

Netbacks Lift Revenue - New Capacity Signals Potential

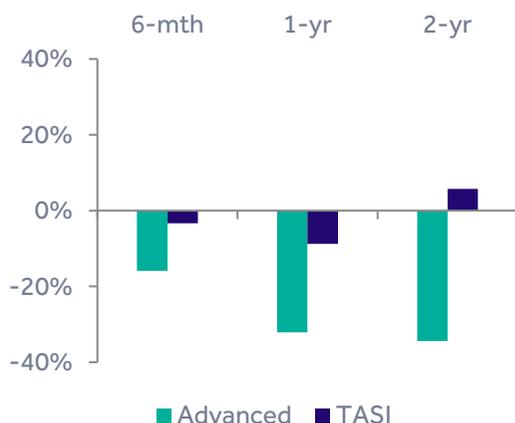
April 15, 2025

| | | | |
|-------------------------|--------|---------------|-----------|
| Upside to Target Price | (2.4%) | Rating | Neutral |
| Expected Dividend Yield | 0.0% | Last Price | SAR 30.75 |
| Expected Total Return | (2.4%) | 12-mth target | SAR 30.00 |

| Market Data | |
|--------------------|-------------------|
| 52-week high/low | SAR 45.55 / 25.85 |
| Market Cap | SAR 7,995 mln |
| Shares Outstanding | 260 mln |
| Free-float | 86.21% |
| 12-month ADTV | 649,132 |
| Bloomberg Code | APPC AB |

| ADVANCED | 1Q2025 | 1Q2024 | Y/Y | 4Q2024 | Q/Q | RC Estimate |
|------------------|--------|--------|------|--------|------|-------------|
| Sales | 614 | 321 | 91% | 579 | 6% | 638 |
| Gross Profit | 107 | 27 | 296% | 19 | 463% | 108 |
| Gross Margins | 17% | 8% | | 3% | | 17% |
| Operating Profit | 73 | (25) | - | (24) | - | 62 |
| Net Profit | 72 | (58) | - | (288) | - | 30 |

(All figures are in SAR mln)



- Advanced generated a topline of SAR 614 mln for the quarter, +91% Y/Y and +6% Q/Q, in-line with our SAR 638 mln revenue forecast. The increase Y/Y was driven by scheduled maintenance in the same period last year, while Q/Q growth in revenues and margins is attributed to a +3% Q/Q increase in sales volumes and a decrease in propane prices of -8% Q/Q. Moreover, management commented that average netbacks increased +4% Q/Q as well, further supporting greater margins. PP prices have lifted slightly in 1Q25, after staying relatively flat, when compared sequentially in 4Q24. We also note, management stated the launch of a new PP production line is scheduled to be active next month, adding production capacity of 800 KTA.
- Gross margins in 1Q25 were 17%, in-line with our forecast, which assumed growth in revenues and PP prices Q/Q, which did materialize. Management also commented that purchased Propane prices increased +8% Y/Y and decreased -8% Q/Q, which we believe supported gross profits. We also note, Propane (Aramco) prices according to Argaam, decreased by -1% Q/Q, further supporting the rationale for our estimate. Gross profit reached SAR 107 mln in 1Q25, a significant increase Q/Q and Y/Y. Notably, Advanced recorded no share in losses on investment from SK Advanced, supporting EBIT of SAR 73 mln.
- Advanced's 1Q25 net profit was SAR 72 mln, a significantly better result both Q/Q and Y/Y, which deviated from our estimates of a more modest profit, based upon SK Advanced, recording no share of losses this quarter; which is unusual. Our previous sentiment on end-product prices is maintained, however, given the macro-market environment for petrochemicals, and now, the uncertainty of tariffs from the United States, we maintain our target price and 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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