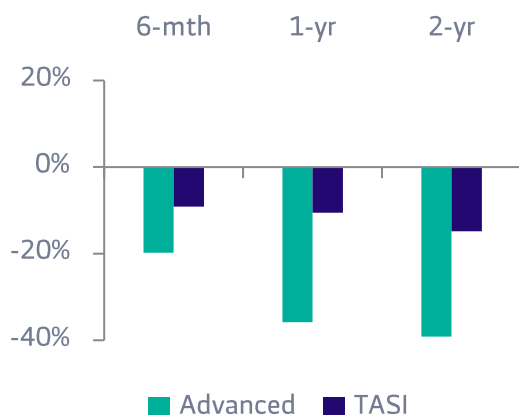


Market Data	
52-week high/low	SAR 38.64 / 21.11
Market Cap	SAR 5,806 mln
Shares Outstanding	260 mln
Free-float	83.43%
12-month ADTV	938,967
Bloomberg Code	APPC AB



Higher Spreads Help, Volume Remains the Final Lever

October 13, 2026

Upside to Target Price 7.9%
 Expected Dividend Yield 0.0%
 Expected Total Return 7.9%

Rating Neutral
 Last Price SAR 22.33
 12-mth target SAR 24.10

ADVANCED	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Sales	974	1,018	(4%)	827	18%	932
Gross Profit	193	235	(18%)	73	163%	172
Gross Margins	20%	23%		9%		19%
Operating Profit	123	182	(32%)	17	616%	114
Net Profit	4	72	(94%)	(98)	-	(1)

(All figures are in SAR mln)

- Advanced posted 3Q26 revenue of SAR 974 mln, -4% Y/Y and +18% Q/Q, broadly in line with our SAR 932 mln forecast. The increase Q/Q was anticipated: our monthly shipment scenarios for July, August, and September built in lower sales volumes at the beginning of 3Q26, with sales volumes building towards the end of September. Advanced disclosed sales volumes increased +40% Q/Q, driven by a +127% Q/Q increase in production, after 2Q26's feedstock shortage was corrected. Notably, these volumes more than offset Advanced's disclosed -16% Q/Q drop in realized netback prices. We expected a sales lag vs. production in 3Q26, and this appears to have played out: Advanced sold ~70% of 3Q26 production during 3Q26, and ~50% of end-quarter inventory had already been sold and classified as goods in transit, to be recognized in 4Q26.
- Gross margin expanded to ~20% in 3Q26 (2Q26: 9%) on gross profit of SAR 193 mln, -18% Y/Y, but a strong +163% Q/Q, driven, again, by stronger volumes Q/Q. The beat vs. our ~19% forecast is driven mainly by our more conservative estimate for sales volumes: our base case assumed shipments ramping up into September, with sales volumes during 3Q26 of ~225 kt. We also note purchased propane prices fell -31% Q/Q, faster than the -16% Q/Q drop in netback prices, a dynamic we modeled, however not as aggressively, which also contributed to our lower gross profit estimate for 3Q26.
- Advanced reported a 3Q26 net profit of SAR 4 mln, close to our SAR (1) mln estimate and a predictably strong rebound from the 2Q26 net loss of SAR (98) mln. Product spreads are still holding at higher values than last year (PP less Aramco propane of ~USD 518/ton in 3Q26 vs. ~USD 365/ton in 3Q25, RC calculations on Argam data), which is very positive, and the Company reported its highest-ever monthly sales volume in September despite regional logistics challenges, representing strong adaptation during the prolonged Hormuz disruption. Until we can measure the cash flow with the 3Q26 financials, 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

For any feedback on our reports, please contact research@riyadcapital.com

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