

Maintenance Completed – Profits Resume

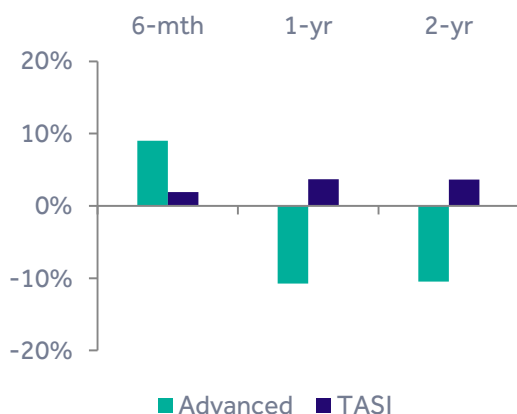
July 21, 2024

Upside to Target Price	22.9%	Rating	Buy
Expected Dividend Yield	0.0%	Last Price	SAR 40.70
Expected Total Return	22.9%	12-mth target	SAR 50.00

Market Data	
52-week high/low	SAR 47.00 / 35.90
Market Cap	SAR 10,582 mln
Shares Outstanding	260 mln
Free-float	87.82%
12-month ADTV	524,495
Bloomberg Code	APPC AB

ADVANCED	2Q2024	2Q2023	Y/Y	1Q2024	Q/Q	RC Estimate
Sales	649	582	12%	321	102%	601
Gross Profit	123	125	(2%)	27	356%	109
Gross Margins	19%	22%		8%		18%
Operating Profit	75	82	(9%)	(25)	-	72
Net Profit	42	60	(30%)	(58)	-	49

(All figures are in SAR mln)



- Advanced generated a topline of SAR 649 mln for the quarter, up +12% Y/Y and +102% Q/Q, above our conservative SAR 601 mln revenue forecast. The increase on a yearly basis was attributed to the abatement of the effects of lower net sales prices and sales volumes, as both increased Y/Y, by +4% and +7%, respectively. Price improvements, in our view, are the highlight of 2Q24, as management's commentary mentioned better net sales prices both Y/Y and Q/Q, by +4% and +9%, respectively. We caution comparing this period to 1Q24, due to the periodic maintenance announced in January, 2024.
- Gross margins were close to our forecast, as the Company completed its 2024 scheduled maintenance and returned to normal operation. While increases in purchased Propane prices both increased Y/Y and Q/Q, by +12% and +2%, respectively, we also note the slower rate of growth in price in 2024; a positive sign. Gross profit reached SAR 123 mln in 2Q24, a -2% Y/Y drop, roughly in-line with Y/Y performance, most likely dampened by higher propane costs. Advanced also recorded SAR (33) mln in losses from SK Advanced Co. Ltd. compared to SAR (21) mln in 2Q23, a -57% Y/Y decrease, in-line with our estimates.
- Advanced's net profits rebounded as expected, in-line with our estimates, coming in at SAR 42 mln; an increase Q/Q, but also a decrease of -30% Y/Y. Our previous sentiment on end-product prices is maintained, therefore we also maintain our rating and target price. However, we still recommended caution, given increases in Propylene and transport costs.

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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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