Advanced Petrochemical Company (ADVANCED)

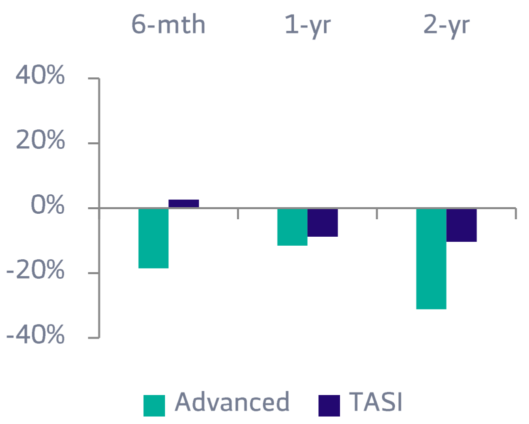
4Q2025 First Look

Netbacks Move Lower, Reiterate Feedstock Thesis

February 17, 2026

Upside to Target Price	(9.4%)	Rating	Neutral
Expected Dividend Yield	0.0%	Last Price	SAR 26.50
Expected Total Return	(9.4%)	12-mth target	SAR 24.00

Market Data	
52-week high/low	SAR 38.64 / 23.90
Market Cap	SAR 6,890 mln
Shares Outstanding	260 mln
Free-float	83.43%
12-month ADTV	758,222
Bloomberg Code	APPC AB



ADVANCED	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	1,172	579	102%	1,018	15%	1,030
Gross Profit	194	19	905%	235	(17%)	198
Gross Margins	17%	3%		23%		19%
Operating Profit	128	(24)	-	182	(30%)	128
Net Profit	1	(288)	-	72	(99%)	20

(All figures are in SAR mln)

- Advanced generated a topline of SAR 1,172 mln for the quarter, +102% Y/Y and +15% Q/Q, slightly higher than our conservative forecast of SAR 1,030 mln; as we observed PP prices declining -9.1% Q/Q and -8.3% Y/Y. The increase Y/Y was driven by a significant increase in volumes from the new PP production lines being started, which we also assume contributed to the sequential increases following greater ramp-up time. We also note, these results occurred despite a drop in netback prices Y/Y by -11%, as reported by management. In summary, lower propane prices are helping, but not as much, as product prices reach a critical level.
- Gross margins in 4Q25 were 17%, based on gross profits of SAR 194 mln, in-line with our forecast, as we correctly estimated the contributions from sales volumes, while accounting for the product prices and their growing negative leverage. Management also commented that purchased propane and propylene prices both decreased Y/Y, by -17% and -4%, which we believe supported gross profits. EBIT generated by the Company was SAR 128 mln, approximately our estimate, as the operating structure remains steady, while leveraging the new facility. We highlight that lower PP prices are limiting profitability more, than lower input prices are helping.
- Advanced's 4Q25 net profit was just under SAR 1 mln, a significantly better result Y/Y, but lower by -99% Q/Q, which deviated from our estimate driven by other items. In our recent note to clients on petrochemical prices, we specifically stated that we believe product prices were reaching a marginal level that would limit upside from lower feedstocks. With the observed gross margins falling Q/Q, while sales increased and propane prices decreased, we accelerate this timeline; lowering our target price and maintaining our 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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