

9M 2023

Results Presentation

Riyadh, 6 November 2023

Agenda

1 Investment Thesis Update

2 Strategy Update

3 M&A Strategy Update

4 Financial Performance

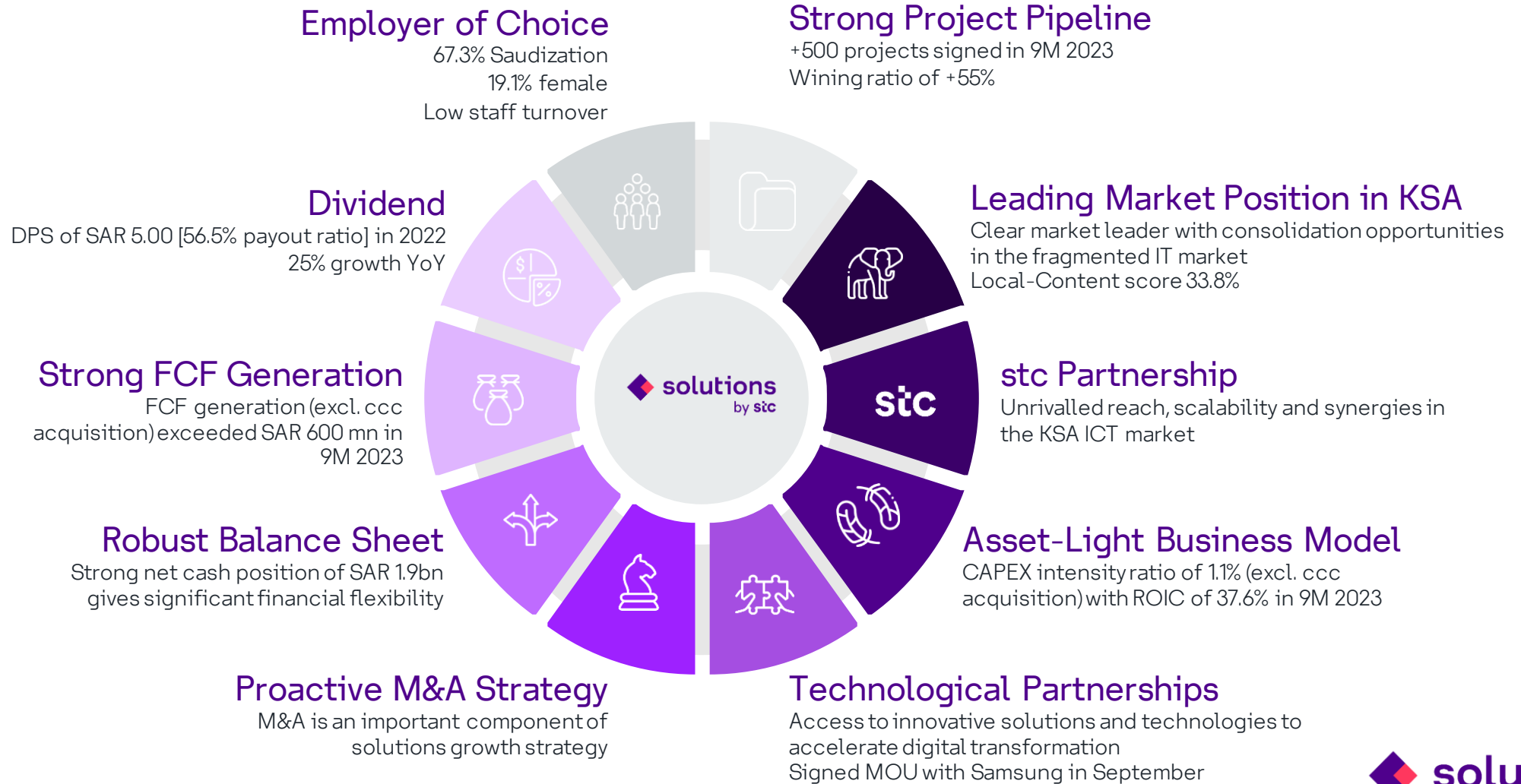
5 Contact Details

1 Investment Thesis Update

A person wearing large headphones is shown in profile, looking at a smartphone held in their hands. The image is dimly lit with a blue and purple color palette, suggesting a focus on technology and digital investment.

Investment Thesis Update

solutions is the **right stock** in the **right market** at the **right time**



2 Strategy Update



Strategic Objectives

solutions provides innovative technology solutions that enable our customers to succeed in evolving market needs



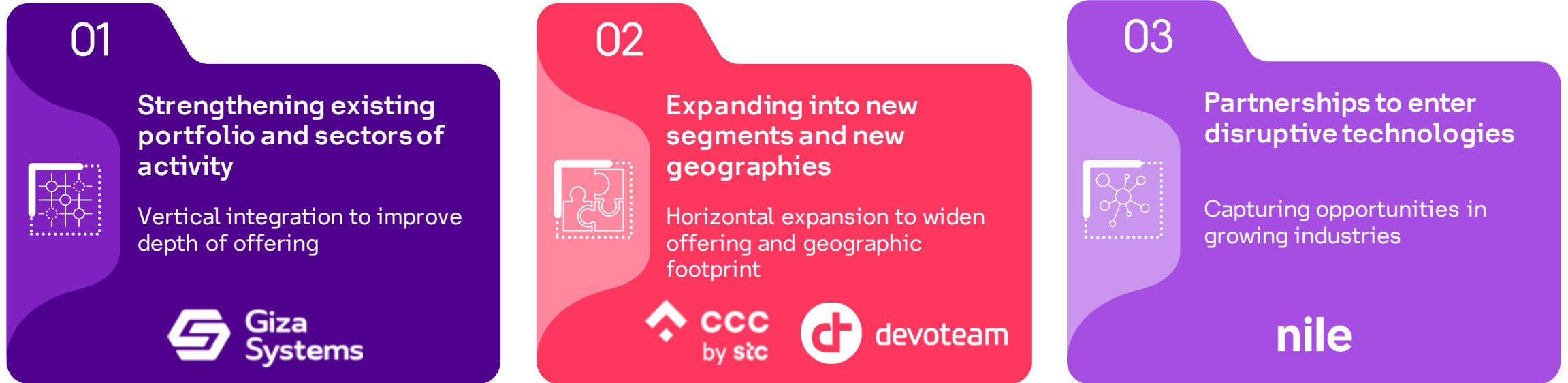
<p>L</p> <p>Lead in managed & professional services through continuous capabilities enhancements across:</p> <ul style="list-style-type: none">• IT Professional services• Multi-Cloud Services• IT Managed Services• Business Process Outsourcing <hr/> <p>Strengthening solutions market leadership</p>	<p>E</p> <p>Expand Offerings Portfolio and Market Reach through:</p> <ul style="list-style-type: none">• Expanding offering into digital consulting and emerging tech• Enhancing our market reach by focusing on new sectors and segments• Protecting the core business by enhancing the offering through specific use cases <hr/> <p>Becoming one-stop-shop IT services provider</p>	<p>A</p> <p>Achieve Excellence in Total Experience by:</p> <ul style="list-style-type: none">• Continuously improving our 360 CX framework• Expanding our partners ecosystem across technologies and ICT value chain• Exploring innovative ideas and business models <hr/> <p>Building a strong effective ecosystem</p>	<p>P</p> <p>Promote Internal Efficiencies & Collaboration by:</p> <ul style="list-style-type: none">• Digitization & automation of processes• Optimizing resources management and creating synergies• Adopting best sustainability practices <hr/> <p>Best workplace for the best people in business</p>
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A man and a woman are shown from the chest up, looking towards the right side of the frame. The man, in the center, has a beard and is wearing a white shirt. He is pointing his right index finger towards the right. The woman is on the left, looking towards the camera. The background is dark with blue and red lighting. A large, stylized red number '3' is positioned on the left side of the image, partially overlapping the woman's face.

3 M&A Strategy Update

In the MENA region, the market for IT services is ripe for consolidation

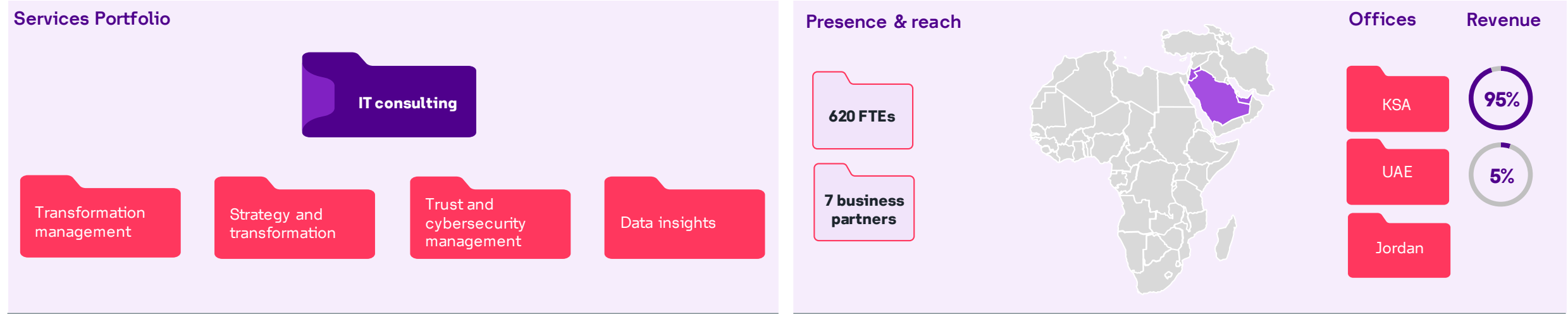
MENA's IT market is dynamic and fragmented - perfect ingredients for strong M&A activity going forward



MENA is following in the footsteps of mid-market ICT M&A activity globally
solutions' M&A strategy is built on three pillars with the aim to scale, widen the offering, and remain the industry leader

Devoteam Transaction Overview

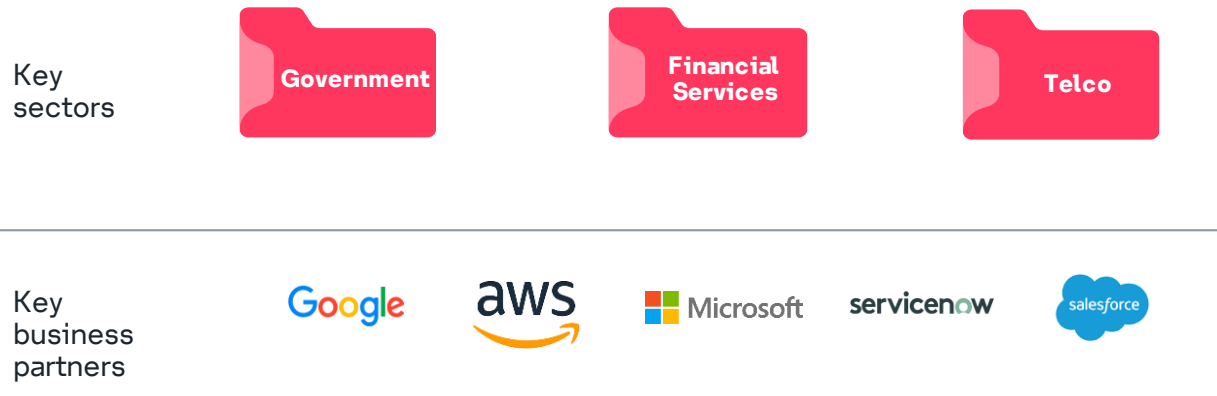
Sale and purchase agreement (SPA) to acquire 40% of Devoteam signed on the 15th of October 2023



Transaction Details and Strategic Rationale

- **Transaction details:**
 - The binding offer to acquire 40% in Devoteam Middle East was announced on 18 June 2023 and the sale and purchase agreement (SPA) signed on 15 October 2023.
 - The acquisition price is to be based on the Enterprise Value of SAR 741.7 million.
 - The deal is subject to obtaining all regulatory approvals from the relevant authorities in KSA.
- **Good strategic fit for solutions:**
 1. Devoteam will bring synergies with solutions' core business (systems integration) and strengthen its leadership in the ICT market...
 2. ...while complementing solutions' offering with digital consulting and business transformation capabilities and reinforcing its one-stop-shop value proposition for clients in the KSA IT services market.

Sectors and Partners



4 Financial Performance



solutions 9M 2023 Financial Dashboard

solutions delivered a strong performance in 9M 2023

9M 23 Revenue

SARmn **8,172** ▲
+28% YoY

9M 23 GP Margin

26.1% ▲
+2.59ppts YoY

9M 23 Capex

SARmn **88** ▲
+21% YoY

9M 23 Capex / Revenue

1.08% ▼
-7bps YoY

9M 23 EBITDA

SARmn **1,391** ▲
+28% YoY

9M 23 EBITDA Margin

17.0% ▼
-3bps YoY

9M 23 Net Cash From Operating Activities

SARmn **678** ▼
-62% YoY

9M 23 ROIC*

37.6% ▲
+1.79ppts YoY

9M 23 Net Profit

SARmn **1,030** ▲
+20% YoY

9M 23 NP Margin

12.6% ▼
-85bps YoY

9M 23 Net Cash

SARmn **1,908** ▼
-32% YoY

9M 23 ROAE

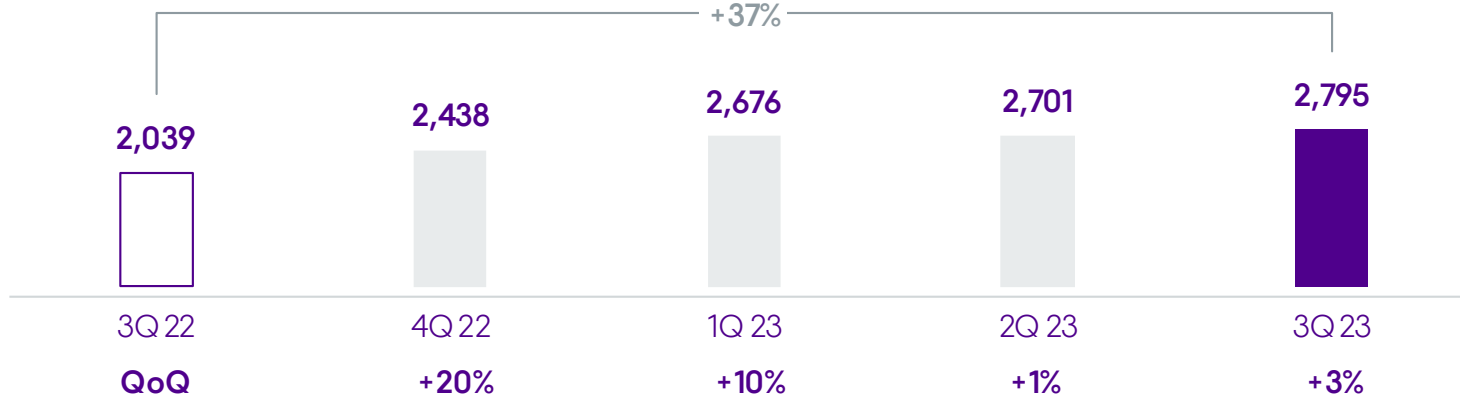
46.7% ▼
-68bps YoY

* ROIC calculation methodology was changed to account for changed capital structure

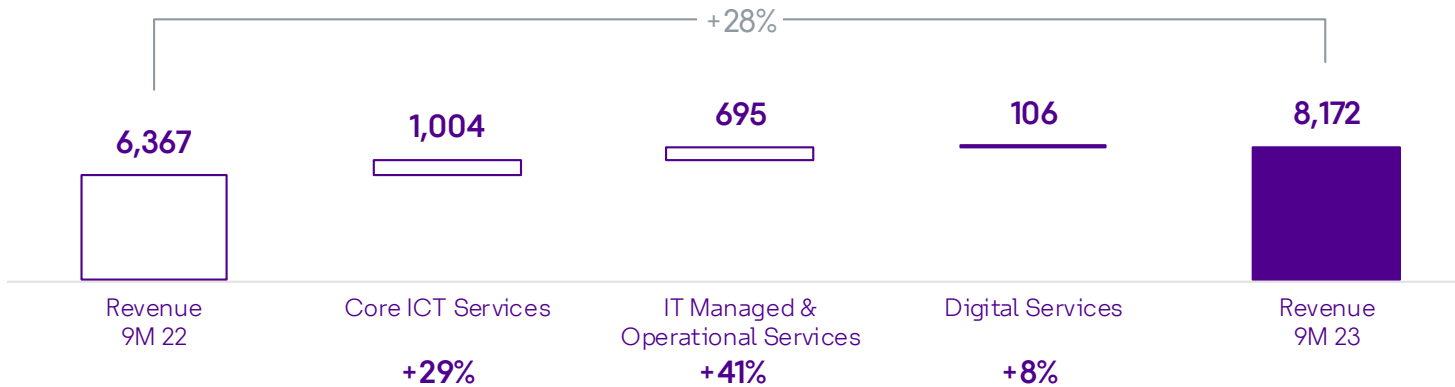
Revenue Trend and Breakdown by Business Segment

Group revenue growth of +28% YoY in 9M 2023, driven by Core ICT and IT Managed and Operational Services

Revenue Trend (SARmn)



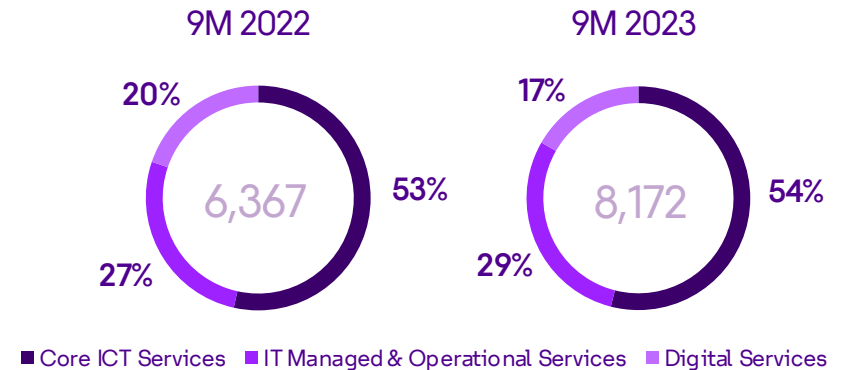
Revenue Movement YoY (SARmn)



Management Commentary

- Strong 9M 2023 performance in IT Managed & Operational Services (+41% YoY) and Core ICT Services (+29% YoY).
- Revenue growth was supported by a contribution from Giza and ccc.

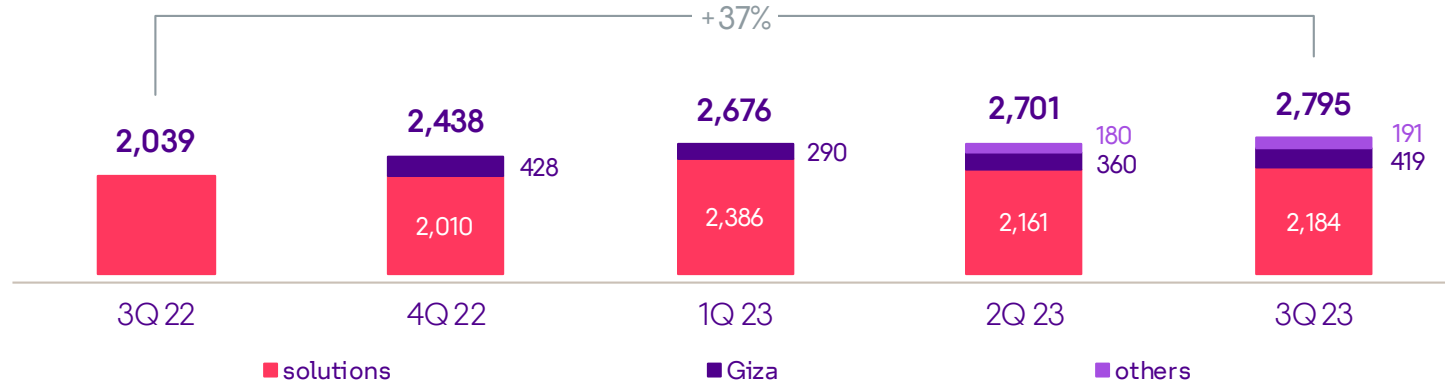
9M 2023 Revenue Composition (by Business Segment)



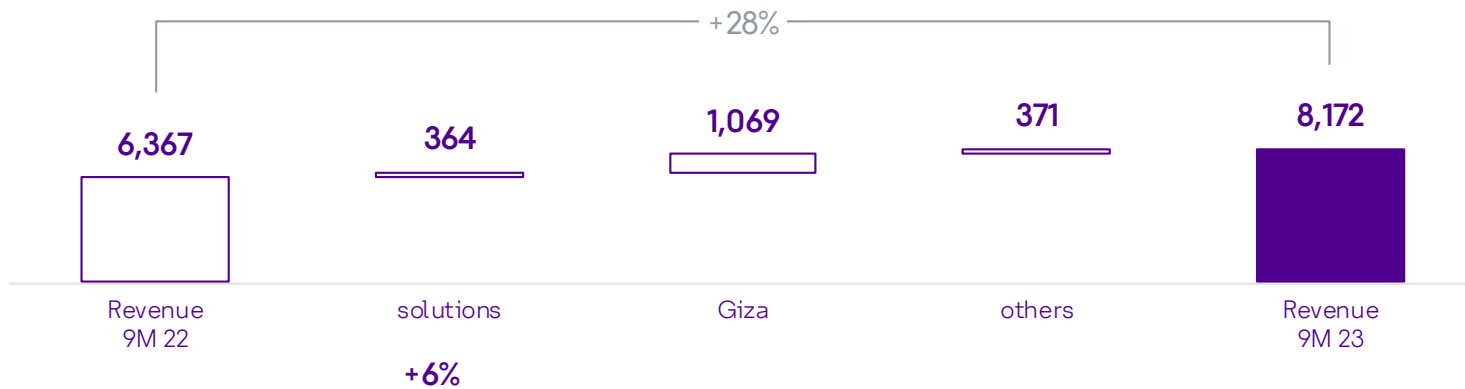
Revenue Breakdown by Entity

Giza and ccc accounted for 18% of 9M 2023 revenue¹

Revenue Breakdown by Entity (SARmn)



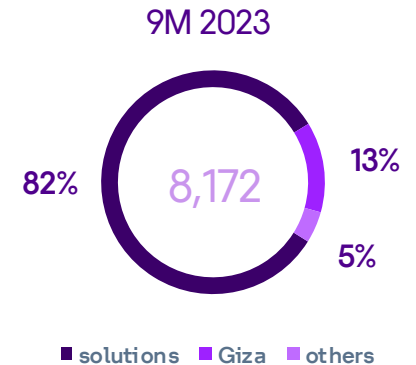
Revenue Movement YoY (SARmn)



Management Commentary

- Consolidation of Giza in October 2022 and ccc in April 2023 continued to give a significant boost to solutions top-line generation in 9M 2023.
- Giza and ccc contributed c. 13% and 5% to consolidated 9M 2023 revenue, respectively.

Revenue Composition (by Entity)

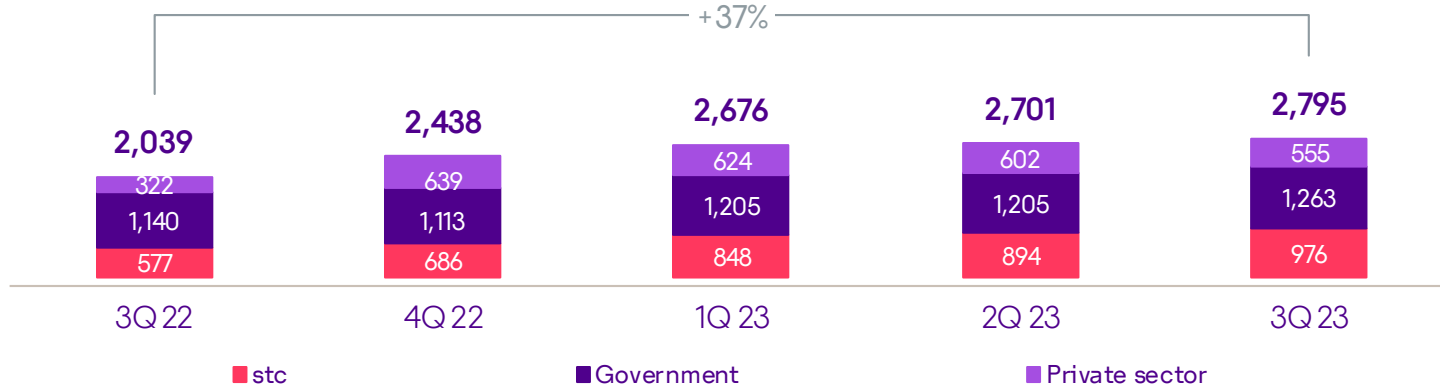


¹- all numbers are presented after intercompany eliminations

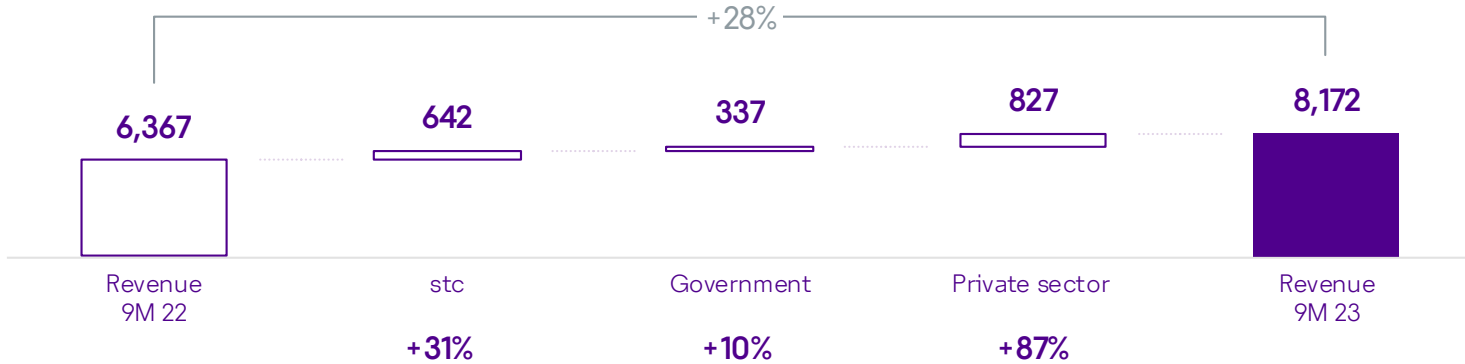
Revenue Breakdown by Customer Type

stc and Governments accounted for 78% of revenue in 9M 2023

Revenue Breakdown by Customer Type (SARmn)



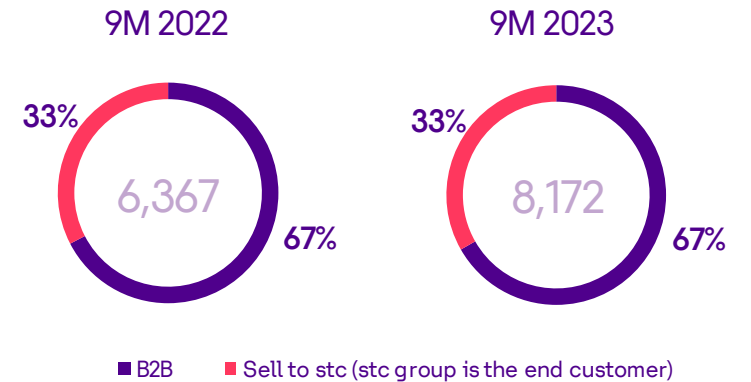
Revenue Movement YoY (SARmn)



Management Commentary

- Revenue growth was driven by +87% YoY growth in private sector revenues in 9M 2023.
- Revenue from stc grew 31% YoY and revenue from the Government increased 10% YoY.

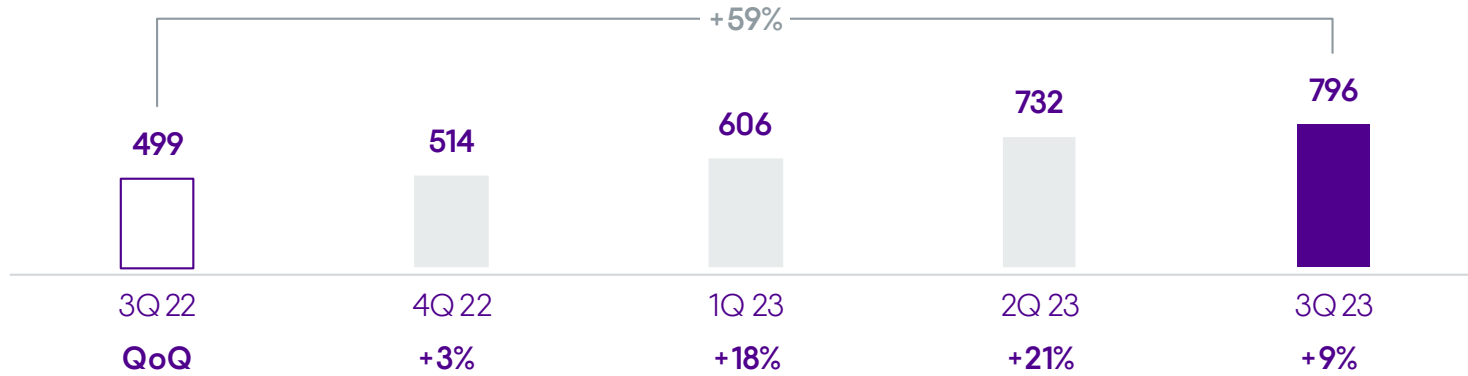
Revenue Composition (by Channel)



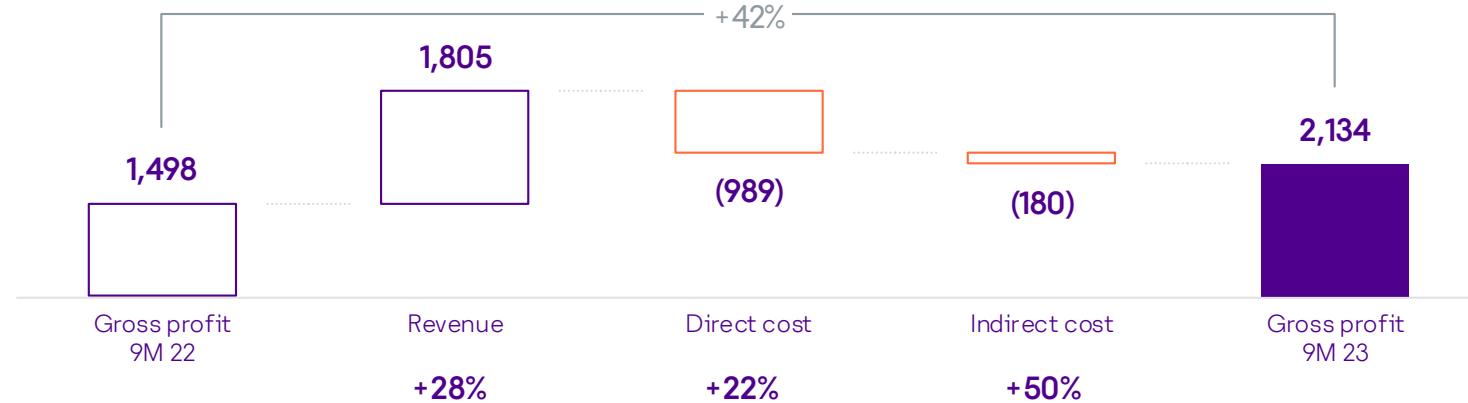
Profitability - Gross Profit Performance

Gross profit margin increased by 259 bps YoY to 26.1% in 9M 2023

Gross Profit Trend (SARmn)



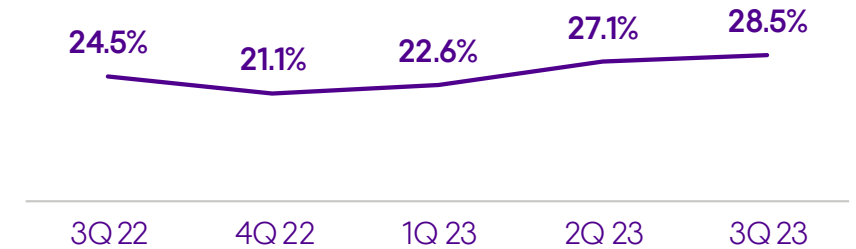
Gross Profit Movement (SARmn)



Management Commentary

- Gross margin increased by 259 bps year-on-year to 26.1% in 9M 2023.
- Gross margin in 3Q 2023 reached 28.5% marking the highest quarterly level since listing.
- Gross margin gains were driven by the improvement in the sales mix, cost optimization initiatives and margin realized on completion of certain projects that resulted from efficient delivery.

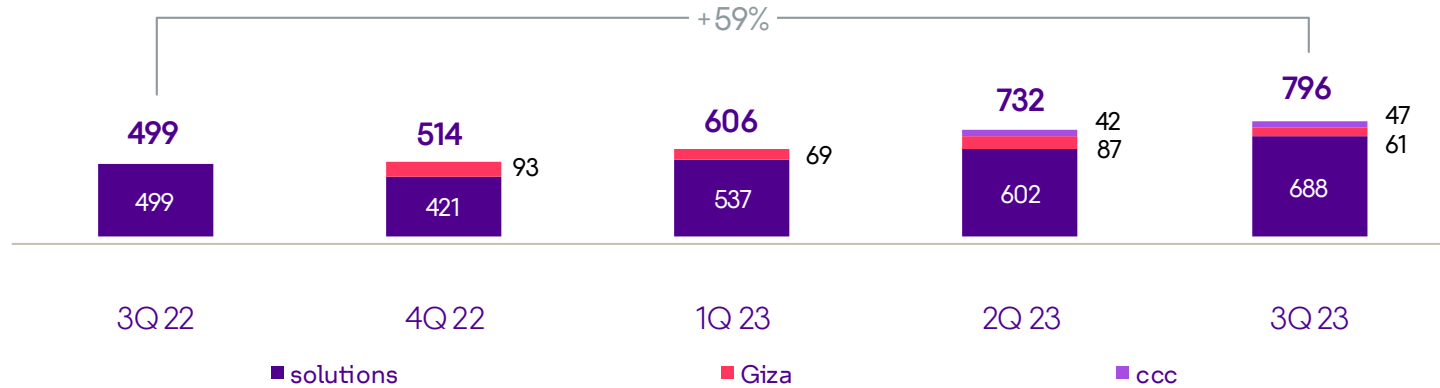
Gross Profit Margin (%)



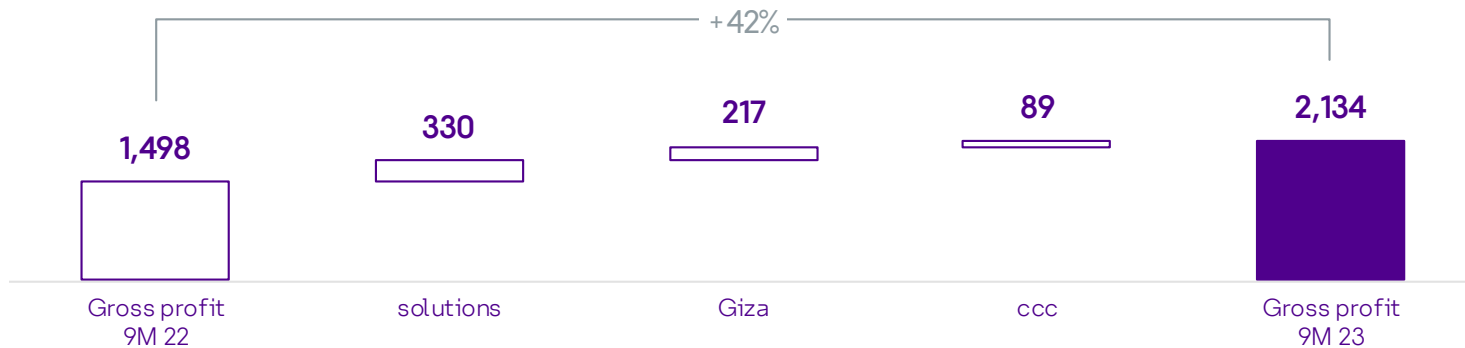
Profitability - Gross Profit Drivers

The core solutions business was the key Gross Profit driver¹

Gross Profit Breakdown by Entity (SARmn)*



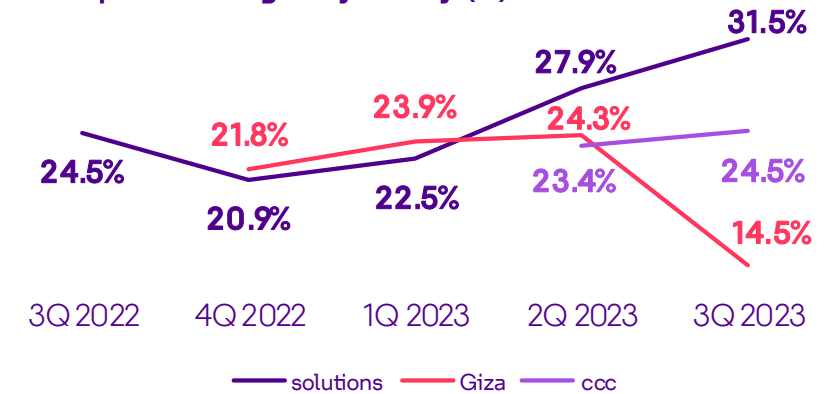
Gross Profit Movement YoY (SARmn)



Management Commentary

- Core solutions business generated SAR 1.83bn gross profit in 9M 2023, up +22% YoY, and accounted for 86% of the total gross profit.
- Giza and ccc added SAR 306mn gross profit, which accounted for 14% of the total gross profit.

Gross profit margin by Entity (%)

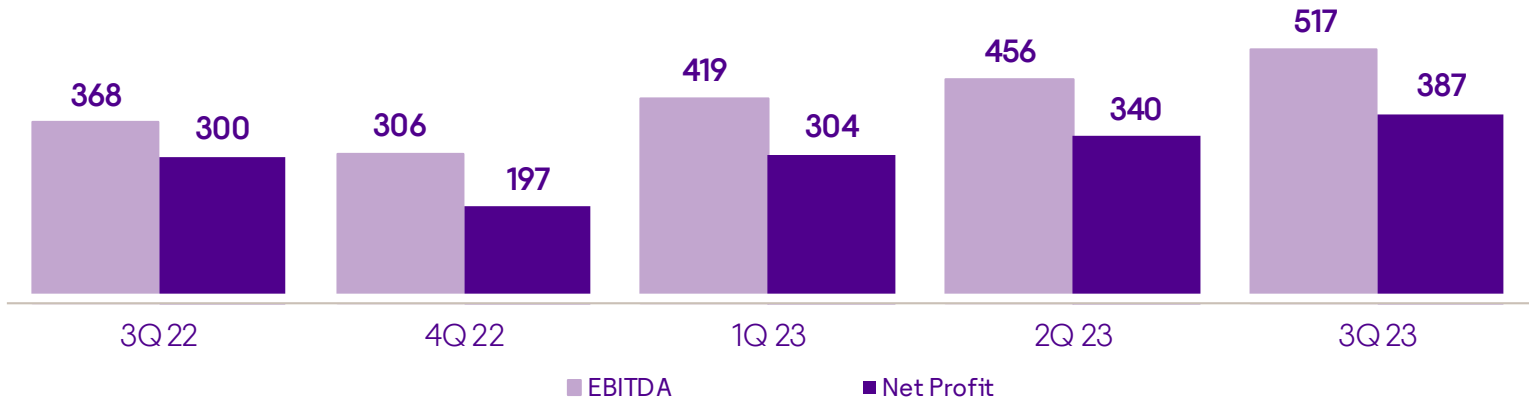


¹- all numbers are presented after intercompany eliminations

Profitability - EBITDA and Net Profit

Strong EBITDA performance driven by revenue growth and gross margin gains

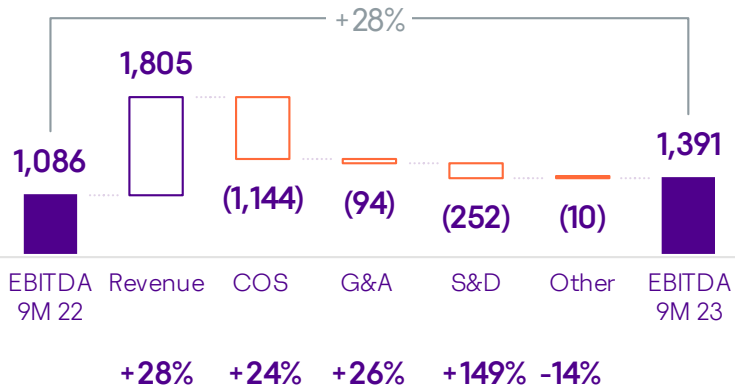
EBITDA & Net Profit Trend (SARmn)



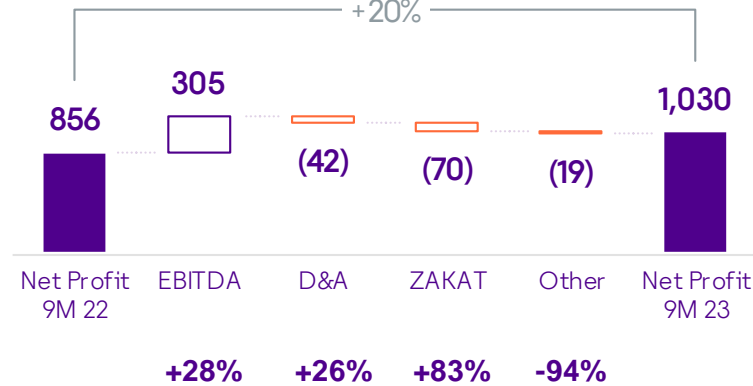
Management Commentary

- EBITDA grew 28% YoY in 9M 2023 as revenue growth and gross margin gains helped to abate a 65% growth in operating expenses.
- Net profit increased by 20% YoY in 9M 2023 affected by increase in finance cost and higher Zakat related to Giza and ccc acquisitions.

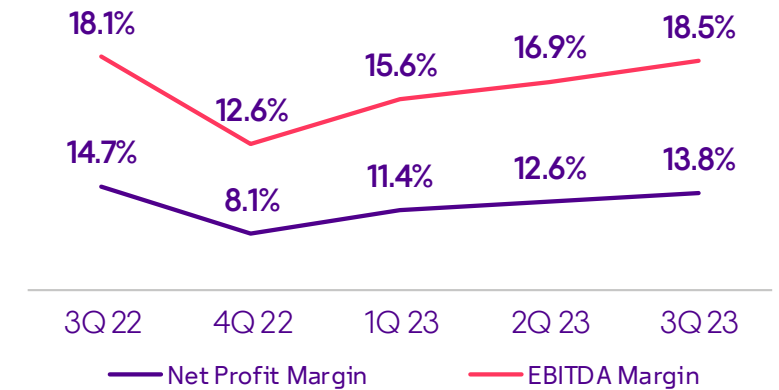
EBITDA Movement YoY (SARmn)



Net Profit Movement YoY (SARmn)



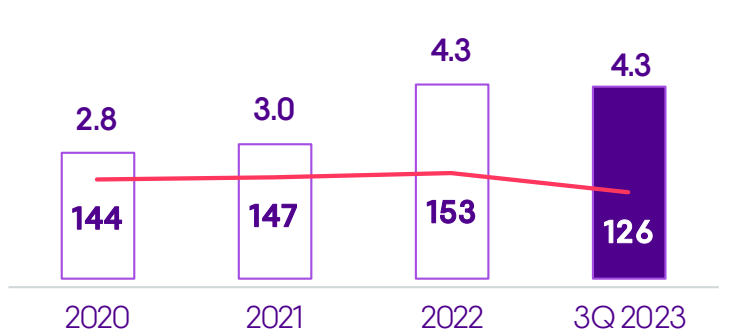
EBITDA & Net Profit Margins (%)



Balance Sheet - Working Capital

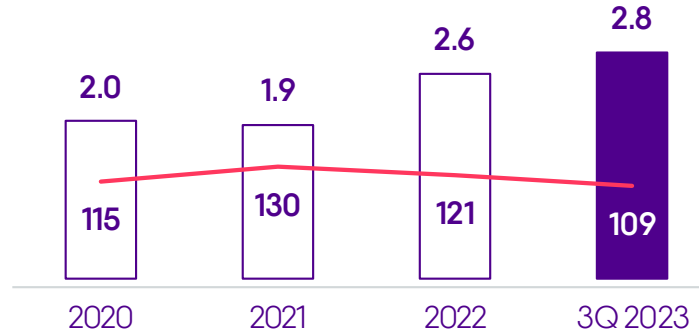
Working capital changes reflect efficient financial management amid strong revenue growth

Accounts Receivable (SARbn)



□ Accounts receivable — Days Receivables Outstanding

Accounts Payable (SARbn)

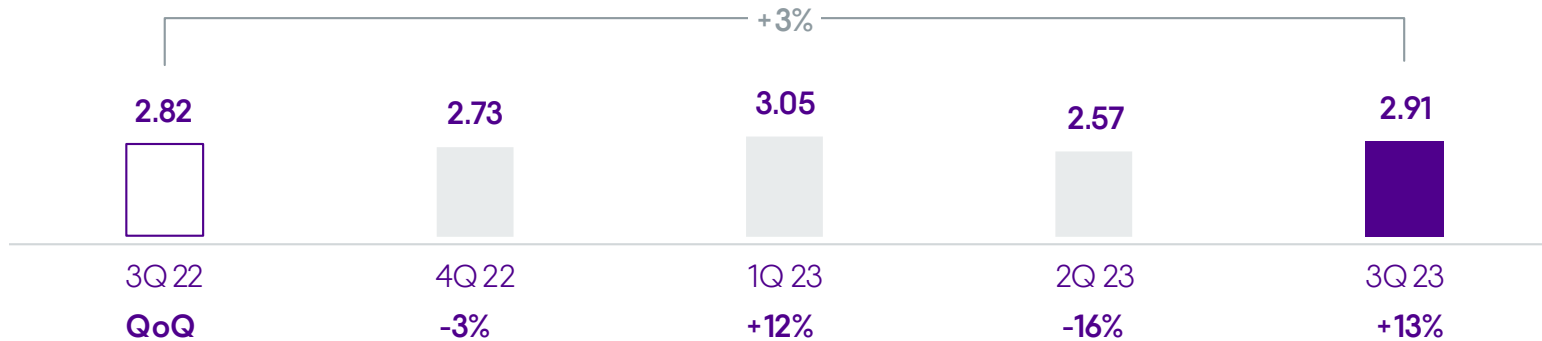


□ Accounts payable and accruals — DPO

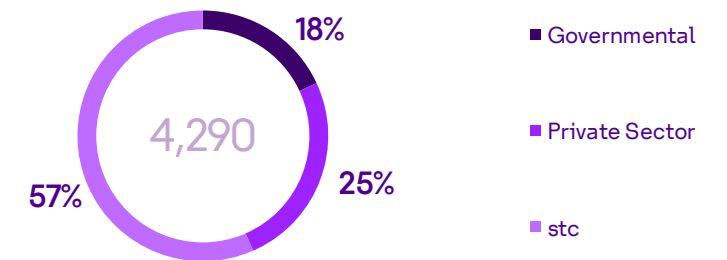
Management Commentary

- As of the end of 9M 2023, solutions increased its working capital quarter-on-quarter by 13% YoY to SAR 2.91bn.
- This reflected increased contract assets amid overall business growth and Giza and ccc acquisitions.

Working Capital Performance (SARbn)



Accounts Receivable Composition (%)

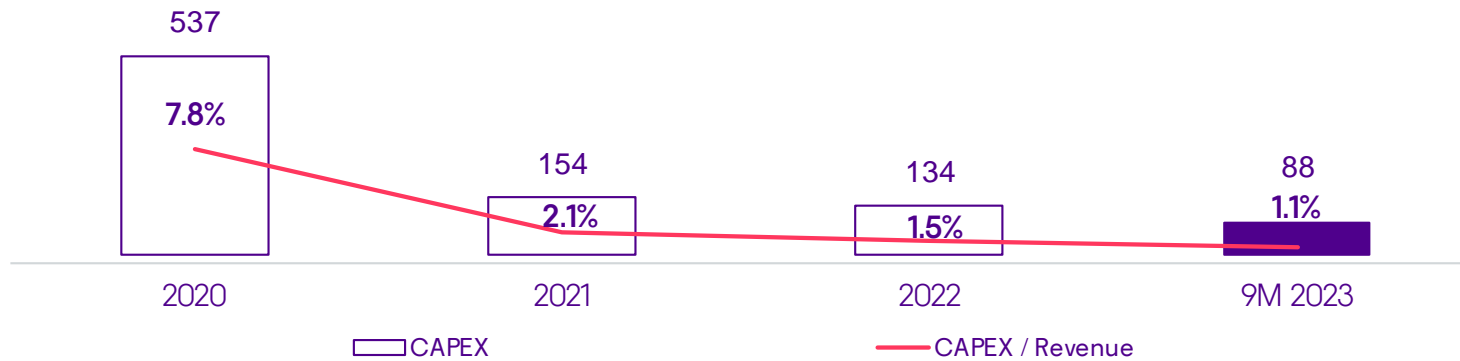


Working Capital = Current Assets - Current Liabilities

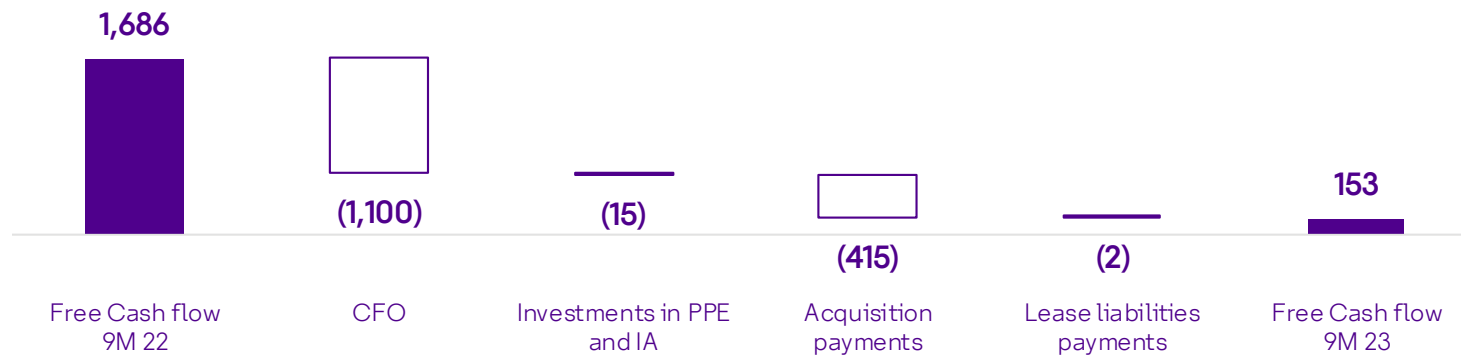
Cash Flow Generation

solutions maintains a strong cash position despite recent acquisitions

Capital Expenditures (SARmn)



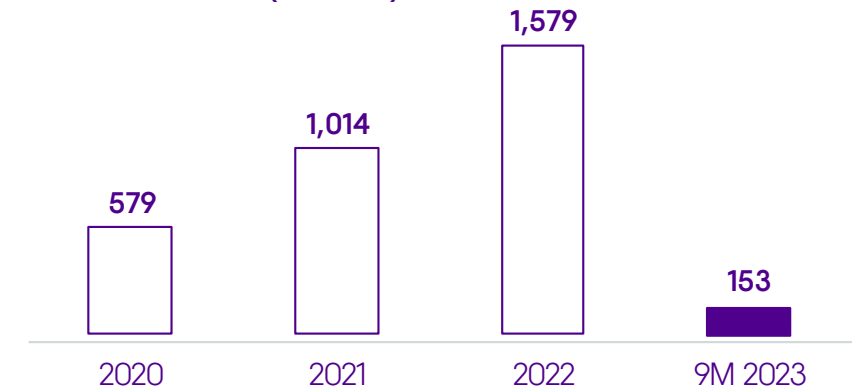
Free Cash Flow Movement (SARmn)



Management Commentary

- FCF turned positive in 9M 2023 after being negative in 1H 2023 due to ccc acquisition.
- Adjusted for the SAR 450mn ccc deal in 2Q 2023, FCF would be over SAR 600mn in 9M 2023.
- Net cash position stood at SAR 1.91bn as of 9M 2023.

Free Cash Flow (SARmn)

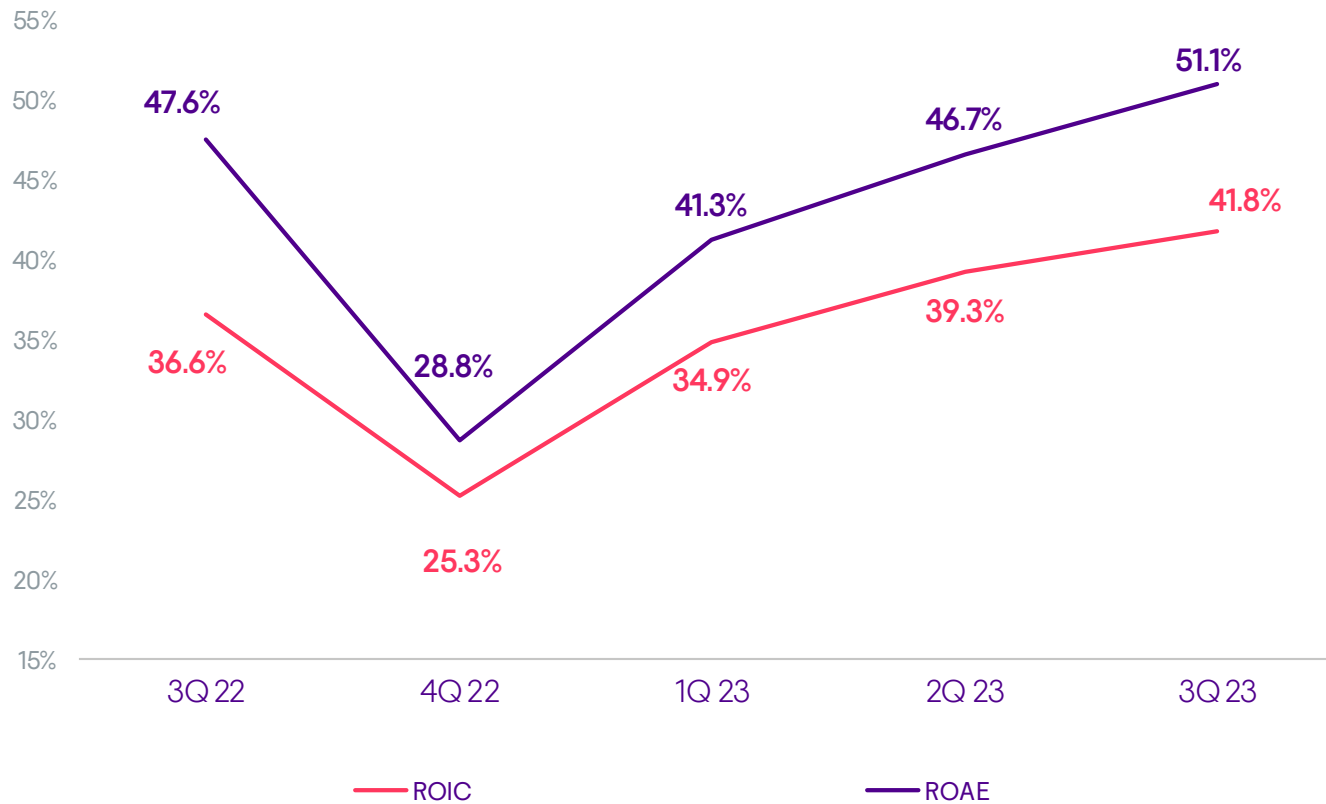


Free Cash Flow = CFO - CAPEX - Lease liabilities payments - Purchase of treasury shares - Payment for acquisition of subsidiary

Returns and Dividends

High returns and a dividend per share of SAR 5.0 in 2022

Return Ratios (%)

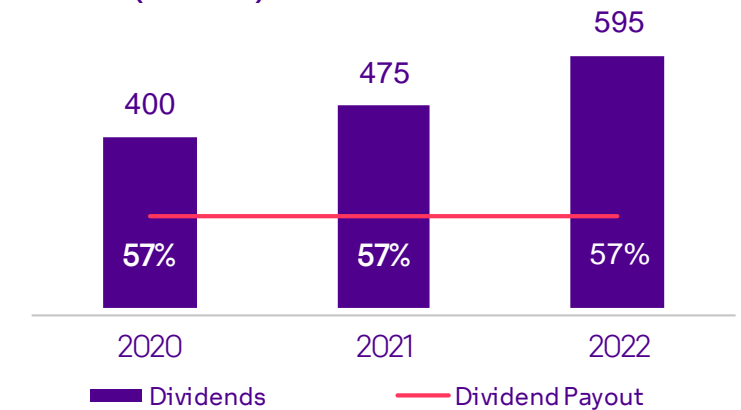


ROIC = EBIT / Invested Capital (Net Working Capital + PPE + Goodwill + Other Operating Assets)
 ROAE = Net income / Average Total Equity

Management Commentary

- Capex-light business model generates high returns.
- DPS of SAR 5.0 in 2022 up from SAR 4.0 in 2021 implying a 57% payout ratio.

Dividends (SARmn)



Outlook, Guidance and Targets

solutions maintain 2023 guidance

	2023 Outlook
Oil Price	\$84 / bbl
KSA GDP Growth	0.8%
KSA Fiscal Budget	SAR 82 bn deficit
KSA IT Growth	2023: +12% 2022-2026 CAGR: 12.7%
KSA IT Spending % of GDP	1.2%

	9M 2023 results	FY 2023 Guidance
Revenue Growth	28.3%	19% to 22%
EBITDA Margin	17.0%	13% to 15%
Capex Intensity	1.1%	1.5% to 2%

5

Contact Details



IR Contact Details

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Shukran!

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