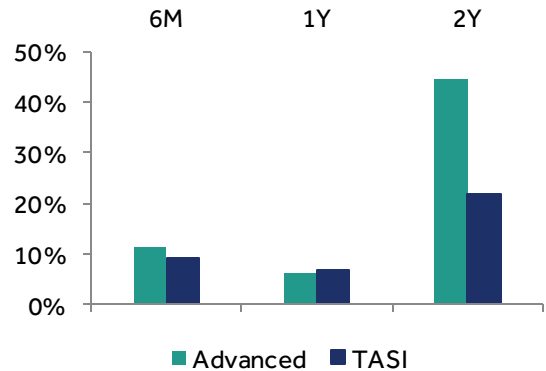


Market Data	
52-week high/low	SAR63.30/44.20
Market Cap	SAR 11,512 mln
Shares Outstanding	196.8 mln
Free-float	93.6%
12-monthADTV	308,001
Bloomberg Code	APPC AB



Margins Bounce Back

July 8, 2019

Rating	Neutral		Upside to Target Price	(7.7%)		
Last Price	SAR 58.60		Expected Dividend Yield	4.8%		
12-mth target	SAR 54.00		Expected Total Return	(2.9%)		
ADVANCED	2Q2019	2Q2018	Y/Y	1Q2019	Q/Q	RC Estimate
Sales	681	750	(9%)	648	5%	674
Gross Profit	246	277	(11%)	194	27%	189
Operating Profit	207	247	(16%)	152	36%	155
Net Profit	192	253	(24%)	162	19%	167

- Advanced registered sales of SAR 681 mln in 2Q2019 (-9% Y/Y, +5% Q/Q), in line with our estimate of SAR 674 mln.
- Gross margin expanded to 36% from 30% last quarter due to a 23.6% decrease in outsourced propylene costs (reduction in prices and consumption by 2.8% and 21.4% respectively) and 30% decrease in fixed production costs. However, gross margin contracted by 100 bps from last year.
- Advanced's share of profit from SK Advanced Co. Ltd fell to 3.1 mln compared to SAR 23.6 mln last year and SAR 20.7 mln last quarter.
- Net profit came in at SAR 192 million (-24% Y/Y, +19% Q/Q), beating our forecast and market expectations of SAR 167 mln SAR 174 mln, respectively, as net margin expanded to 28% from 25% last quarter but contracted from 34% last year.

Saleh Altwayan
saleh.a.al-twayan@riyadcapital.com
+966-11-203-6815

Disclaimer

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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