gross margin compressed to 9% in 2Q26 (2Q25: 19%) on gross profit of SAR 73 mln, -46% Y/Y despite the higher revenue base. The miss vs. our 12% forecast traces to volume depth rather than spread capture: our month-weighted base case assumed a partial production recovery in May, whereas the propane shortage curtailed volumes through May more than we had anticipated, with the ramp arriving only in June as polymer prices began softening. Purchased propane and propylene prices rose +46% and +15% Q/Q, but with netbacks up +42% Q/Q, the squeeze was ultimately driven by fixed-cost under-absorption on production down -57% Q/Q. With feedstock supply normalized from June, this sets up Advanced for materially better 3Q26 volumes.
- Advanced reported a 2Q26 net loss of SAR (98) mln – SAR (78) mln excluding a one-time non-cash depreciation charge of ~SAR 20 mln related to preponed 2027 maintenance, which is roughly in-line with our SAR (71) mln estimate, a swing from net profit both Y/Y and Q/Q, driven by the aforementioned feedstock-led production disruption, a headwind we flagged ahead of results in our 2Q26 equity preview. With observed spreads holding and our medium-term Hormuz scenario unchanged, we await a volume recovery; we maintain our Neutral 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

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