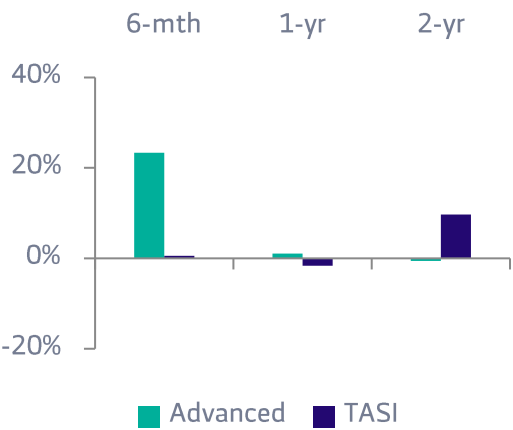


Market Data	
52-week high/low	SAR 37.54 / 25.85
Market Cap	SAR 9,589 mln
Shares Outstanding	260 mln
Free-float	83.43%
12-month ADTV	673,818
Bloomberg Code	APPC AB



■ Netbacks Still Drag, New Capacity Shines

October 20, 2025

Upside to Target Price	(5.1%)	Rating	Neutral
Expected Dividend Yield	0.0%	Last Price	SAR 36.88
Expected Total Return	(5.1%)	12-mth target	SAR 35.00

ADVANCED	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	1,018	643	58%	698	46%	733
Gross Profit	235	119	97%	134	75%	168
Gross Margins	23%	19%		19%		23%
Operating Profit	182	76	139%	92	98%	125
Net Profit	72	46	57%	82	(12%)	102

(All figures are in SAR mln)

- Advanced generated a topline of SAR 1,018 mln for the quarter, +58% Y/Y and +46% Q/Q, higher than our conservative forecast of SAR 733 mln. The increase Y/Y was driven by a significant increase in volumes, from the new PP production lines being commenced. These new lines, helped boost sales volumes by +82% Y/Y and +54% Q/Q. We also note, these results occurred despite a drop in netback prices Y/Y by -14%. Moreover, we also observed that PP prices, according to Argam, have dropped both Y/Y and Q/Q, -1%. In summary, major increases in net revenues were driven by the recent additional capacity, not end-product prices.
- Gross margins in 3Q25 were 23%, equal to our forecast, as we correctly estimated the balance of contributions from sales volumes increasing and input prices decreasing. Management also commented that purchased Propane prices decreased -23% both Y/Y and -10% Q/Q, which we believe supported gross profits. We also note, purchased Propylene prices, according to management, also dropped, decreasing -9% Y/Y and -3% 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 3Q25 net profit was SAR 72 mln, a significantly better result Y/Y, but lower by -12% Q/Q, which deviated from our estimate of a higher profit driven by depreciation and loan charges. Our previous sentiment on end-product prices is still maintained, however, given the increase in capacity, free cash flow growth in 2Q25, and lower propane prices, we are optimistic. We also note, until the new PDH plant’s full capacity has more visibility and debt burden drops, we raise our target price and maintain our rating.

Brennan Eatough
brennan.eatough@riyadcapital.com
+966-11-203-6808

■ 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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