

# FY 2024

## Results Presentation

Riyadh, 24 February 2025

# Agenda

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1 solutions by stc at a Glance in 2024

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2 2024 Key Milestones

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# 1 solutions by stc at a Glance in 2024

# solutions by stc at a Glance

The leading ICT services provider and enabler of the digital transformation across the Kingdom

## Key highlights

**#1**

IT services provider  
in Saudi Arabia

**22.7%**

IT Services  
market share in KSA

**25+**

Years of experience  
in IT sector

## FY 2024 financials

**9%**

Revenue growth YoY  
to SAR 12.06bn

**16.1%**

EBITDA margin

**34%**

Net income growth  
YoY to SAR 1.60bn

## People

**1,484**

Talented employees

**64%**

Saudization

**19%**

Female staff

## Partnerships

**171+**

Partners in solutions  
ecosystem

**467**

Local Suppliers  
Engaged

**77%**




Procurement  
spending on local  
suppliers

# 2 2024 Key Milestones

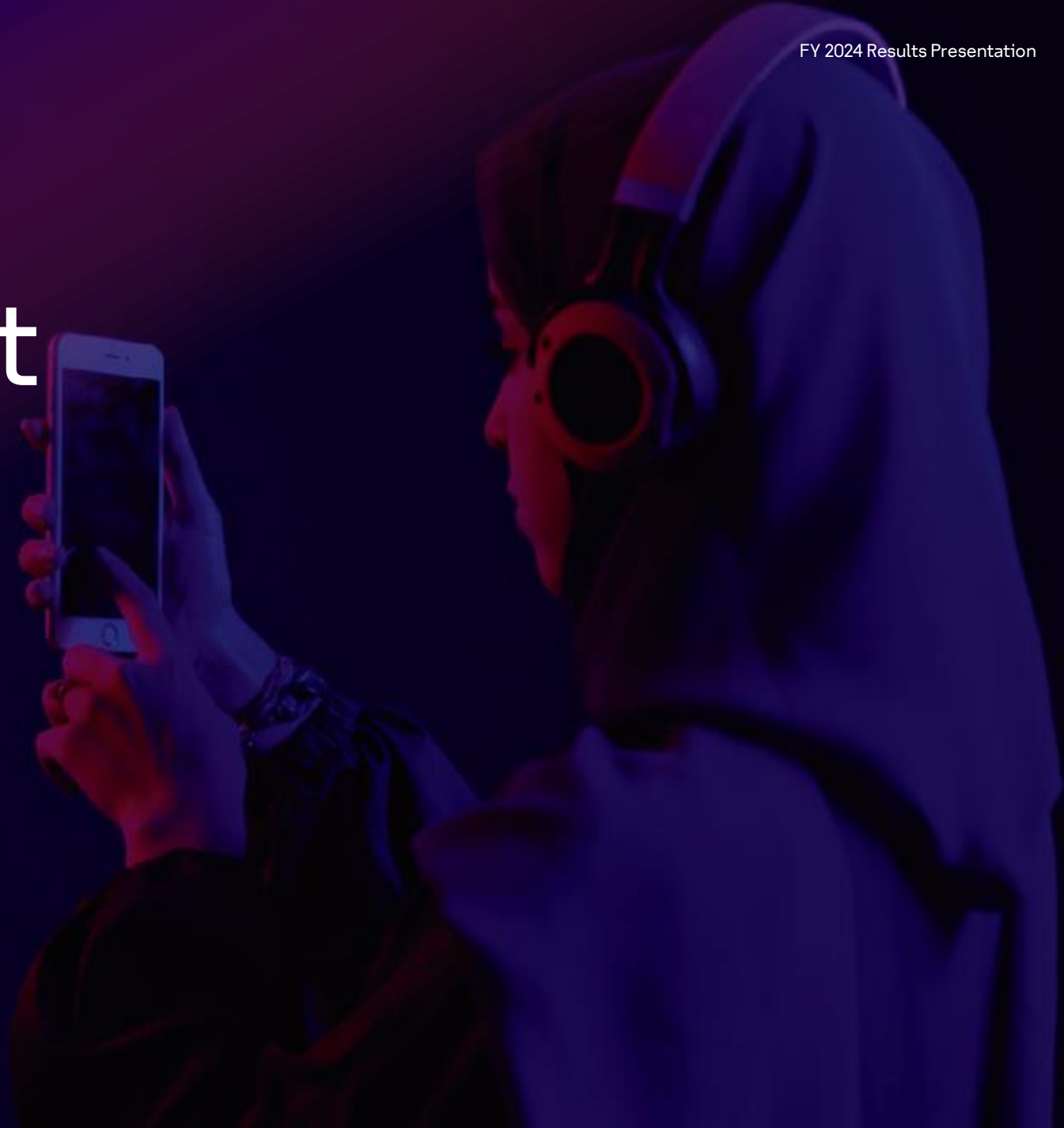


# 2024 Key Milestones

A transformative year for solutions that enhanced its capabilities, expanded portfolio and widened the client reach

Strategic area	LEAP	Initiative	Highlight	Rationale
PPP	E	 شركة ريمات الرياض للتنمية Remat Al-Riyadh	1st PPP of solutions and stc Group with the public sector	Expansion into new businesses, getting exposure to the Saudi public sector and contributing to the modernization of the public service experiences in Riyadh.
	E, A	 شركة جدة Jeddah Company	Creating Amanah Tech, a JV 70% owned by solutions	The deal is a part of solutions' LEAP strategy to expand into promising business lines to enable digital transformation for its customers.
M&A	L, E	 devoteam	Deal completion	On 4 February, solutions completed the acquisition of a 40% stake in "Devoteam Middle East". The deal brings synergies with core business and complement solutions' offering with new capabilities.

# 3 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 60%+

## Superior Value Creation

- 34.3% ROIC in FY 2024 is well above the company's cost of capital

## Asset-Light Business Model

- 2.1% organic capex / revenue ratio in 2024

## Strong FCF

- SAR 1.2 bn FCF in 2024...
- ...with 61% FCF conversion

## Generous Dividends

- BoD recommended ordinary DPS of SAR 8 and special dividend of SAR 2 for FY 2024
- This implies total 75% payout and 67% growth YoY

## Efficient Capital Allocation

- High-return organic capex
- Value-accretive M&As
- High-potential partnerships and PPP projects
- Progressively rising dividends

## Robust Balance Sheet

- Net cash position of SAR 3.0 bn as of end FY 2024...
- ...amounting to 1.5x FY 2024 EBITDA



# 4 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

**Growth**  
Drive growth through expansion, enhancements and innovation



**Profitability**  
Sustain strong margins and returns through operational excellence

## L

**Lead** through service excellence:

- **ICT services**  
Strengthen leadership by setting a new benchmark for quality, innovation and client satisfaction
- **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**  
Shape up the next-gen digital solutions
- **Innovation program**  
Establish, institutionalize and scale
- **Partnerships & strategic alliances**  
Expand offering and tap into new markets
- **Geographical expansion**  
Capitalize on subsidiaries footprint
- **New business models**  
PPP, revenue-sharing arrangements

## A

**Achieve** excellence in customer engagements

- **CEX – Customer Success**  
Place client at the core of the group's operations and become an integral part of their success story
- **New verticals**  
Enter high-potential verticals through industry-specific offerings
- **Commercial excellence**  
Achieve excellence in commercial capabilities

## P

**Promote** efficiencies and sustainability

- **OPEX optimization**  
Streamline internal processes, strive for operational excellence and achieve optimal resource allocation
- **Subsidiaries OM & GTM**  
Maximize group synergies through operating model and clear GTM
- **Sustainability**  
Minimize environmental impact, foster strong corporate culture, adhere to social responsibility, invest in people, contribute to community.

# Value-added M&A drive growth, expand offering and bring synergies

The recent acquisitions reinforced the group's market leadership and made a notable financial contribution\*



Ownership share: **88.2%**

Strategic rationale:

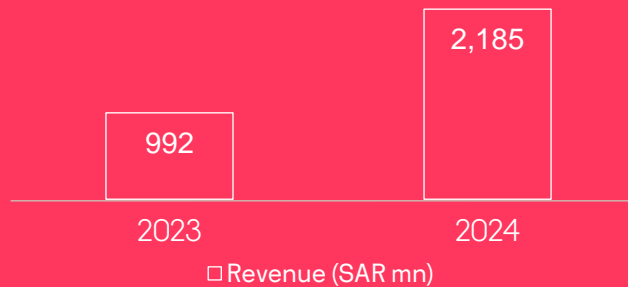
- Diversify into international IT market
- Enhance portfolio with integration, development, management services



Ownership share: **100%**

Strategic rationale:

- Strengthen solutions' BPO business
- Complete coverage of ICT customer journey by enabling end-to-end offerings from design to operations



Ownership share: **40%**

2024 revenue: **SAR 461mn\*\***

Strategic rationale:

- Gain synergies with systems integration business
- Strengthen ICT market leadership
- Add digital consulting and business transformation capabilities

\* The charts show revenue of Giza and ccc before intercompany eliminations

\*\* 2024 revenue was reported from the date of acquisition (1 February 2024)

# Expansion into AI

Driving solutions ambition as a Next Gen Services provider and an AI First company.

## Booming AI market



**AI market is rapidly growing**, both globally and in KSA with a market size exceeding 30 Bn<sup>1</sup> SAR, also fueled by raising AI outsourcing demand<sup>2</sup>

## Enablement of National AI Play



KSA AI landscape is fragmented and largely driven by international players; **unique opportunity for a national AI player to enable and support Vision 2030**

## Existing capabilities and deep client access



**Competitive advantage for existing specific capabilities** (i.e., infrastructure) and access to broad set of B2B clients

## Customer demand evolving



Customers **planning to allocate ~8% of total IT spending to AI<sup>4</sup>**, with an increased demand for AI transformations across sectors

1. Until 2030
2. One of key AI global trends
3. KSA AI landscape is mainly driven by international players, with a handful of fragmented local players gaining competitiveness. Start-up scene is nascent, mostly focused on apps;
4. Until 2027

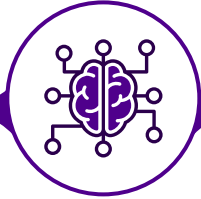
# Aiming to become an AI First organization

solutions enables and orchestrates an AI-powered ecosystem for customers to deliver unparalleled outcomes



## Provide integrated AI offering

Support businesses and entities regionally to embark in **advanced AI transformations**, helping them to fully empower their data with **an integrated AI offering**, also leveraging existing capabilities



## Build best-in-class capabilities

Develop, partner and acquire to offer **one-of-a-kind capabilities across the entire offering** – providing clients with exceptional services that go beyond pure reselling & traditional services



## Develop the AI ecosystem

Act **as the ecosystem enabler for AI** in the Kingdom to help in achieving Vision 2030, collaborating with stakeholders on talent development, investment, applied R&D, infrastructure enhancement, and policy making



## Install AI in the DNA of the Org

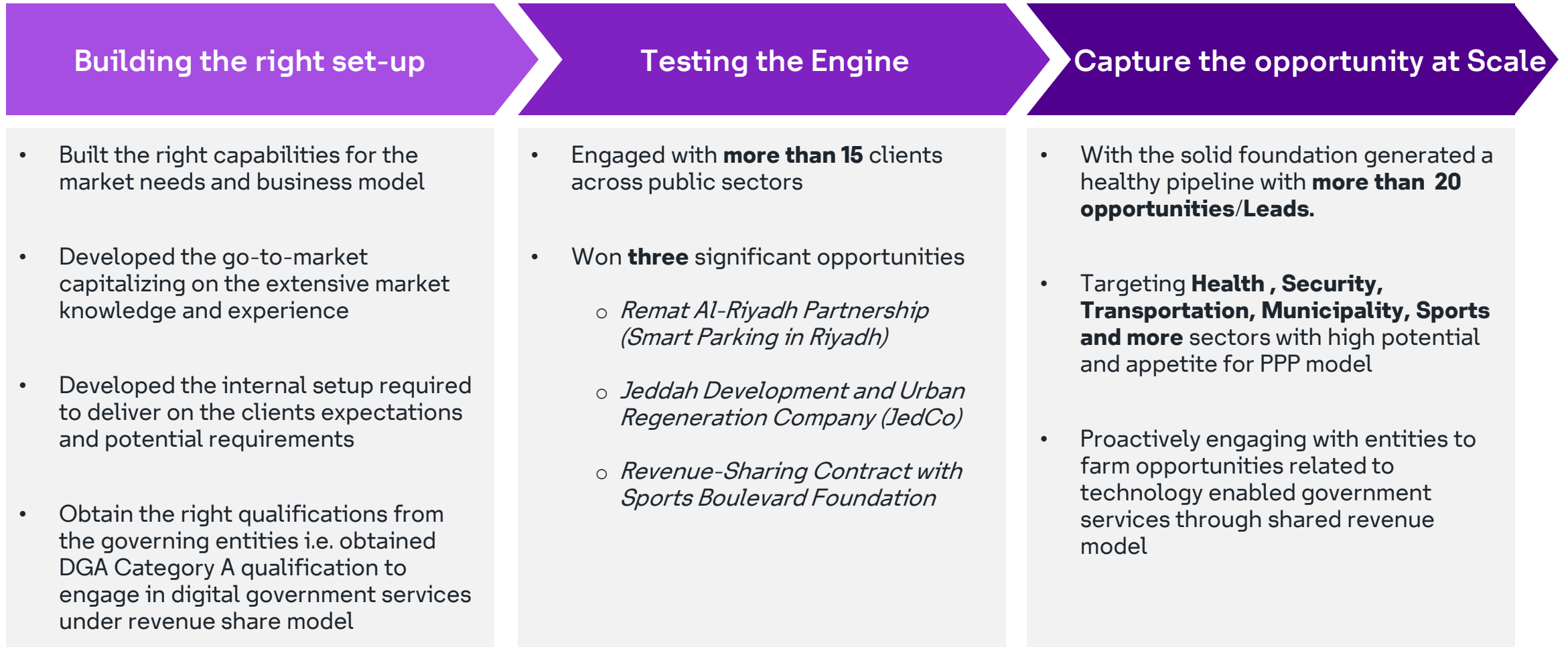
**Embed AI internally** to boost productivity, accelerate AI-driven innovation, and drive market differentiation; **internal AI is imperative for go-to-market success**

A man and a young boy are looking at a screen. The man is pointing at the screen with his right hand. The scene is lit with blue and red light.

# 5 PPP Projects

# Leading innovation and urban transformation through strategic PPPs

The PPP model creates recurring revenue streams, enhances financial performance and contributes to sustainability





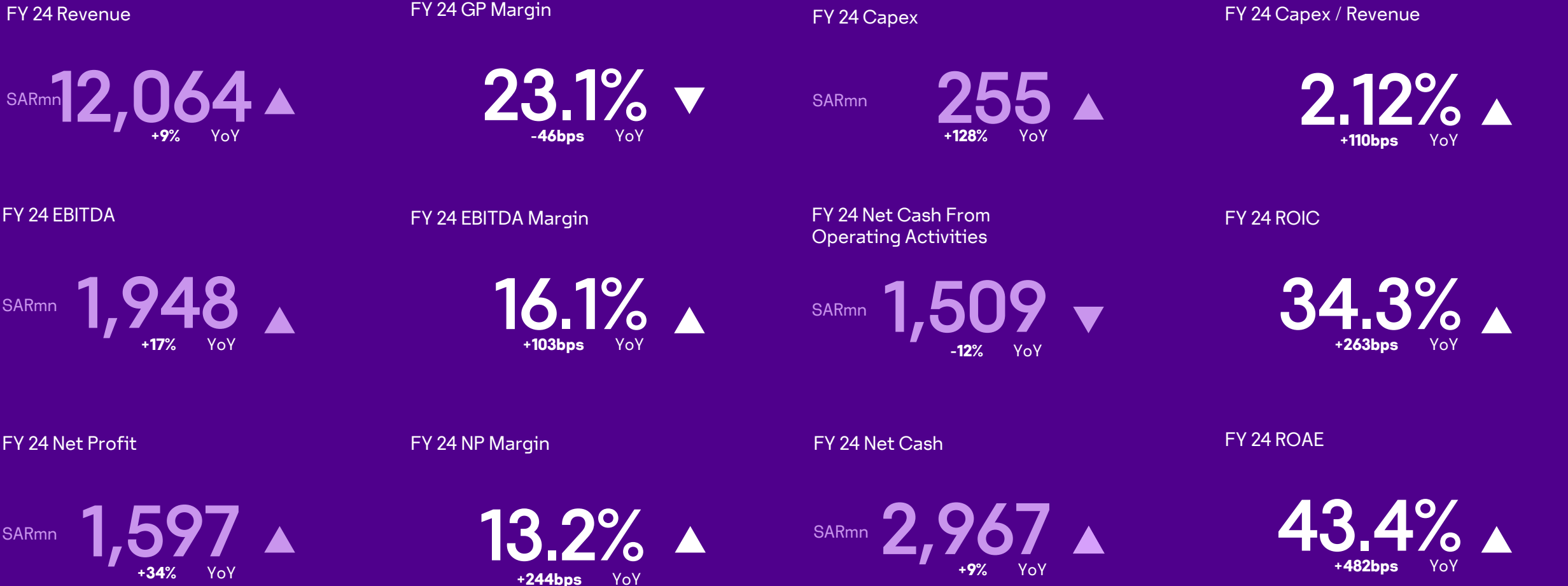
# Financial Performance





# solutions FY 2024 Financial Dashboard

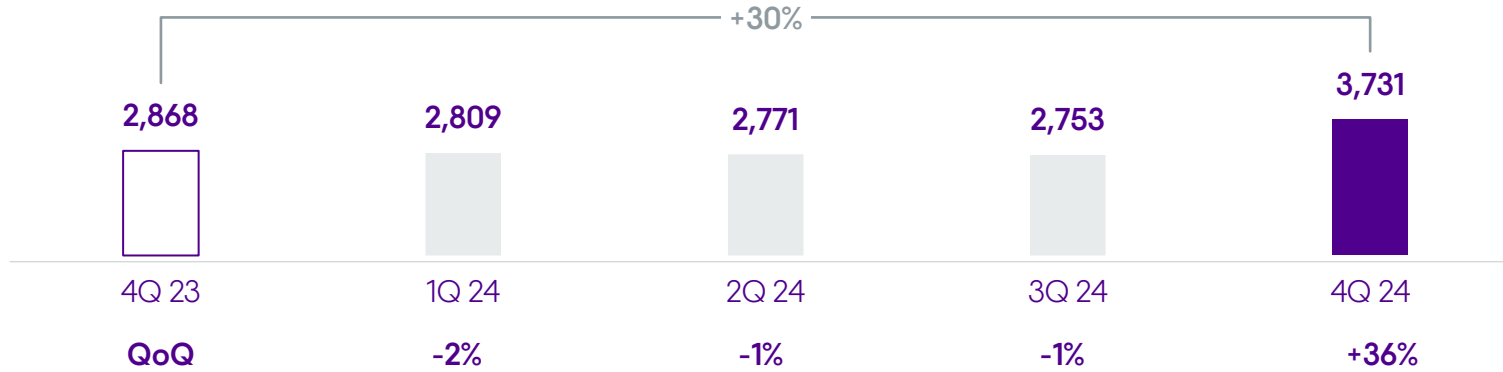
Steady growth with operating and net margins reaching multi-year records in FY 2024



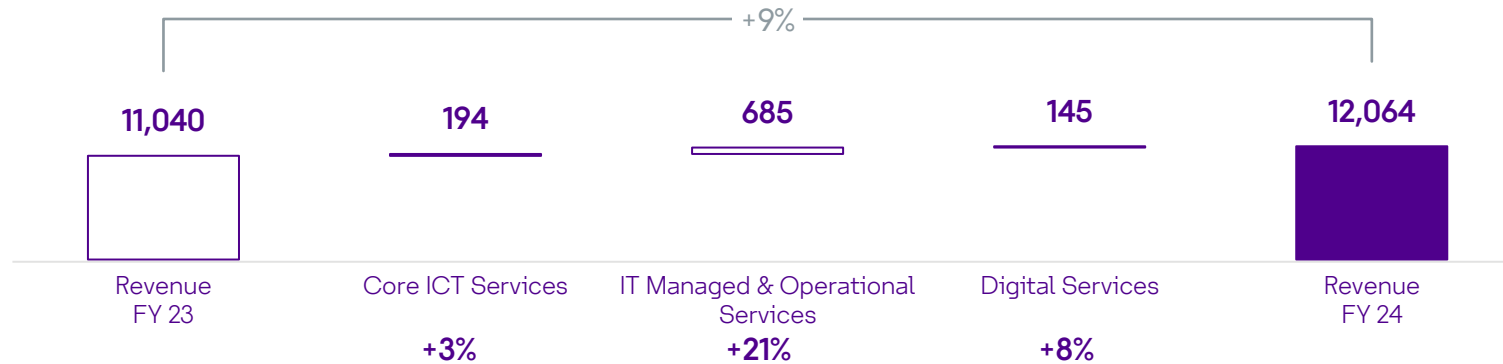
# Revenue Trend and Breakdown by Business Segment

Group revenue growth accelerated to +9% YoY in FY 2024 driven by IT Managed and Operational Services

## Revenue Trend (SARmn)



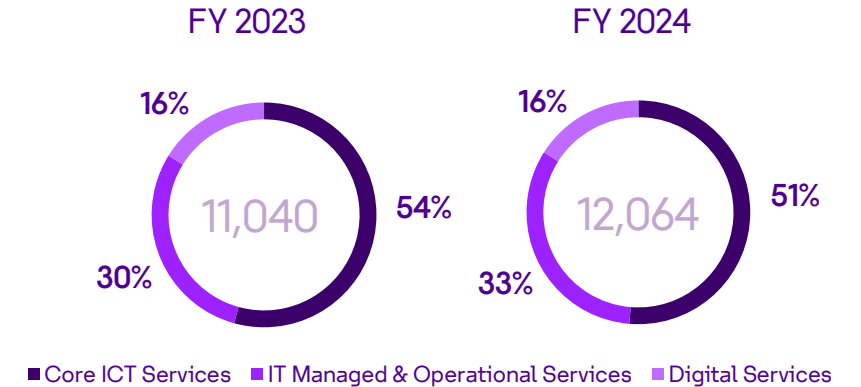
## Revenue Movement YoY (SARmn)



## Management Commentary

- Acceleration of growth in 4Q 2024 was driven by the completion of key milestones for projects from a healthy backlog and the ramp-up of projects secured during the year, some of which were publicly announced.
- Strong backlog is set to continue to support revenue generation in 2025.

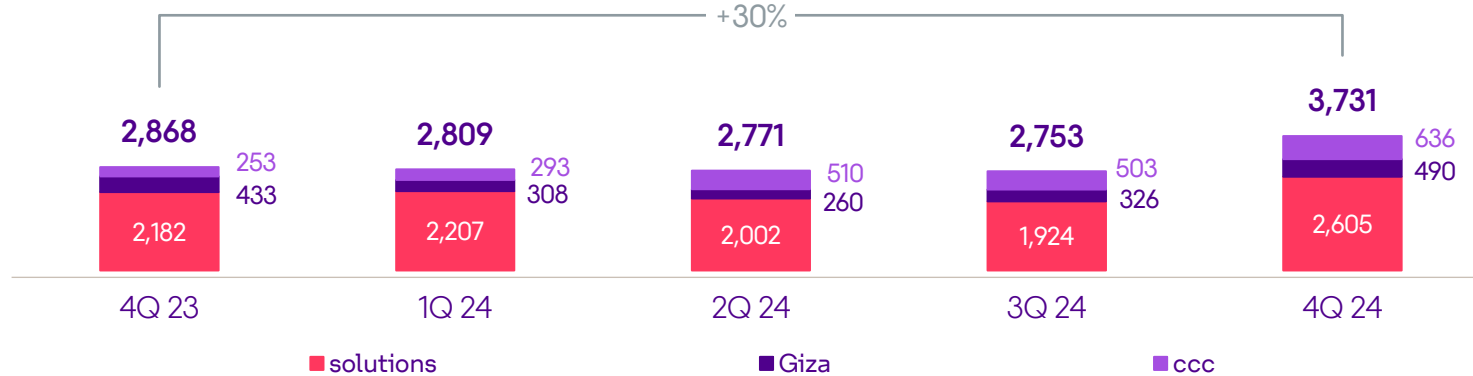
## Revenue Composition (by Business Segment)



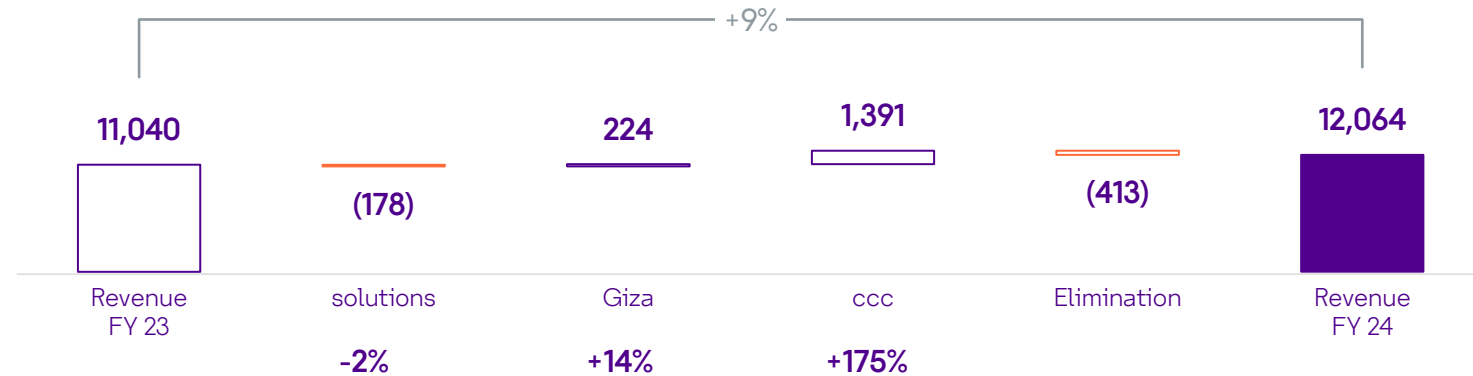
# Revenue Breakdown by Entity

The share of Giza and ccc increased to 28% of FY 2024 revenue after 19% a year ago<sup>1</sup>

## Revenue Breakdown by Entity (SARmn)



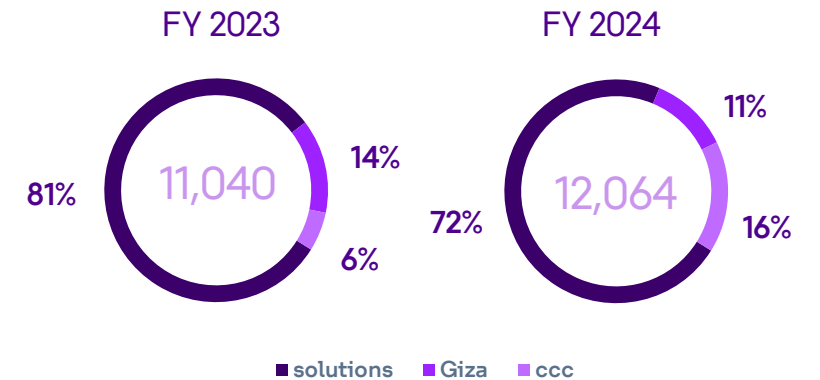
## Revenue Movement YoY (SARmn)



## Management Commentary

- The group's focus on efficient projects delivery resulted in some projects being redistributed from solutions to other subsidiaries.
- Giza's revenue grew 14% YoY (excl. eliminations) driven by strong demand for system integration services.
- ccc was the main revenue growth contributor driven by new projects, transfer of a certain business portfolio from solutions and consolidation in April 2023.

## Revenue Composition (by Entity)

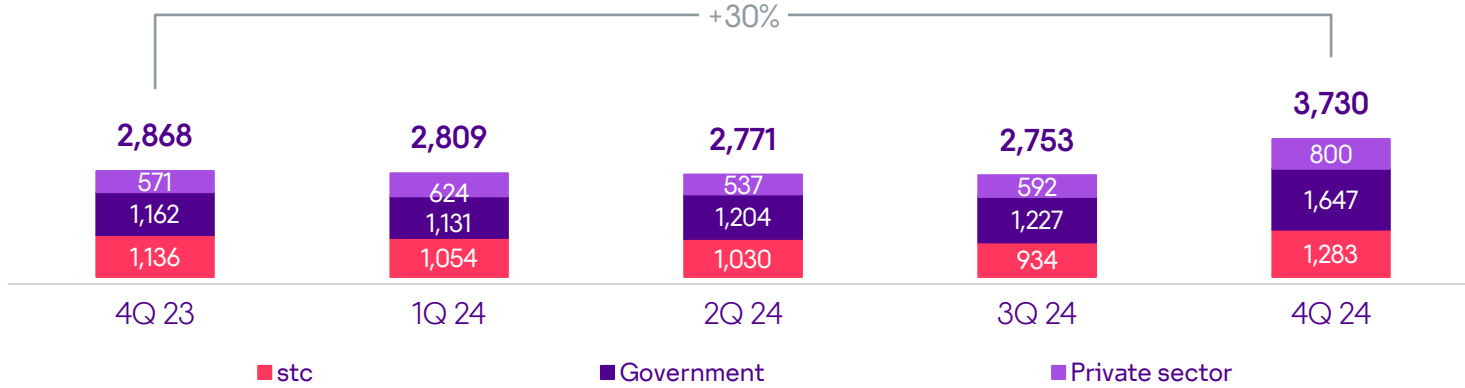


<sup>1</sup> - the Revenue Movement chart shows numbers before intercompany eliminations

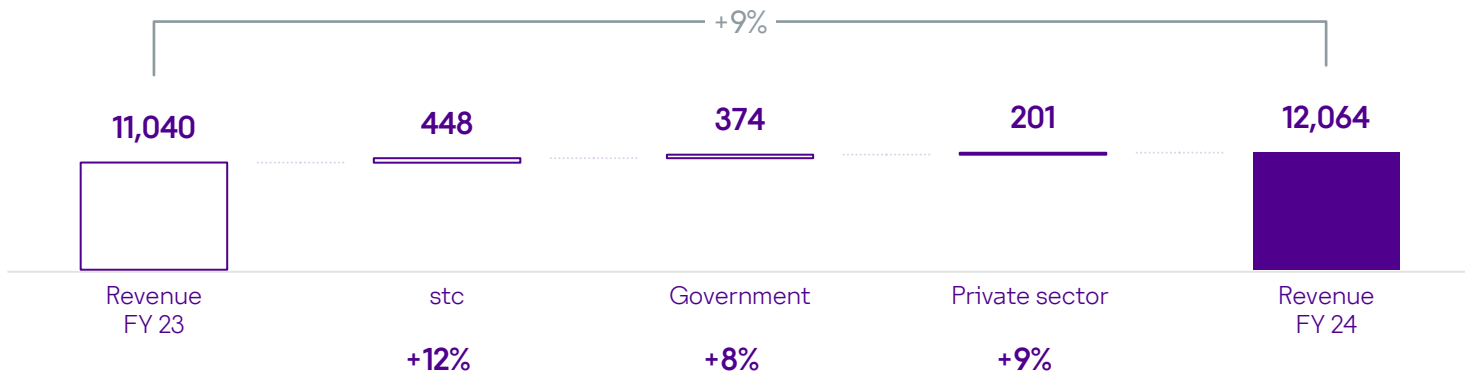
# Revenue Breakdown by Customer Type

The revenue share of stc and the Government remained flat YoY at 79% in FY 2024

Revenue Breakdown by Customer Type (SARmn)



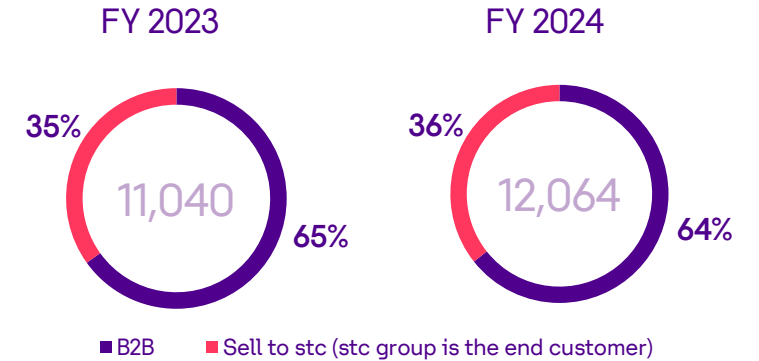
Revenue Movement YoY (SARmn)



## Management Commentary

- Revenue from stc grew 12% YoY in FY 2024 driven by enhanced capabilities and service offering.
- Revenue from the Government increased by 8% YoY in FY 2024 with a pickup in 4Q 2024 prompted by the successful execution and delivery of projects.
- Revenue from the private sector grew 9% YoY in FY 2024 supported by faster growth in 4Q 2024 driven by delivery in ongoing projects and new projects.

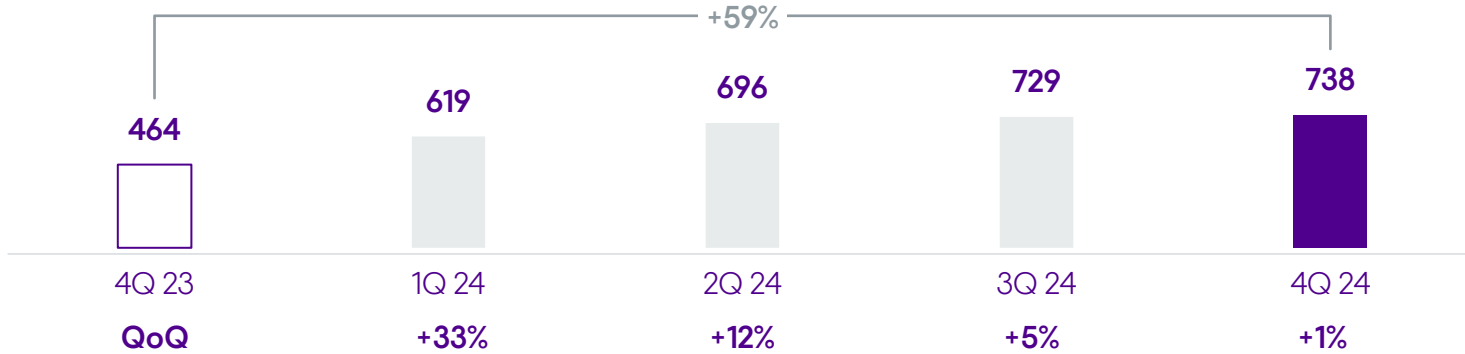
## Revenue Composition (by Channel)



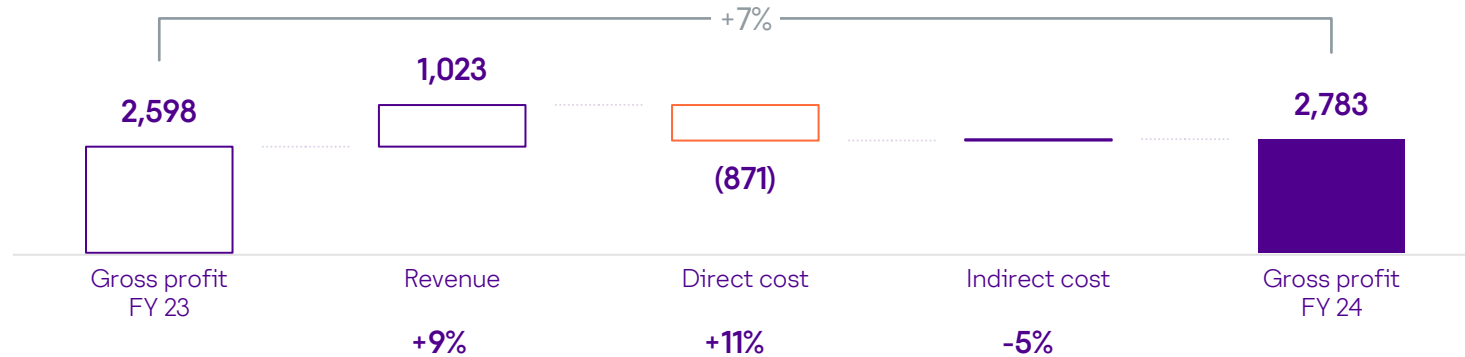
# Profitability - Gross Profit Performance

Gross profit margin slightly decreased to 23.1% in FY 2024 from 23.5% in FY 2023

## Gross Profit Trend (SARmn)



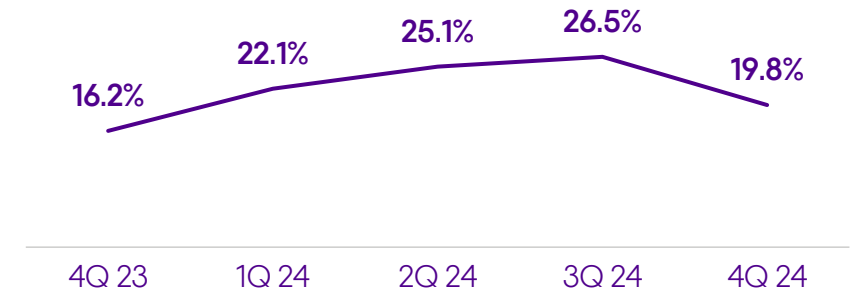
## Gross Profit Movement (SARmn)



## Management Commentary

- Gross margin fell 46 bps YoY to 23.1% in FY 2024 due to changes in market trends, regulation and projects mix.
- Quarterly margin increased by 361 bps YoY to 19.8% in 4Q 2024 due to a low comparison base in FY 2023 and improved revenue recognition pattern in FY 2024.
- A temporary gross margin dip QoQ was related to margin recognition on certain stages of projects delivery in 4Q 2024 .

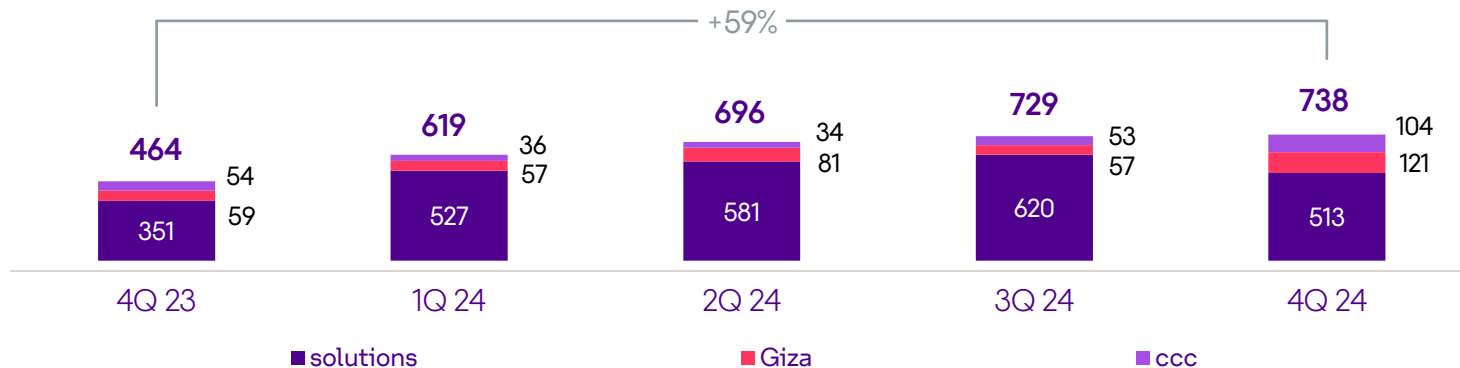
## Gross Profit Margin (%)



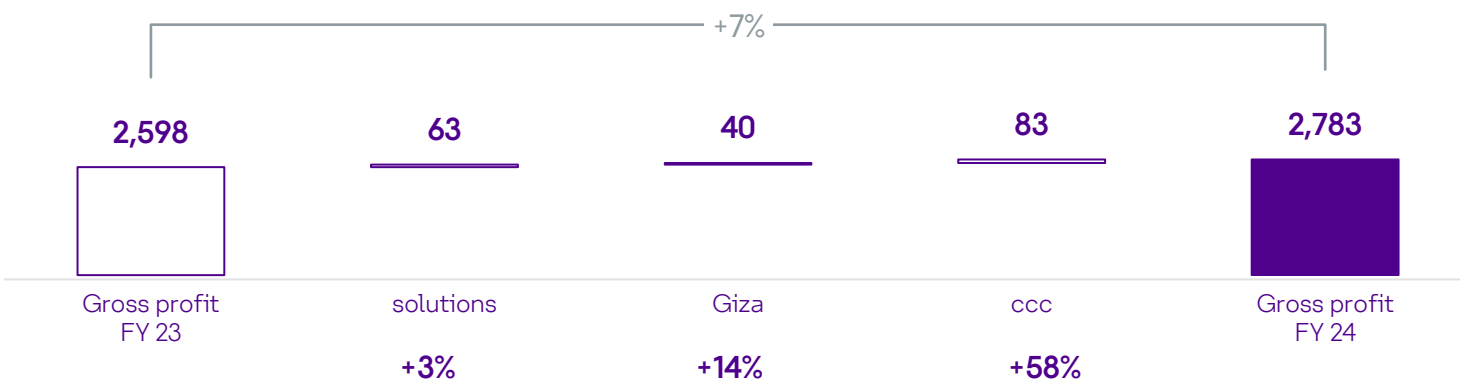
# Profitability - Gross Profit Drivers

FY 2024 Gross Profit performance reflects changes in the market dynamics, projects mix and regulation<sup>1</sup>

## Gross Profit Breakdown by Entity (SARmn)



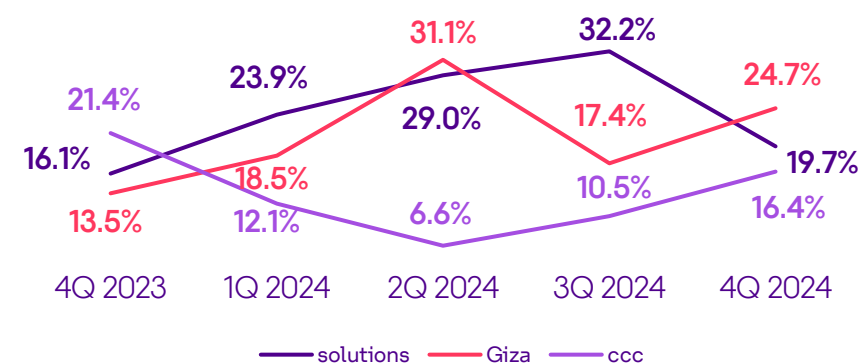
## Gross Profit Movement YoY (SARmn)



## Management Commentary

- solutions standalone gross margin dynamics QoQ reflected revenue and margin recognition at early stages of projects execution, which should normalize as projects mature.
- ccc's 4Q 2024 gross margin was supported by the consolidation of BPO business and HRDF rebates.
- Giza's QoQ gross margin dynamics was affected by a changing sales mix within the pool of projects.

## Gross profit margin by Entity

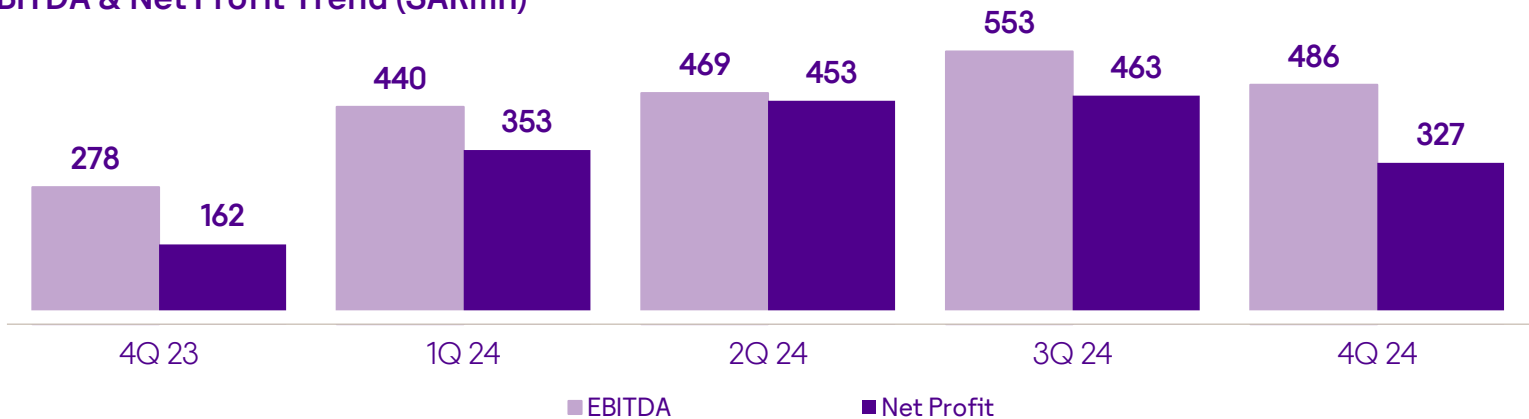


<sup>1</sup> - all numbers are presented after intercompany eliminations

# Profitability - EBITDA and Net Profit

FY 2024 EBITDA and net profit margins hit multi-year record levels

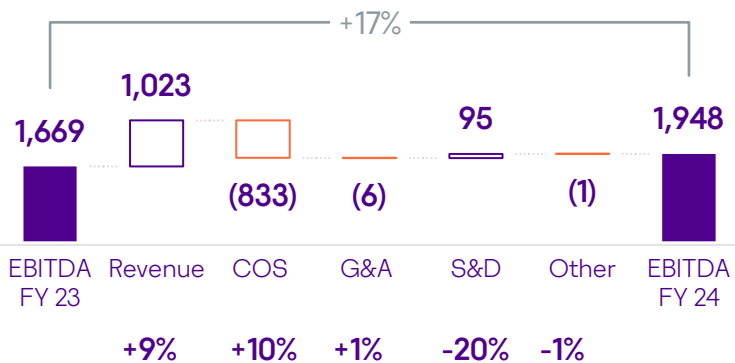
EBITDA & Net Profit Trend (SARmn)



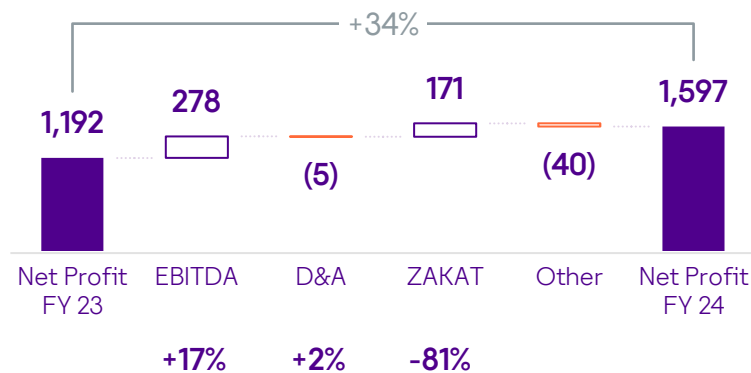
## Management Commentary

- EBITDA grew 17% YoY in FY 2024 driven by the implementation of the cost efficiency program.
- EBITDA margin reached 16.1% in FY 2024, the record annual level over the past years.
- Net profit to shareholders increased by 34% YoY in FY 2024 as strong operating income growth was complemented by lower Zakat payment.

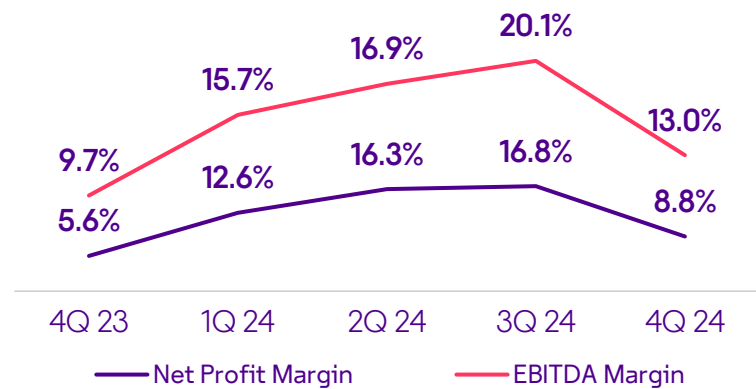
EBITDA Movement YoY (SARmn)



Net Profit Movement YoY (SARmn)



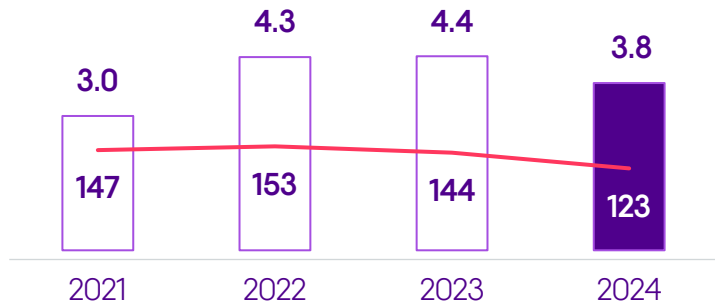
EBITDA & Net Profit Margins (%)



# Balance Sheet - Working Capital

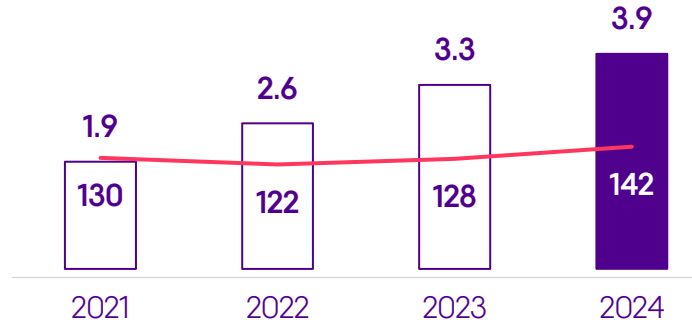
Efficient working capital management resulted in reduced receivables and increased payables

## Accounts Receivable (SARbn)



Accounts receivable Days Receivables Outstanding

## Accounts Payable (SARbn)

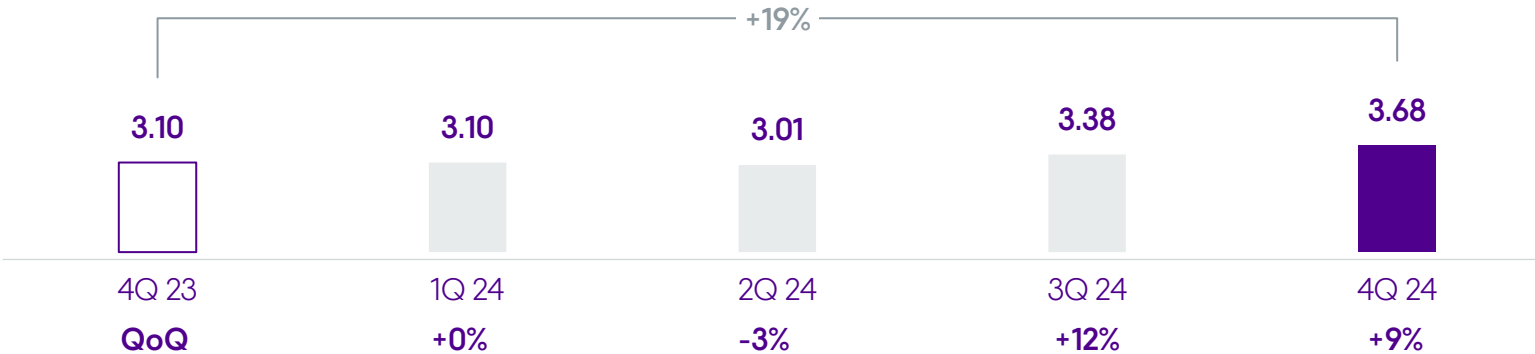


Accounts payable Days Payable Outstanding

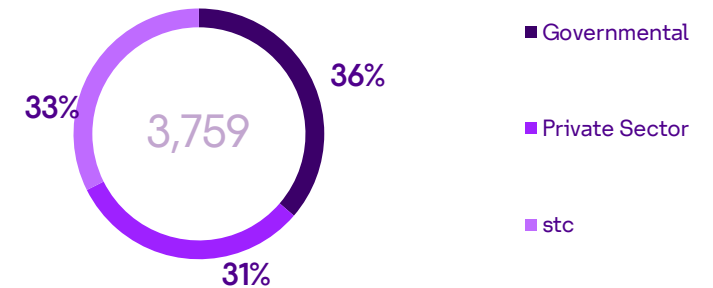
## Management Commentary

- Receivable days declined to 123 days in FY 2024 amid collection optimization.
- Payable days increased to 142 days supported by the company's efforts to improve commercial terms with key suppliers and enhance partnerships.
- As of the end of December 2024, solutions' working capital increased by 9% QoQ and 19% YoY.

## Working Capital Performance (SARbn)



## Accounts Receivable Composition (%)



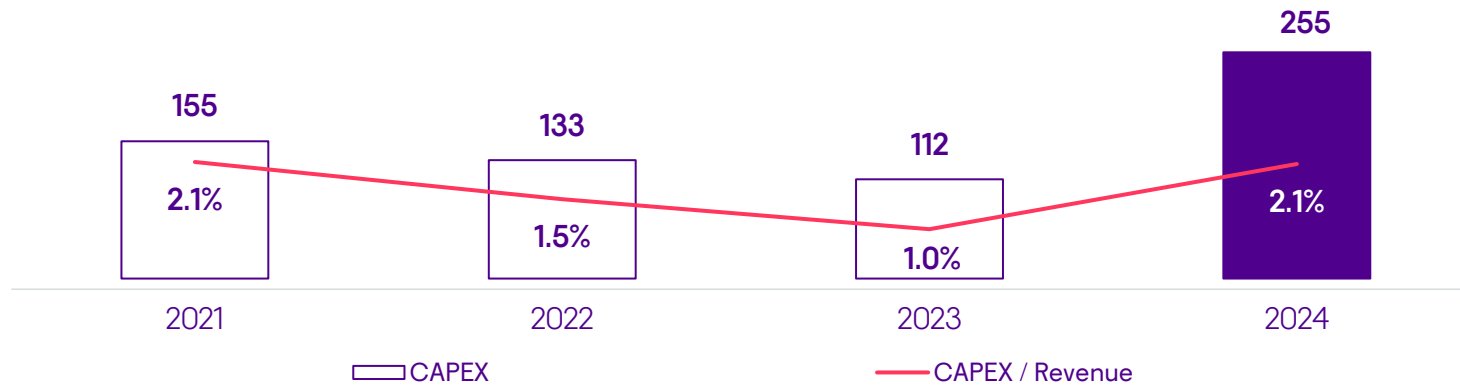
Working Capital = Current Assets - Current Liabilities



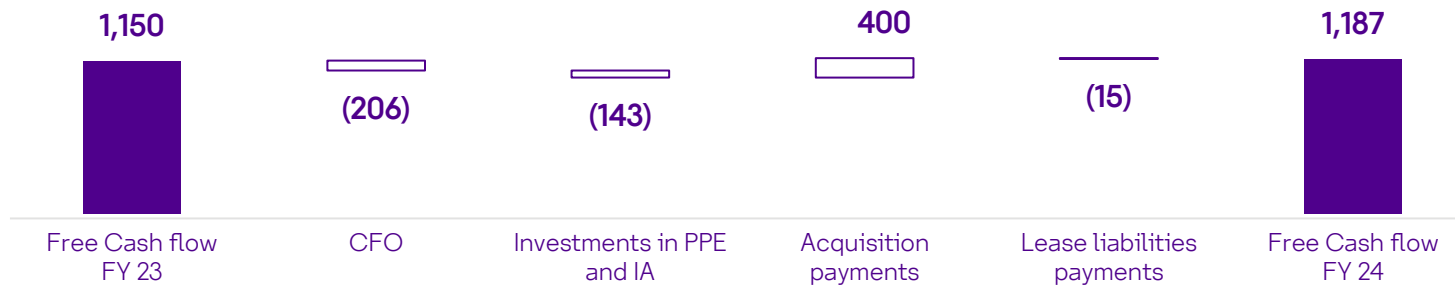
# Cash Flow Generation

Working capital improvements supported cash flow generation in 2H 2024 and ensured FCF growth YoY in FY 2024

## Capital Expenditures (SARmn)\*



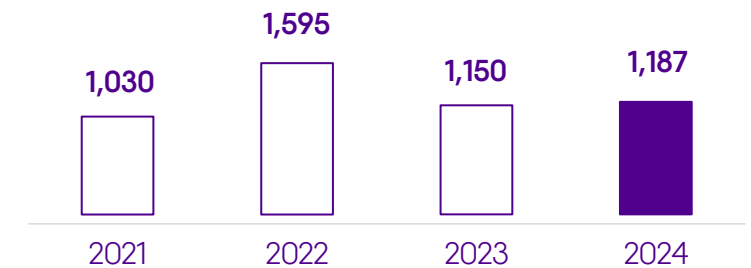
## Free Cash Flow Movement (SARmn)



## Management Commentary

- OCF fell by 12% YoY to SAR 1.51bn in FY 2024 affected by temporary cash flow swings in 1Q 2024 mitigated by improved working capital during the rest of the year.
- Capex surged 2.3x YoY to SAR 255mn in FY 2024 due to a ramp-up in 3Q 2024 investments ahead of the implementation of a sizeable contract in 4Q 2024..
- FY 2024 FCF grew 3% YoY to SAR 1.19bn.

## Free Cash Flow (SARmn)



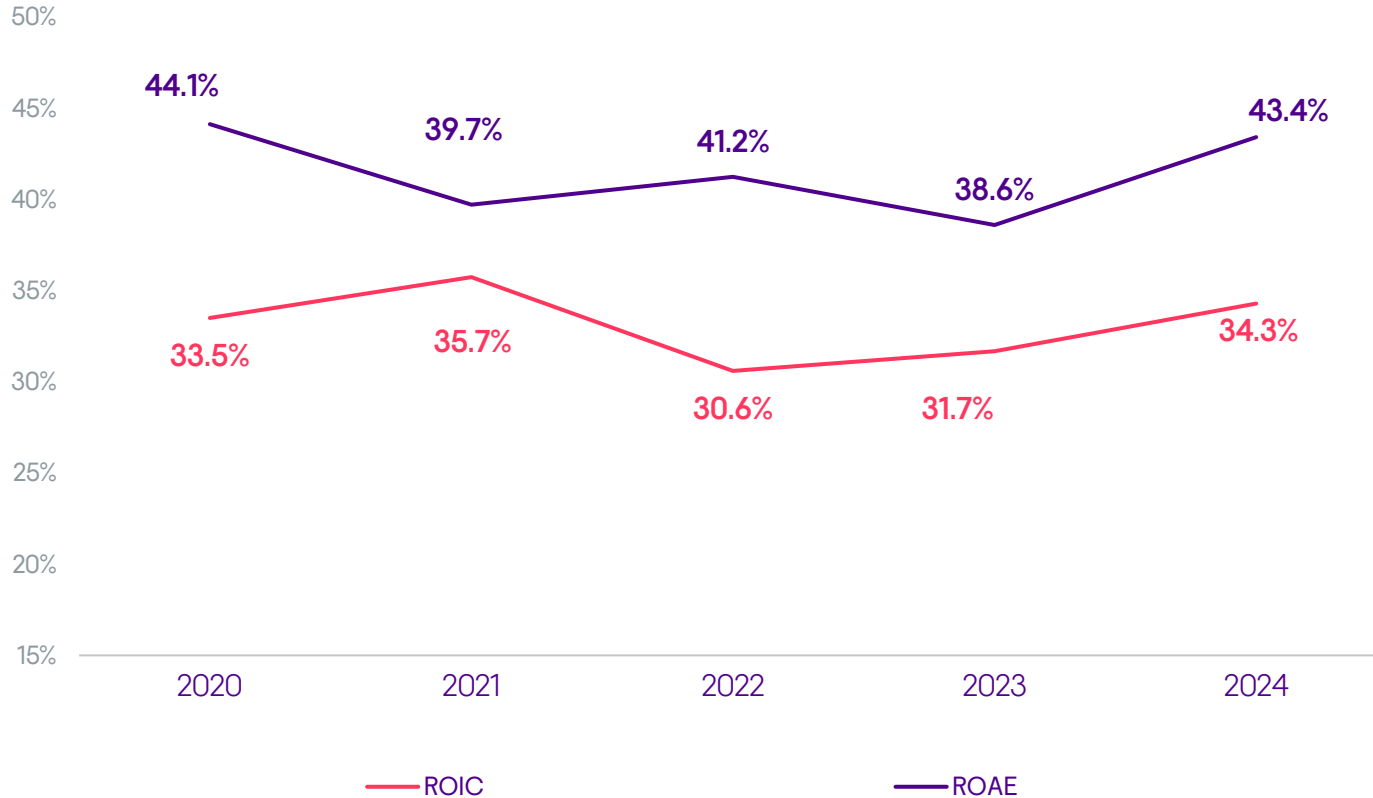
\* The chart is provided for organic CAPEX

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

# Returns and Dividends

Sustainable returns and progressively growing dividends

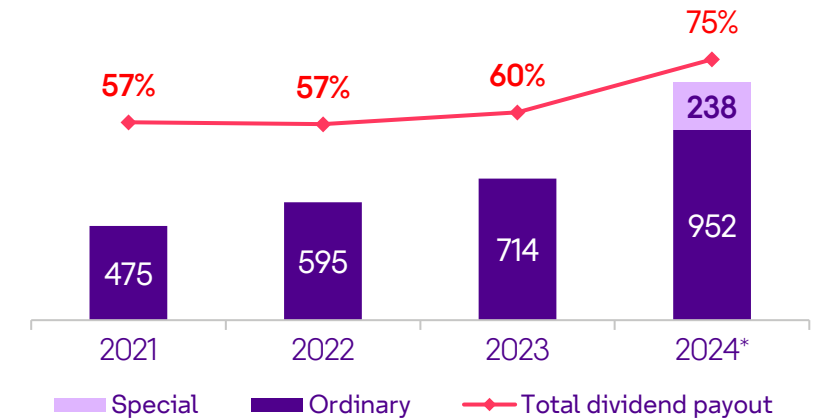
## Return Ratios (%)



## Management Commentary

- Capex-light business model generates high returns and allows for generous dividends.
- The company's BoD recommended SAR 8 ordinary DPS and SAR 2 special DPS for FY 2024.
- This means an ordinary dividend payout of 60% and a special dividend payout of 15%. The total dividend amount grew 67% YoY.

## Dividends (SARmn)



\* subject to the approval by the annual general meeting of shareholders (AGM)  
 ROIC = EBIT / Invested Capital (Net Working Capital + PPE + Goodwill + Other Operating Assets)  
 ROAE = Net income / Average Total Equity

# Outlook and Guidance

solutions announces its 2025 guidance

	2025 Outlook
<b>Oil Price</b>	\$75-\$80 / bbl
<b>KSA GDP Growth</b>	4.6%
<b>KSA Fiscal Budget</b>	SAR 101 bn deficit
<b>KSA IT Growth</b>	2025: 9.4% 2024-2028 CAGR: 9.3%
<b>KSA IT Spending % of GDP</b>	3.4%

	FY 2024 Results	FY 2025 Guidance
<b>Revenue Growth</b>	9.3%	8% - 10%
<b>EBITDA Margin</b>	16.1%	14% - 16%
<b>Organic capex, % of revenue</b>	2.1%	2% - 3%

# 7 Contact Details

# IR Contact Details

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