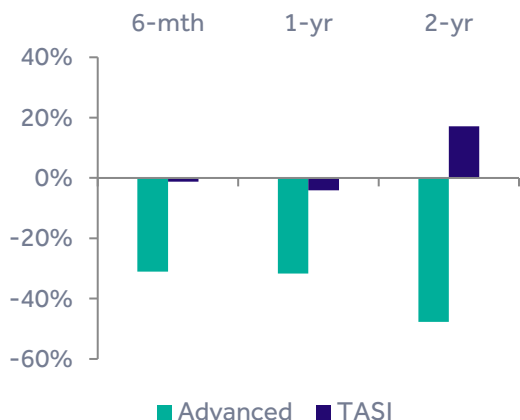


Market Data	
52-week high/low	SAR 46.30 / 26.00
Market Cap	SAR 6,799 mln
Shares Outstanding	260 mln
Free-float	87.47%
12-month ADTV	605,839
Bloomberg Code	APPC AB



## Impairment And Propane Prices Erase Profits

March 3, 2025

Upside to Target Price	14.7%	Rating	Neutral
Expected Dividend Yield	0.0%	Last Price	SAR 26.15
Expected Total Return	14.7%	12-mth target	SAR 30.00

ADVANCED	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Sales	580	571	2%	643	(10%)	603
Gross Profit	19	102	(81%)	119	(84%)	98
Gross Margins	3%	18%		18%		16%
Operating Profit	(25)	56	-	76	-	50
Net Profit	(288)	23	-	46	-	25

(All figures are in SAR mln)

- Advanced generated a topline of SAR 580 mln for the quarter, +2% Y/Y and -10% Q/Q, in-line with our SAR 603 mln revenue forecast. The Company's annual topline results were SAR 2,193 mln vs. 2,374 mln, an -8% Y/Y decrease, which was driven by higher net sales prices by +2% Y/Y, which were offset by lower sales volumes of -10% Y/Y. PP prices have remained stable in 4Q24, having stayed relatively flat, only moving -2% lower Q/Q, while up on average +3% Y/Y.
- Gross margins in 4Q24 were 3%, lower than our forecast which assumed a drop Q/Q, however, these margins were also lower by more than -1,000 bps, for both 4Q23 and 3Q24. Management commented that purchased Propane prices increased Y/Y by +10%, which we suspect had a major impact on gross profits. We also note, Propane (Aramco) prices, according to Argaam, have increased +7% Q/Q and +4% Y/Y. Gross profit reached SAR 19 mln in 4Q24, a decline Q/Q and Y/Y, of -84% and -81%, respectively. The Company's share in losses from its associate SK Advanced of SAR (35) mln, generated an operating loss of SAR (25) mln. We also note these losses are lower Q/Q, which were SAR (30) mln in 3Q24.
- Advanced's 4Q24 net loss was SAR (288) mln, a significantly lower result both Q/Q and Y/Y, which deviated from our estimates of a modest profit. Our previous sentiment on end-product prices is maintained, however, given the macro-market environment for petrochemicals, as characterized by capacity outstripping demand, as well as the impairment of investments in SK Advanced, of SAR (212) mln, we lower our target price and adjust 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](mailto:research@riyadcapital.com)

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