

9M 2024

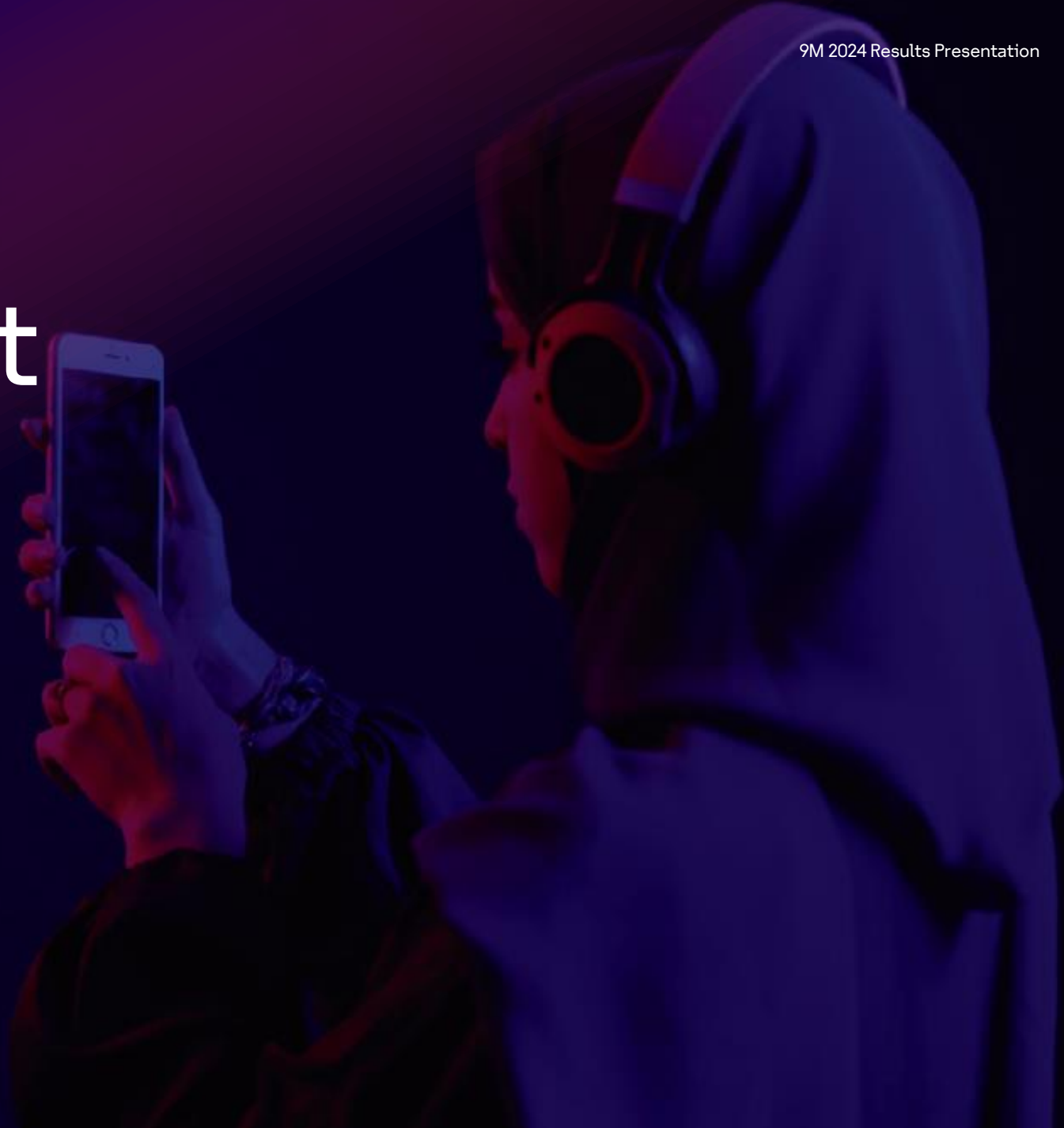
Results Presentation

Riyadh, 31 October 2024

Agenda

- 1 Investment Thesis
- 2 Strategy Update
- 3 Financial Performance
- 4 Contact Details

1 Investment Thesis



Investment Thesis Update

solutions offers a winning combination of market leadership, growth potential and superb returns

Market Leadership

- Undisputable market leader with a market share of 22.7%
- Lucrative consolidation opportunities in the fragmented IT market of KSA
- Local-Content score 41.3%

Sizeable and Diversified Portfolio

- Strong pipeline of projects
- Long-standing partnership with stc
- Wining ratio of +50%

Superior Value Creation

- 36.6% ROIC in 9M 2024 is well above the company's cost of capital

Asset-Light Business Model

- 1% organic capex / revenue ratio in 2023

Strong FCF

- SAR 1.2 bn FCF in 2023...
- ...with 69% FCF conversion

Generous Dividends

- SAR 714 mn dividends paid for 2023, 20% up YoY

Robust Balance Sheet

- Net cash position of SAR 2.0 bn as of end 9M 2024...
- ...amounting to 1.2x LTM EBITDA

M&A and Partnerships

- Value-accretive M&As
- Technological partnerships
- High-potential PPP projects

2 Strategy Update



LEAP 2.0 targets significant economic value creation in 2024-2026

Our strategy aims at augmenting the core business by emerging tech, innovation and efficiency gains



L

Lead through service excellence:

- **IT Professional services**
Optimize and grow capabilities
- **IT Managed Services**
Revamp capabilities and business model
- **Network capabilities**
Protect and enrich network services
- **Multi-cloud services**
Capture relevant opportunities

E

Empower business growth and diversification:

- **Emerging tech**
Venturing into the next-gen digital landscape
- **Innovation program**
Establish, institutionalize and scale
- **Partnerships & strategic alliances**
Expand ecosystem
- **Geographical expansion**
Capitalize on subsidiaries footprint
- **Business diversification**
through new business models

A

Achieve excellence in customer engagements

- **CEX – Customer Success**
Embrace customer success and revamp customer experience
- **New verticals**
Focus high potential verticals through industry specific offerings
- **Commercial excellence**
Achieve excellence in commercial capabilities

P

Promote efficiencies and sustainability

- **OPEX optimization**
Optimize internal capabilities, investments, and resource management
- **Subsidiaries OM & GTM**
Maximize group synergies through operating model and clear GTM
- **Sustainability**
Adopt best in class sustainability practices

3

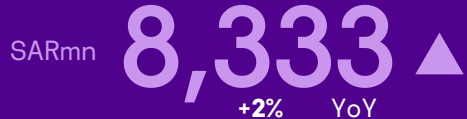
Financial Performance



solutions 9M 2024 Financial Dashboard

Growth rates normalize, while operating and net margins improved in 9M 2024

9M 24 Revenue



9M 24 GP Margin



9M 24 Capex



9M 24 Capex / Revenue



9M 24 EBITDA



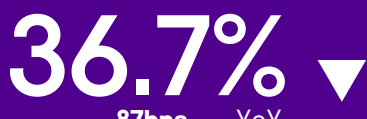
9M 24 EBITDA Margin



9M 24 Net Cash From Operating Activities



9M 24 ROIC



9M 24 Net Profit



9M 24 NP Margin



9M 24 Net Cash



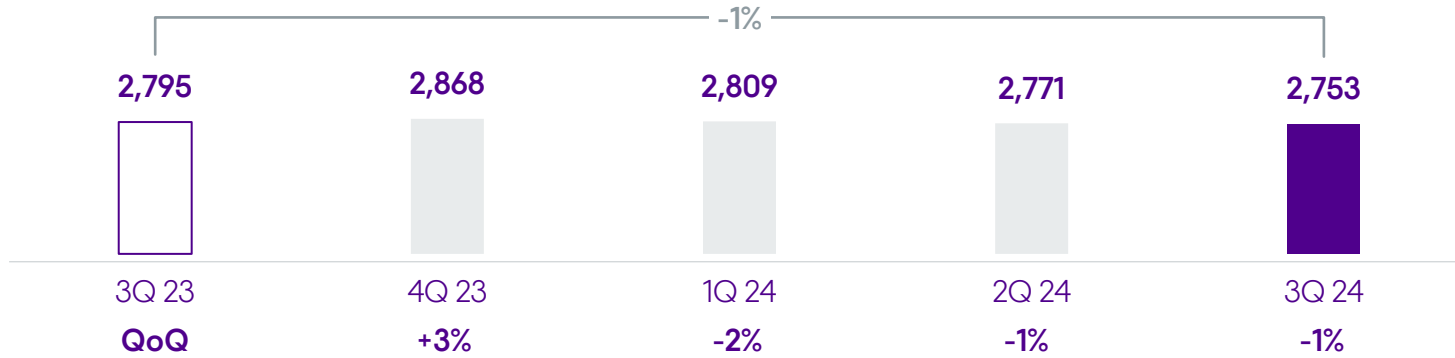
9M 24 ROAE



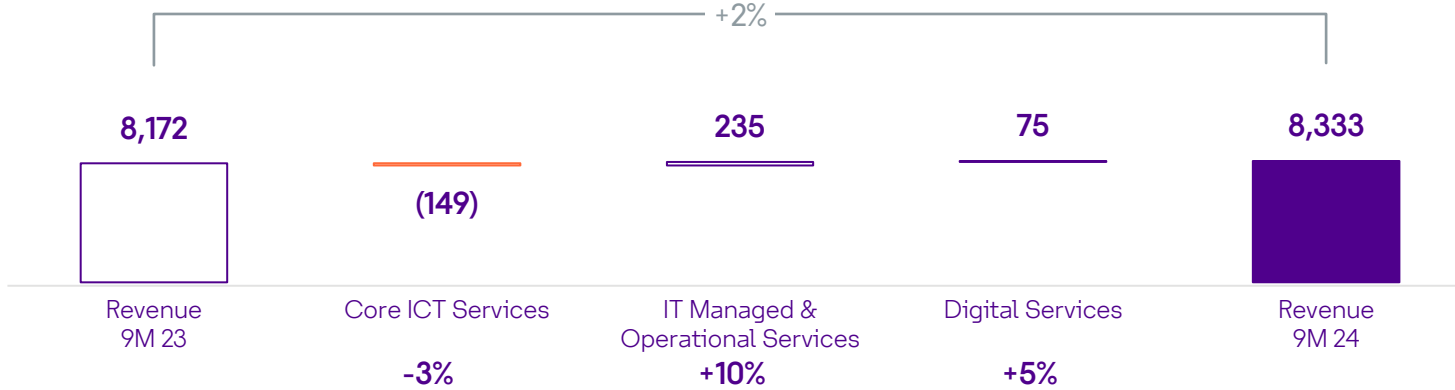
Revenue Trend and Breakdown by Business Segment

Group revenue grew +2% YoY in 9M 2024 driven by IT Managed and Operational Services

Revenue Trend (SARmn)



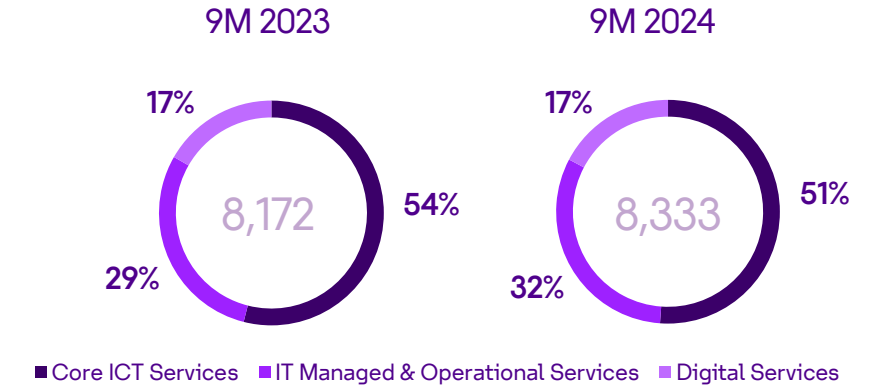
Revenue Movement YoY (SARmn)



Management Commentary

- Slower growth in 9M 2024 was prompted by market dynamics and external factors that led to delays in revenue recognition of some projects.
- solutions retains its leadership position in KSA with a 22.7% market share.
- solutions expects a pickup in revenue growth in 4Q 2024 driven by a growing backlog and improved revenue recognition.

Revenue Composition (by Business Segment)¹

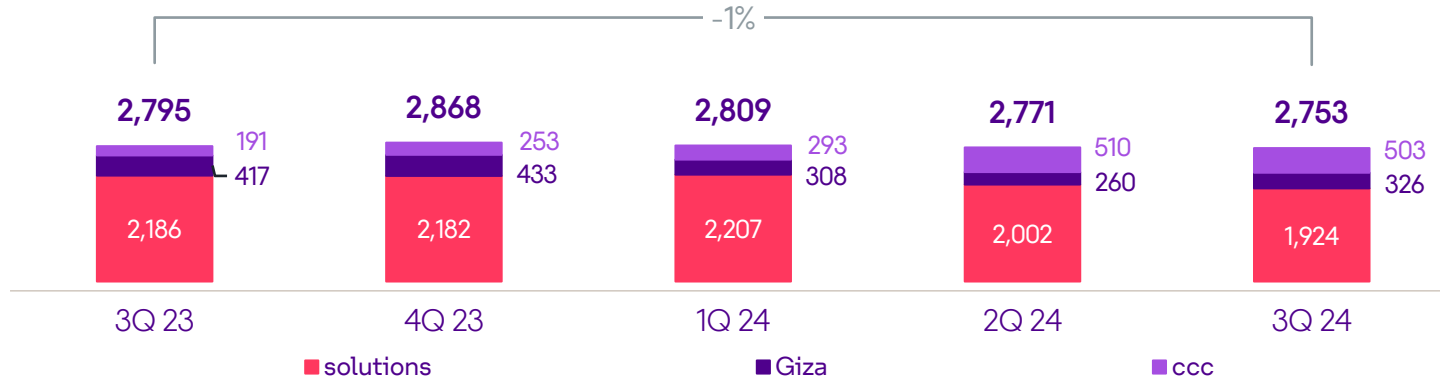


¹ – totals may not be equal to 100% due to rounding

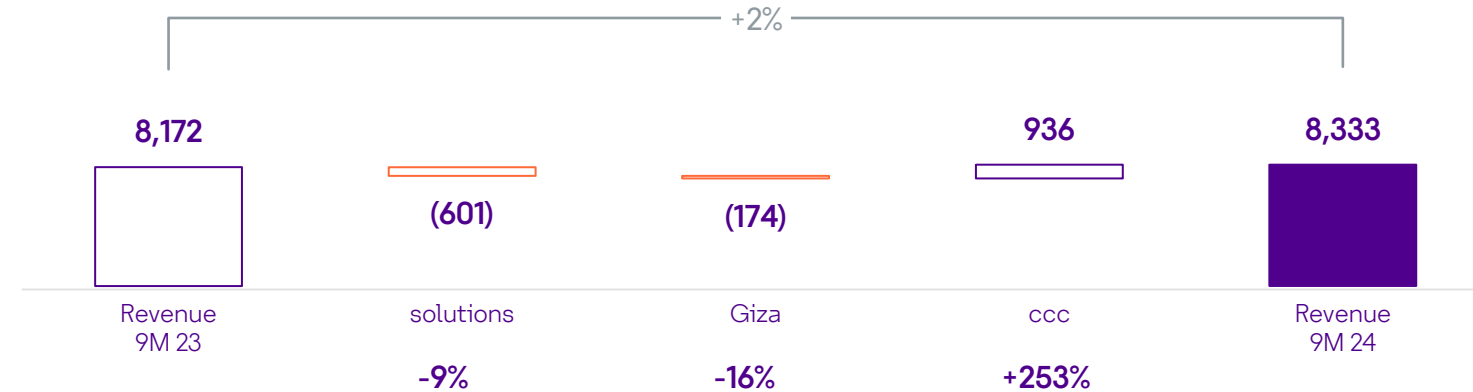
Revenue Breakdown by Entity

Giza and ccc accounted for 26% of 9M 2024 revenue¹

Revenue Breakdown by Entity (SARmn)



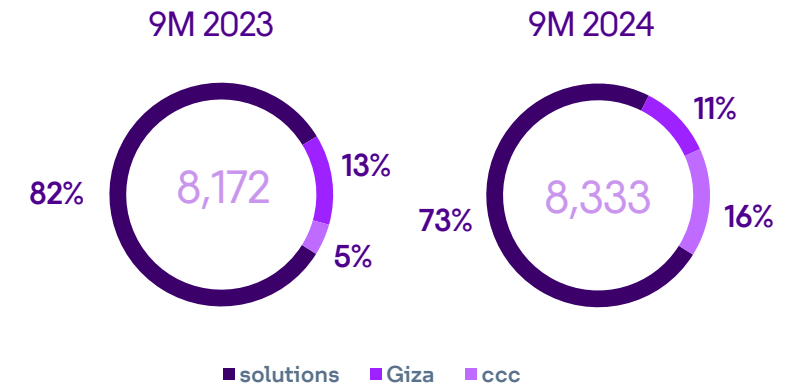
Revenue Movement YoY (SARmn)



Management Commentary

- solutions focus on efficient projects execution resulted in rechanneling of some projects from solutions to other subsidiaries.
- Giza's non-KSA revenue generation was affected by the depreciation of EGP against USD.
- ccc was the main revenue growth driver fueled by an inflow of projects from solutions and new projects in the portfolio.

Revenue Composition (by Entity)

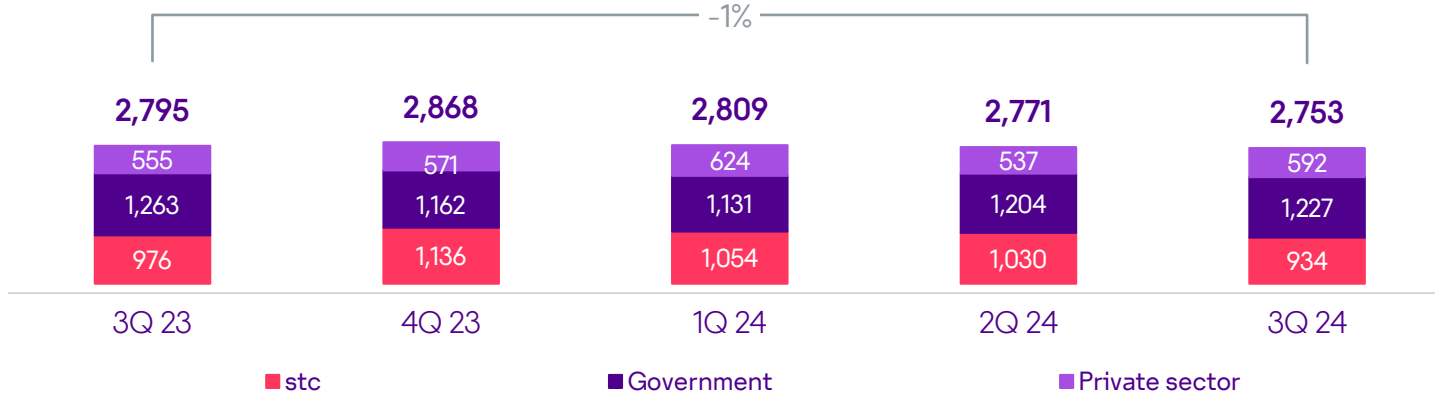


¹ - all numbers are presented after intercompany eliminations

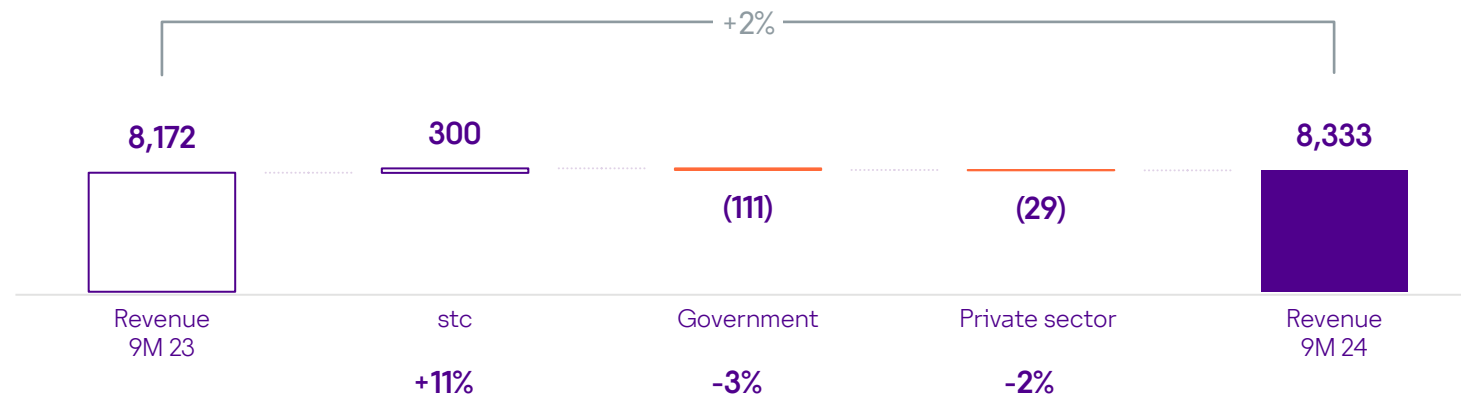
Revenue Breakdown by Customer Type

The revenue share of stc and the Government increased YoY to 79% in 9M 2024

Revenue Breakdown by Customer Type (SARmn)



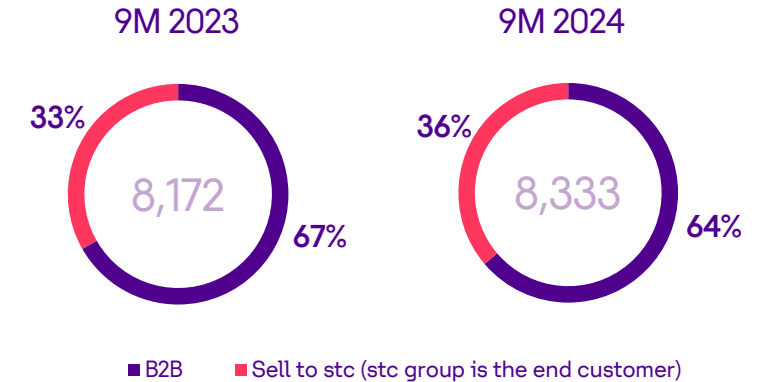
Revenue Movement YoY (SARmn)



Management Commentary

- Revenue from stc grew 11% YoY in 9M 2024 driven by ccc consolidation and a backlog of projects.
- Revenue from the private sector decreased 2% YoY but in 3Q 2024 the segment showed a 7% revenue growth YoY due to a healthy backlog of sizeable projects.
- Revenue from the Government fell 3% YoY reflecting changes in project cycles and external conditions leading to delayed revenue recognition.

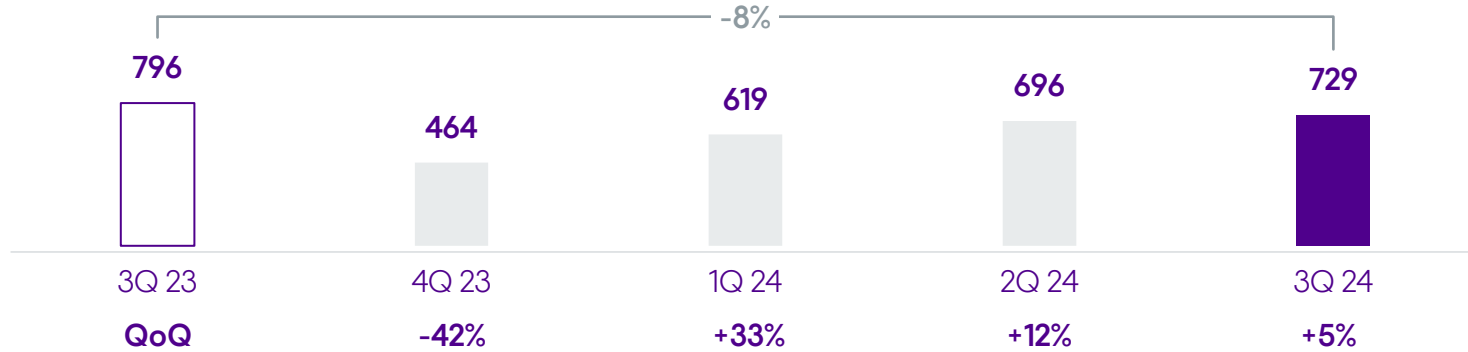
Revenue Composition (by Channel)



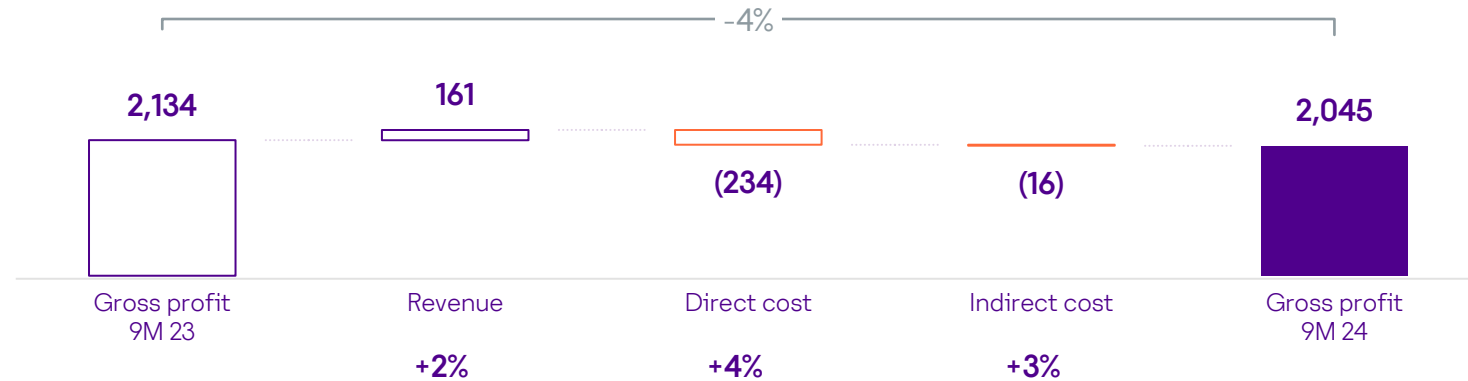
Profitability - Gross Profit Performance

Gross profit margin increased to 26.5% in 3Q 2024 from 25.1% in 2Q 2024

Gross Profit Trend (SARmn)



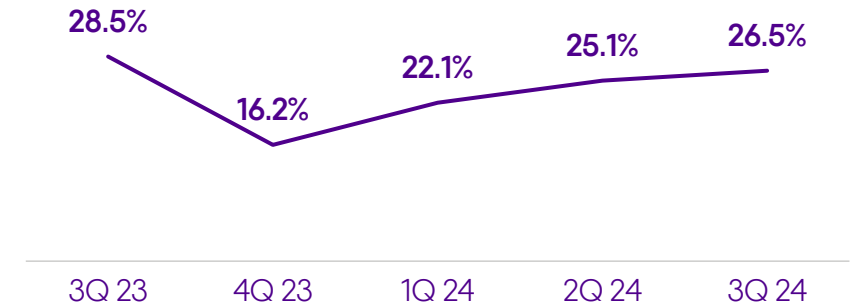
Gross Profit Movement (SARmn)



Management Commentary

- Gross margin decreased by 157 bps YoY to 24.5% in 9M 2024.
- Quarterly margin continued to recover from 22.1% in 1Q 2024 and 25.1% in 2Q 2024 to 26.5% in 3Q 2024 driven by efficiency gains.
- Continued execution of LEAP 2.0 strategy aims at further cost of revenue optimization and operating efficiency improvements.

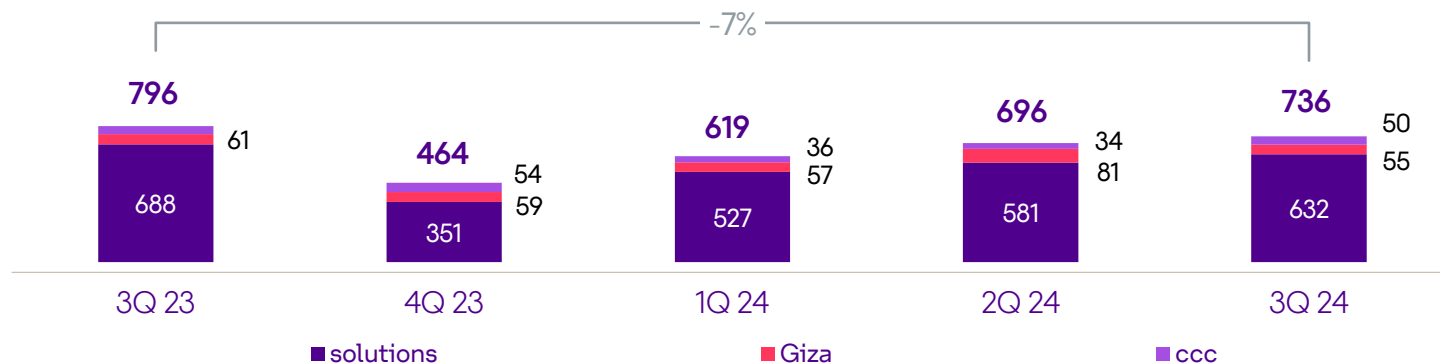
Gross Profit Margin (%)



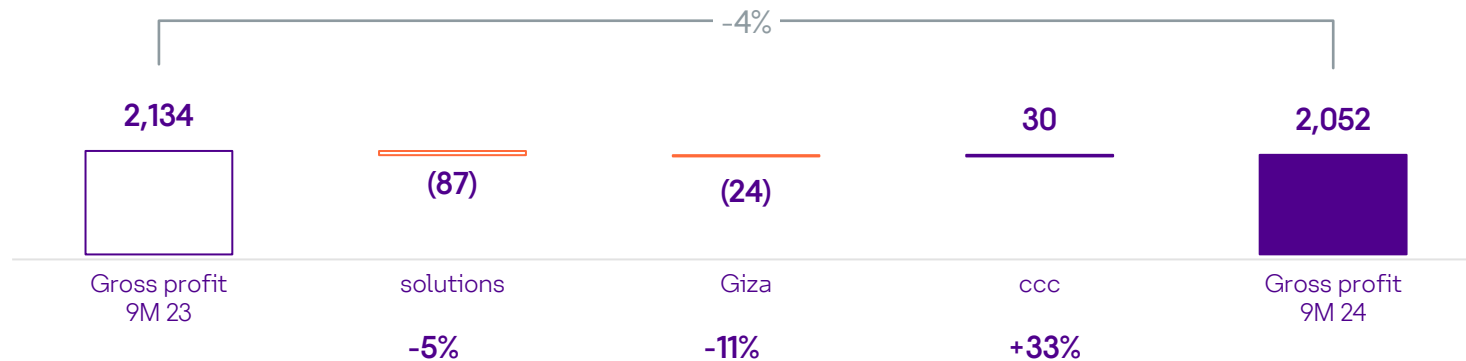
Profitability - Gross Profit Drivers

9M 2024 Gross Profit performance reflects regulatory changes and an evolving projects mix¹

Gross Profit Breakdown by Entity (SARmn)



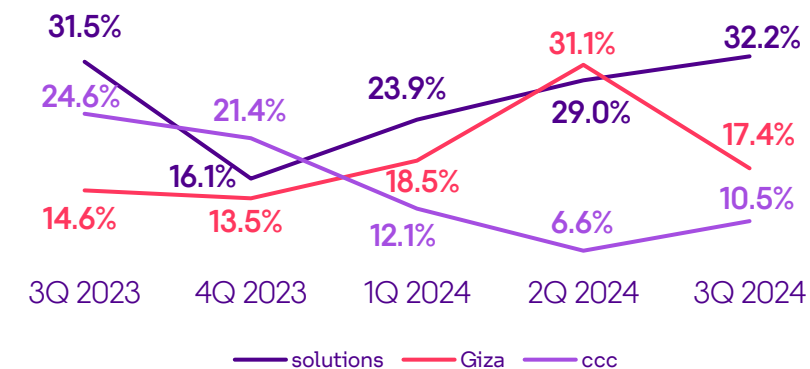
Gross Profit Movement YoY (SARmn)



Management Commentary

- 3Q 2024 gross margin was affected by seasonal patterns, changes in regulation and projects mix.
- solutions standalone gross margin dynamics QoQ reflected revenue mix changes and efficiency gains.
- ccc's gross margin was affected by the consolidation of outsourcing business post acquisition. Giza's gross margin fell QoQ in 3Q 2024 due to cyclical patterns.

Gross profit margin by Entity

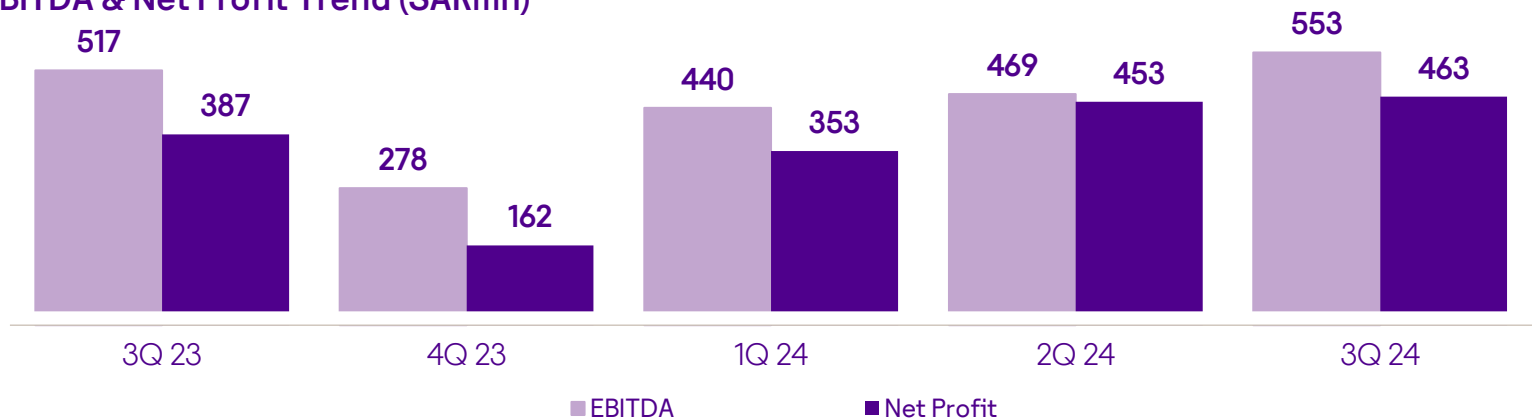


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Profitability - EBITDA and Net Profit

Quarterly EBITDA and net profit margins continued to grow

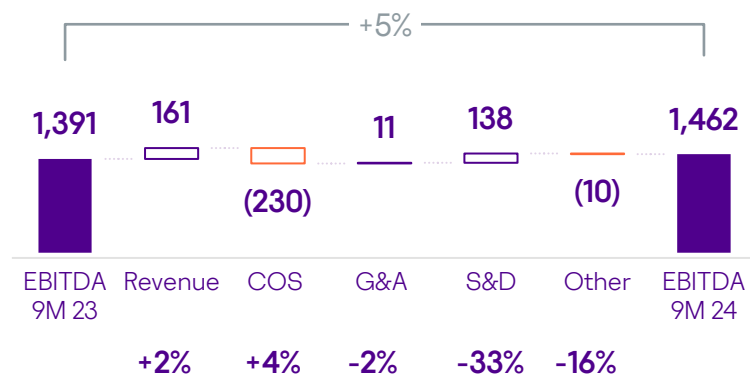
EBITDA & Net Profit Trend (SARmn)



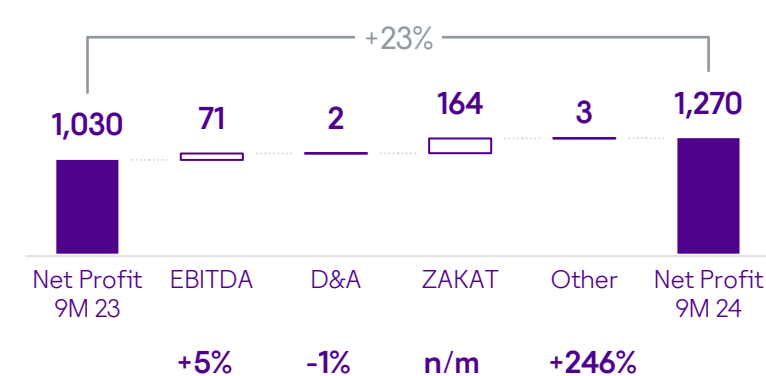
Management Commentary

- EBITDA grew 5% YoY in 9M 2024 as a dip in gross margin was offset by cost efficiency improvements.
- Net profit to shareholders increased by 23% YoY in 9M 2024 as operating income growth was reinforced by income from the disposal of a non-core product in 2Q 2024 and a reversal of Zakat payment in 3Q 2024.

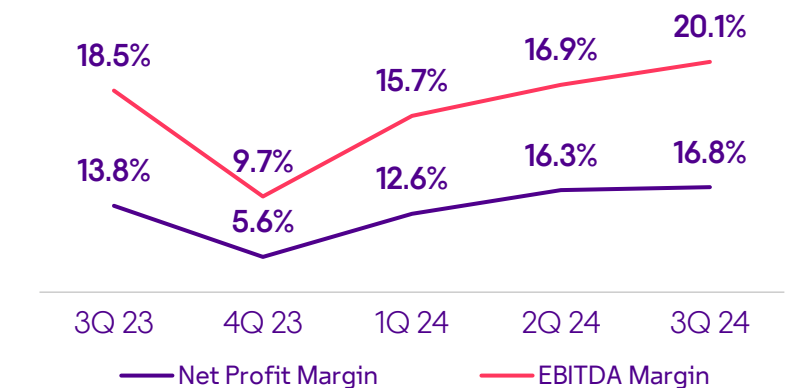
EBITDA Movement YoY (SARmn)



Net Profit Movement YoY (SARmn)



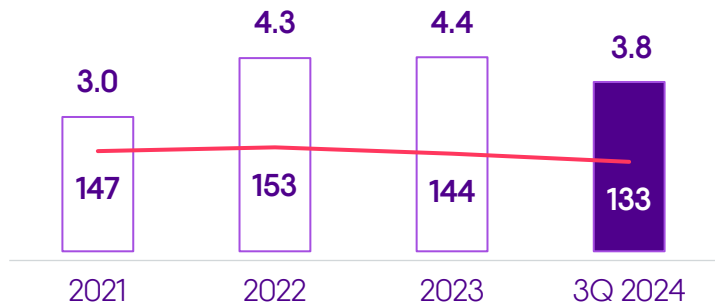
EBITDA & Net Profit Margins (%)



Balance Sheet - Working Capital

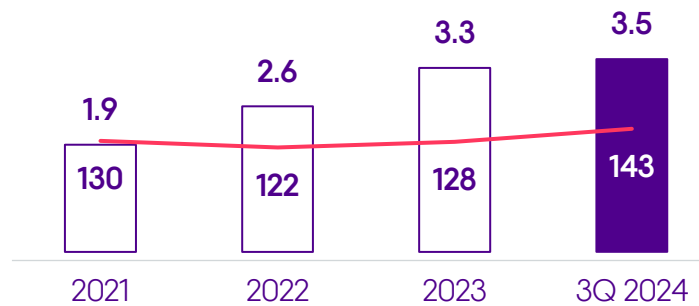
Efficient working capital management supported cash flow generation in 3Q 2024

Accounts Receivable (SARbn)



□ Accounts receivable — Days Receivables Outstanding

Accounts Payable (SARbn)

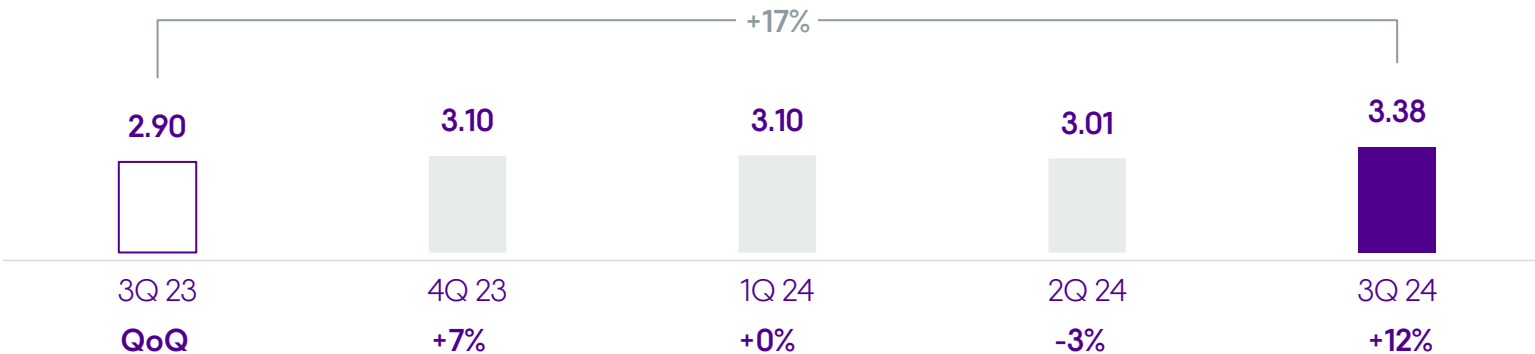


□ Accounts payable — Days Payable Outstanding

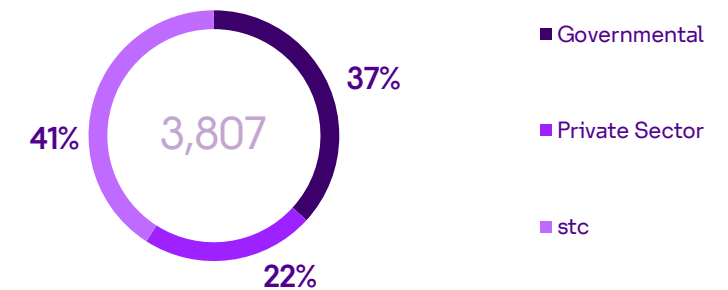
Management Commentary

- As of the end of September 2024, solutions' working capital increased by 12% QoQ and 17% YoY.
- Receivable days declined to 133 days in 3Q 2024 amid collection optimization.
- Payable days increased to 143 days due to the company's efforts to improve payment terms with key suppliers and enhance partnerships.

Working Capital Performance (SARbn)



Accounts Receivable Composition (%)

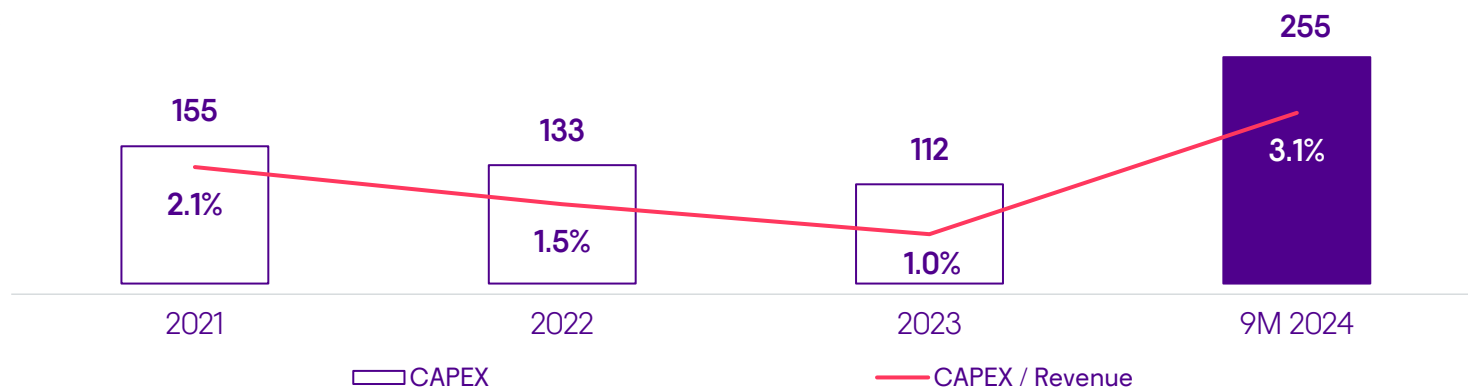


Working Capital = Current Assets - Current Liabilities

Cash Flow Generation

Strong cash flow generation in 3Q 2024 helped to return to positive OCF and FCF in 9M 2024

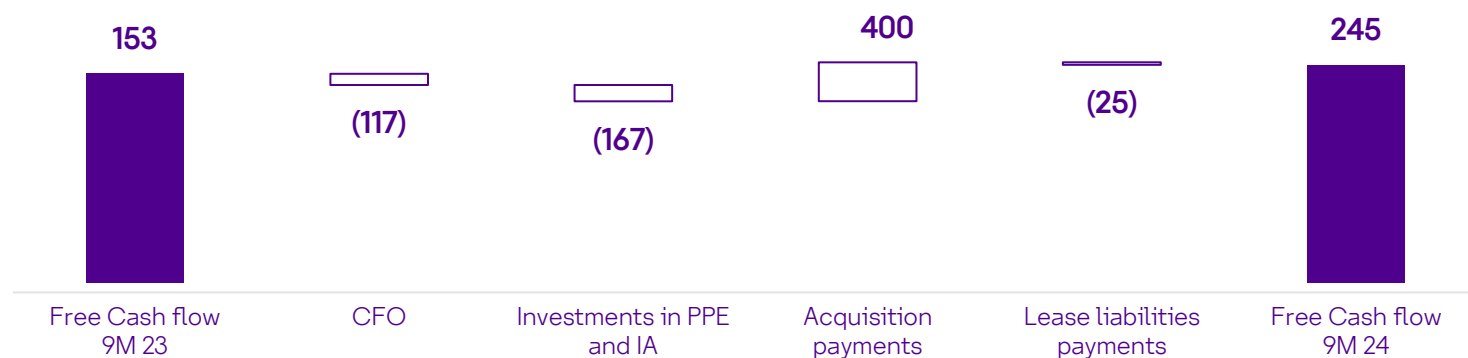
Capital Expenditures (SARmn)



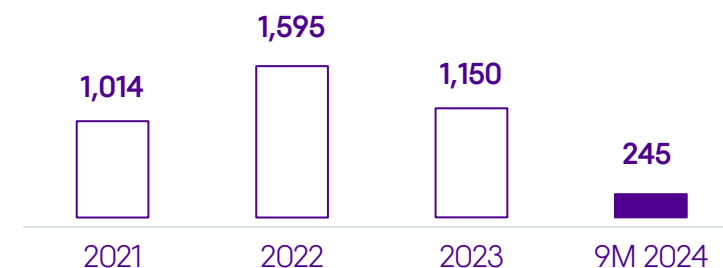
Management Commentary

- OCF surged 4.4x YoY to SAR 1.04bn in 3Q 2024 due to optimized payables and improved collection. 9M 2024 OCF returned to the positive area.
- 9M 2024 FCF surged 60% YoY to SAR 245mn.
- Net cash position increased to SAR 2.03bn as of end of September 2024.

Free Cash Flow Movement (SARmn)



Free Cash Flow (SARmn)

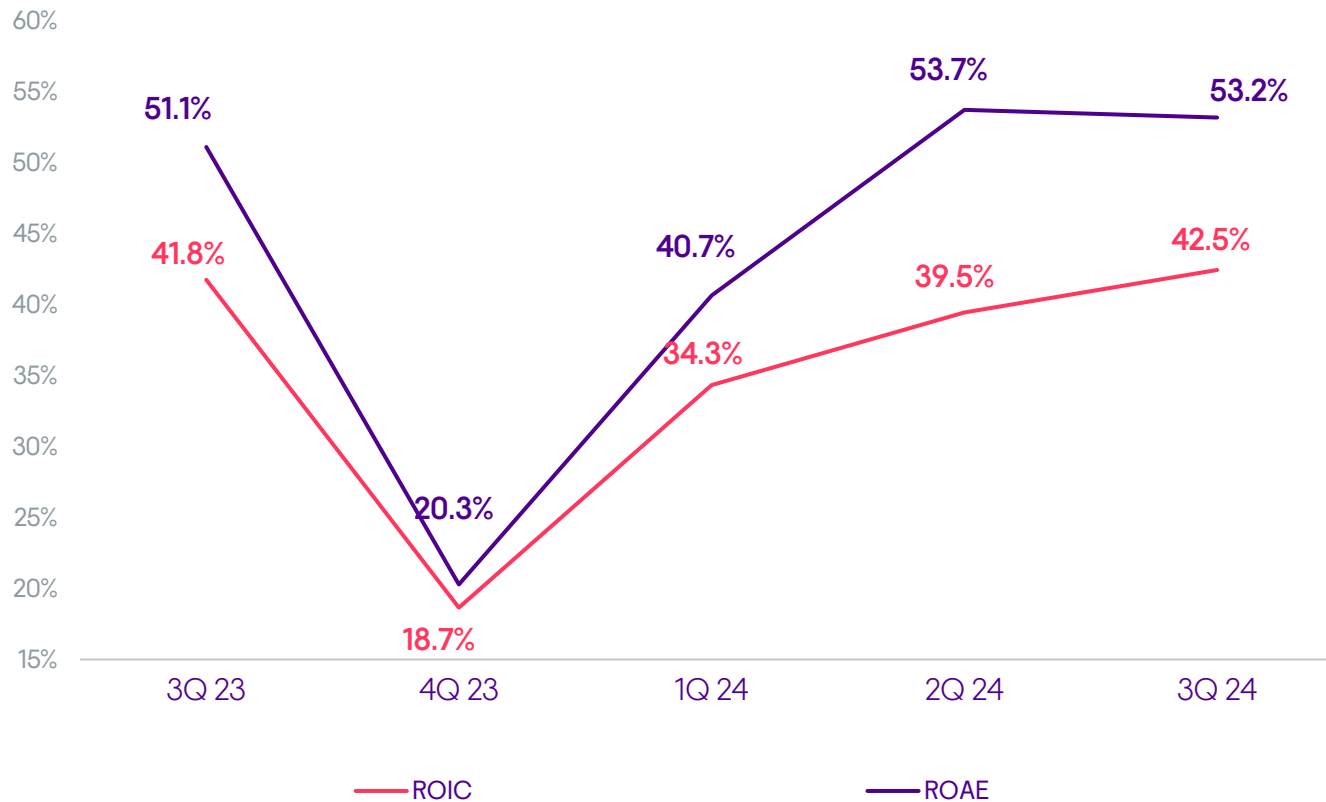


Free Cash Flow = CFO - CAPEX - Lease liabilities payments - Purchase of treasury shares - Payment for acquisition of subsidiary

Returns and Dividends

High returns and progressively growing dividends

Return Ratios (%)

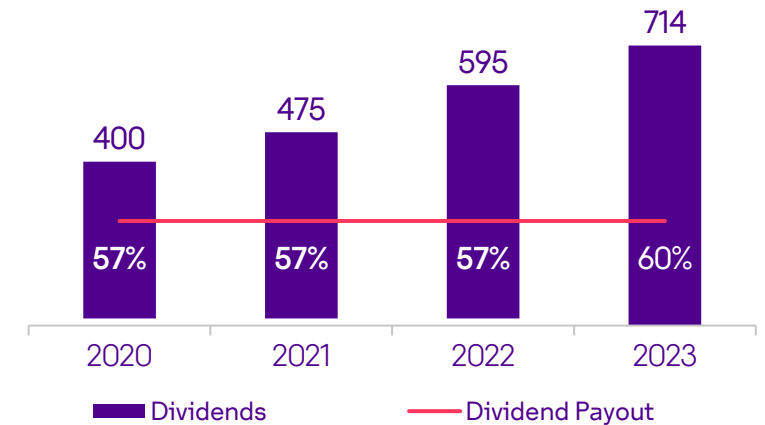


ROIC = EBIT / Invested Capital (Net Working Capital + PPE + Goodwill + Other Operating Assets)
 ROAE = Net income / Average Total Equity

Management Commentary

- Capex-light business model generates high returns and allows for generous dividends.
- The company distributed dividends of SAR 6.0 per share in 2Q 2024 for 2023. This marked 20% growth YoY, with a payout ratio of 60%.

Dividends (SARmn)



Outlook and Guidance

solutions maintains its 2024 guidance

| | 2024 Outlook |
|---------------------------------|------------------------------------|
| Oil Price | \$80-\$90 / bbl |
| KSA GDP Growth | 0.8% |
| KSA Fiscal Budget | SAR 118 bn deficit |
| KSA IT Growth | 2024: 8.3% 2025-2026 CAGR: 9.4% |
| KSA IT Spending % of GDP | 3.5% |

| | 9M 2024 Results | FY 2024 Guidance |
|------------------------|-----------------|------------------|
| Revenue Growth | 2% | 8% - 11% |
| EBITDA Margin | 17.5% | 13% - 15% |
| Capex Intensity | 3.1% | 1.0% - 1.5% |

4 Contact Details

IR Contact Details

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