

# 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

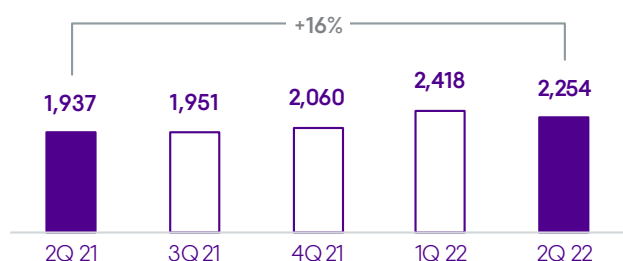
The principal activities of the Company are concentrated in the internet and telecommunications service sector:

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

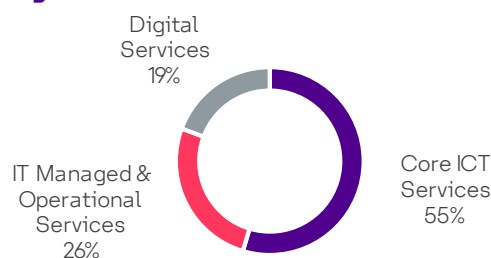
**IT Managed and Operational Services**, which consists of Outsourcing Services; and Managed Services.

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

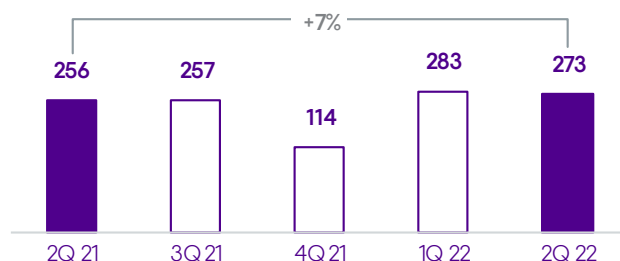
## Revenue (SARmn)



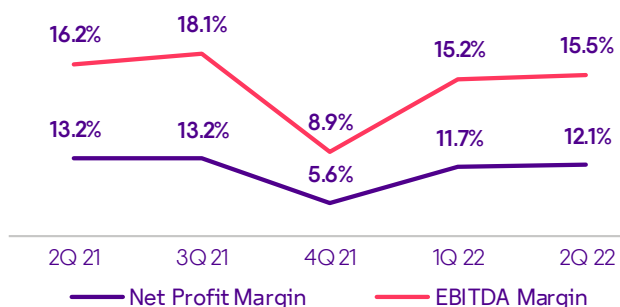
## 2Q 2021 Revenue Composition by Segment



## Net Profit (SARmn)



## EBITDA & Net Profit Margins (%)



| Key Figures SAR (mn)    | 1H 2022 | 1H 2021 | YOY       |
|-------------------------|---------|---------|-----------|
| Revenue                 | 4,673   | 3,804   | +22.8%    |
| Gross profit            | 999     | 821     | +21.6%    |
| Gross Profit Margin (%) | 21.4%   | 21.6%   | -0.23%    |
| EBITDA                  | 718     | 570     | +25.9%    |
| EBITDA Margin (%)       | 15.4%   | 15.0%   | +0.37%    |
| Net Profit              | 556     | 461     | +20.5%    |
| Net Profit Margin (%)   | 11.9%   | 12.1%   | -0.23%    |
| Capex                   | 43      | 78      | -44.6%    |
| Free Cash Flow          | 588     | 296     | +98.7%    |
| Net Debt (Cash)         | (1,721) | (888)   | +93.7%    |
| ROCE                    | 32.2%   | 35.7%   | -3.43ppts |
| ROAE                    | 40.0%   | 38.9%   | +1.14ppts |

## Outlook

|                 | FY 2022 Guidance |
|-----------------|------------------|
| Revenue Growth  | 9% - 11%         |
| EBITDA Margin   | 13.0% to 15.0%   |
| Capex intensity | 1.5% - 2.0%      |

# Fact Sheet



## 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

48% 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 2.0% and high returns, with ROAE at 40% in 2021.

### Dividend

DPS of SAR 4.0 in FY 2021, up from SAR 3.33 in FY 2020.

### High FCF Generation

FCF generation almost doubled to SAR1 bn in 2021.

### Flexible Balance Sheet

Ample level of cash, and comfortable working capital position.

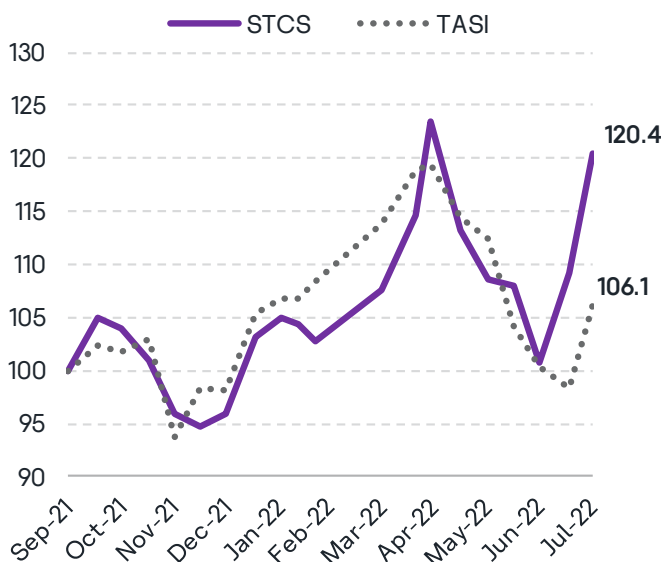
## solutions by stc - Key Metrics

SAR

|                               |         |
|-------------------------------|---------|
| IPO offering price            | 151.00  |
| Closing Price at 30 June 2022 | 197.80  |
| Closing Price at 31 July 2022 | 236.20  |
| Market Cap 2021 YE            | 22.6 bn |
| Price / Earnings 2021 YE      | 27.1    |
| EV / EBITDA 2021 YE           | 18.9    |

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

## solutions share price vs Tadawul (rebased to 100)



## Looking for additional information?

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