

Fact Sheet

Company Profile

Founded in 2003, solutions by stc developed strong operational expertise and market-leading digital solutions in key technology verticals across the IT value chain. This supercharged its strategic ambition to become the digital solutions innovator.

Strategy

solutions by stc's strategy (LEAP) focuses on two main aspects; growth by expansion and efficiency through operational excellence and optimized cost. To achieve this strategy, the Company has adopted business strategies around the following pillars:

L – Lead in managed and professional services

E – Expand product portfolio and market reach

A – Advance customer success and partner ecosystems

P – Promote internal efficiencies and collaboration

Product Offering

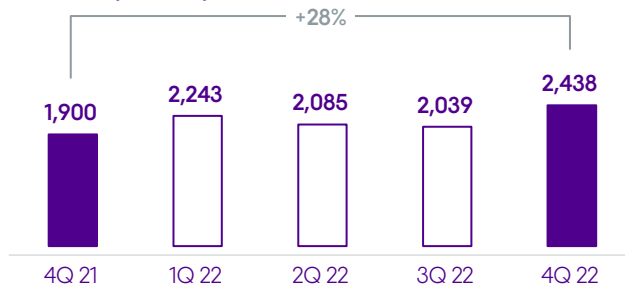
The principal activities of the Company are concentrated in the internet and telecommunications service sector:

Core ICT Services, which consists of System Integration; and Communication and Internet.

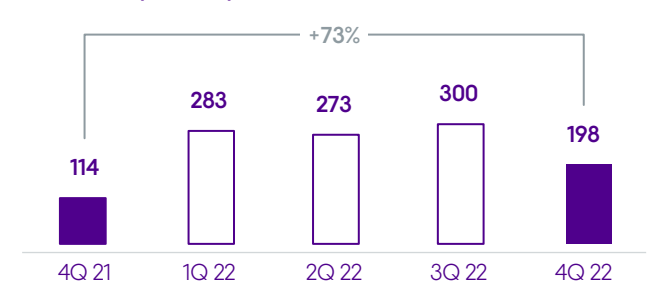
IT Managed and Operational Services, which consists of Outsourcing Services; and Managed Services.

Digital Services, which consists of Cloud Services; Cybersecurity; and Digital Services.

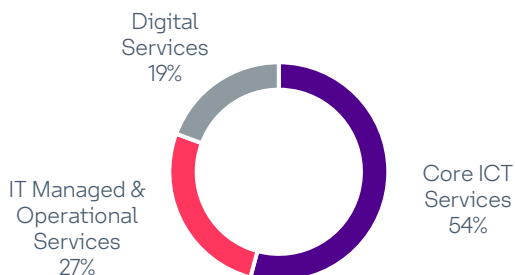
Revenue (SARmn)



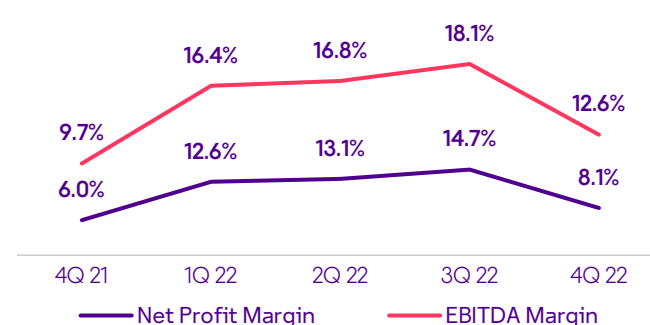
Net Profit (SARmn)



FY 22 Revenue Composition by Segment



EBITDA & Net Profit Margins (%)



Key Figures SAR (mn)	FY 2022	FY 2021	YOY
Revenue	8,805	7,208	+22.2%
Gross profit	2,011	1,708	+17.8%
Gross Profit Margin (%)	22.8%	23.7%	-3.6%
EBITDA	1,392	1,107	+25.8%
EBITDA Margin (%)	15.8%	15.4%	+3.0%
Net Profit	1,054	833	+26.5%
Net Profit Margin (%)	12.0%	11.6%	+3.6%
Capex	134	155	-13.6%
Free Cash Flow	1,579	1,014	+55.7%
Net Debt (Cash)	(2,548)	(1,608)	+58.5%
ROCE	32.0%	35.4%	-3.4ppts
ROAE	41.4%	39.7%	+1.7ppts

Outlook	FY 2023 Guidance
Revenue Growth	11% - 13%
EBITDA Margin	13% - 15%
Capex intensity	1.5% - 2%

solutions by stc IPO in September 2021

solutions by stc IPO was one of the most successful local offerings. The IPO order book of institutional investors achieved a coverage ratio exceeding the target by 130 x with a value of SAR 471 billion.

Market Positioning

KSA Pure Play

The majority of solutions revenue is generated in Saudi Arabia

Public & Private Sector

47% of revenue generated from Government, but increasing contribution from private sector

E2E solutions

solutions comprehensive portfolio offers a One-Stop-Shop approach covering the entire IT value chain

Investment Thesis

Leading Market Position in KSA

Clear market leader with consolidation opportunities in the fragmented IT market

STC Partnership

Unrivalled reach, scalability and synergies in the KSA ICT market

Asset Light Business

CAPEX intensity ratio of 1.5% and high returns, with ROAE of 41.4% in FY 2022

Dividend

DPS of SAR 5.0 in 2022, up from SAR 4.0 in 2021

High FCF Generation

FCF generation of SAR 1.58 bn in FY 2022

Flexible Balance Sheet

Ample cash, low leverage, and comfortable working capital position

Proactive M&A Strategy

M&A is an important growth driver for solutions

Looking for additional information?

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solutions by stc - Key Metrics

	SAR
IPO offering price	151.00
Closing Price at 30 September 2021	196.2
Closing Price at 31 December 2022	242.80
Market Cap 2022 YE	29.1 bn
Price / Earnings 2022 YE	27.7
EV / EBITDA 2022 YE	21.0

Sources: S&P Capital IQ Pro; Tadawul; solutions by stc Financials

solutions share price vs Tadawul (rebased to 100)

