

Investor Presentation



Agenda

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- 1 Overview of solutions by stc

 - 2 KSA's Macroeconomic Environment

 - 3 Investment Thesis

 - 4 Strategy Highlights

 - 5 Historical Financial Performance

 - 6 Appendix

1

Overview of solutions by stc



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

~20%

IT Services market share in KSA

25+

Years of experience in IT sector

2022 financials

22%

Revenue growth YoY to SAR 8.8bn

15.8%

EBITDA margin

27%

Net income growth YoY to SAR 1.1bn

Customers

1,297

Opportunities won across business lines

316

New customers

780

Total customers from diverse industries

People

1,716

Talented employees

65.5%

Saudization

18.0%

Female staff

Partnerships

180+

Partners in solutions ecosystem

45%

Growth in partner revenue

70%

Procurement spending on local suppliers

Geographical presence



Presence across the world...

- The head office in **Riyadh** with **+4** offices (Sales, Product Dev, data center)
- solutions expanded its reach with the acquisition of **Giza** and **ccc** and their subsidiaries delivering value to different sectors



Management Team

solutions leadership team are set to achieve corporate progression and business goals.

29 yrs. of experience, of which nearly +16 years in stc in various leadership roles in information **security, infrastructure & architecture, and IT**

CEO
Omer Abdullah Alnomayy
-6 yrs. with solutions



19 yrs. of total experience in finance roles in solutions

CFO of the year (Public Sector), Nov 2021

Chief Financial Officer
Abdulrahman Hamad AlRubaia
-19 yrs. with solutions



22 yrs. of experience in IT Services solutions.

Worked with **Cisco and stc** in various related **IT roles** prior to joining solutions

Chief Business Outsourcing Officer
Thamir Mohammad Alhammad
-9 yrs. with solutions



16 yrs. in the IT services industry with multiple leadership roles in solutions.

Before solutions, he worked with **SBM** and **Cisco** in IT-related roles.

Chief Strategy Officer
Muataz Abdullah Aldharrab
-8 yrs. with solutions



14 yrs. of experience in **Human Resources.**

Prior to current role, he held the role of **GM Human Capital Management** in solutions

Chief People & Corporate Services Officer
Saleh Tareg AlGroony
-6 yrs. with solutions



29 yrs. of experience, of which last 8 years have been in a **GM position at stc Group.**

Prior to stc, he worked as **country manager in SBM** and executive in **Cisco**

Chief Technology Officer
Saleh Abdullah AlZahrani
-5 yrs. with solutions



31 yrs. of experience in large scale multi-industry projects and digital transformation engagements

Prior to current role, he held several senior positions in **Cisco and IBM**

Chief Partnerships & Synergies Officer
Hatem Abdulhalim Elkady
-6 yrs. with solutions



20 yrs. of experience, of which +15 years in stc in various roles in **Technology and Operations.**

Prior to current role, he held the role of **GM Operations in solutions**

Chief Governance Officer
Ahmed Naji Bajnaid
-4 yrs. with solutions



14 yrs. of experience in multiple companies, serving in senior commercial roles across industries

Before solutions, he worked with **Oracle, Pearson** and **The Centennial Fund**

Chief Commercial Officer
Yousef Abdulrahman AlMarshad
-5 yrs. with solutions



21 yrs. of experience in multiple companies and government sector.

Previously he has served in organizations like **Tahakom, KSU** and **MCIT**

Chief Audit Officer
Rajeh Saad Albogamy
-3 yrs. with solutions




Overview of Business Segments

solutions operates across three main business segments

Business line

Services

Share of Revenue



Core ICT Services

- System integration services
- Communication and Internet services



IT Managed and Operational Services

- Managed services
- Business Process Outsourcing



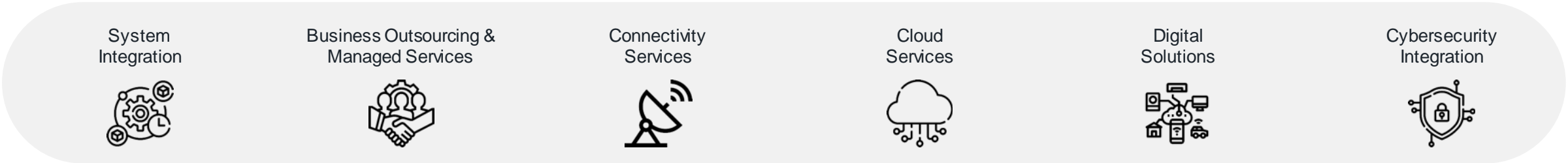
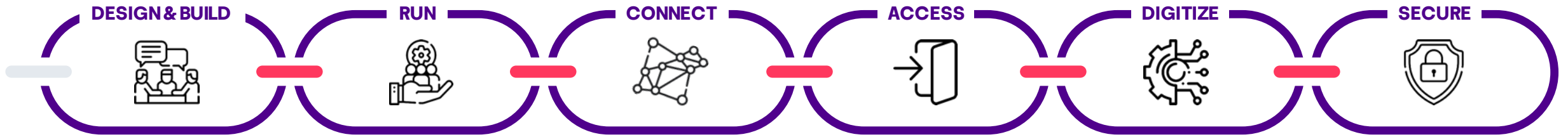
Digital Services

- Cloud services
- Digital services
- Cybersecurity Integration



Product Portfolio Spans the Whole Value Chain

solutions' holistic product offering supports clients in their digital aspirations at each stage of the value chain

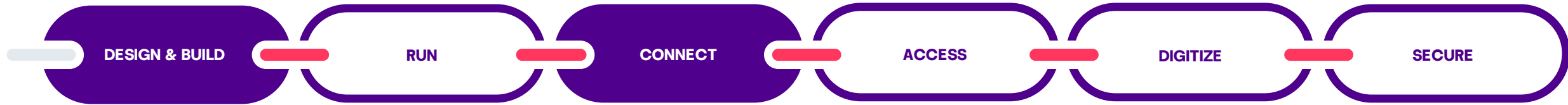


Offered by



Partnerships with other services providers

Product Portfolio: Core ICT Services Segment



Businessline

Description

Services



System integration services

The core business of solutions, with services spanning across the value chain, enabled through a strong local and global partner ecosystem

Network Integration
Infrastructure Integration
Application Integration
IT Advisory Services



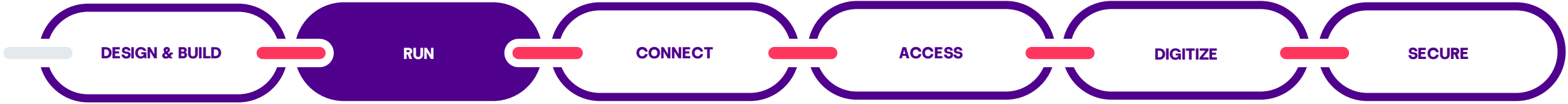
Communication and internet services

Serving high-end connectivity needs of enterprises within cities as well as remote locations

Dedicated, secured, and high-quality business internet
VSAT services



Product Portfolio: IT Managed and Operational Services Segment



Businessline

Description

Services



Managed services

Providing end-to-end management of IT infrastructure and networks

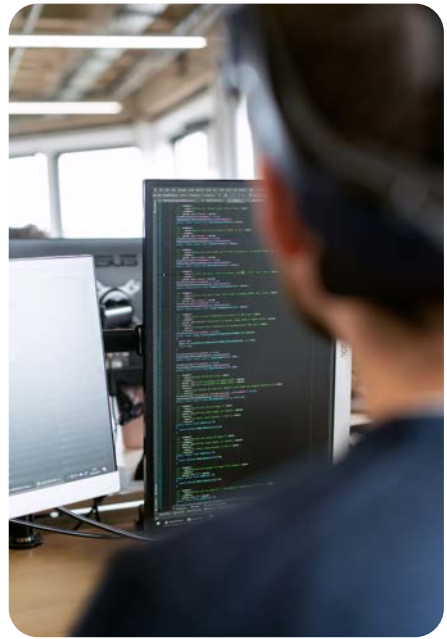
Managed business networks, incl. WiFi, LAN, VPN
Managed IT Infrastructure, incl. servers, edge computing, devices, assets, database, data center



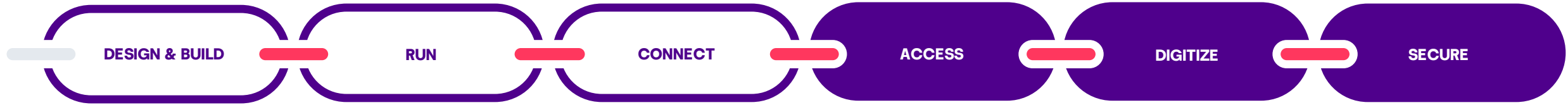
Business Process Outsourcing (BPO)

Fully integrated, behind-the-scenes business process outsourcing

BPO portfolio spans across Finance and Accounting, Human Resource, Maken Services, Training, Manpower, BPaaS and CLM offerings




Product Portfolio: Digital Services Segment



Business line

Description


Services

 **Cloud services**

Full spectrum of data center & cloud services

Multi-Cloud
Disaster Recovery
Cloud advisory
Private Cloud
Hybrid Cloud Services



 **Digital Services**

Connect, monitor and analyze machines / devices for informed and effective decisions

Fleet Control
Virtual Clinic
Smart Surveillance
Point of Sale
M2M Connectivity



 **Cybersecurity Integration**

Security services that cover all stages across the full IT value chain

Planning
Design
Implementation
Project management



ccc snapshot

ccc reinforces solutions' ICT market leadership and expands its BPO offering

Background



Founded in 2011 as a JV between stc Group and the US-based global company **STARTEK**, a conglomerate CX mgmt. company



Biggest customer experience management provider in KSA handling over 35 mn annual interactions



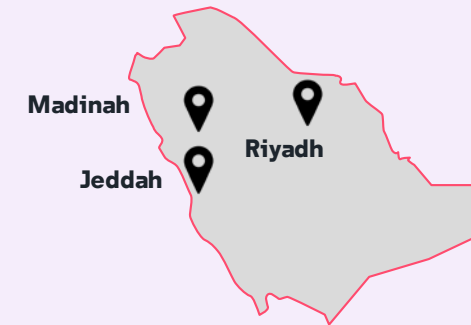
Offerings mainly Customer Care BPO, staffing (MPO) for mostly large clients in KSA; nascent shared services, consulting, other specialized services

Presence & reach

5,823 FTEs

84% Saudization
35% female

25+ Clients



30mn+ calls answered

320k+ customers retained

8+ languages

Services Portfolio

Customer Lifecycle Management

- Customer care
- Telesales
- Social media management
- Retention & loyalty management

Digital Platforms

- Business intelligence
- Speech analytics
- Big data
- Cyber security
- Work from home
- Omni channel

HR Services

- Staff augmentation
- Recruitment
- Training
- On-boarding
- Payroll processing

Shared Services

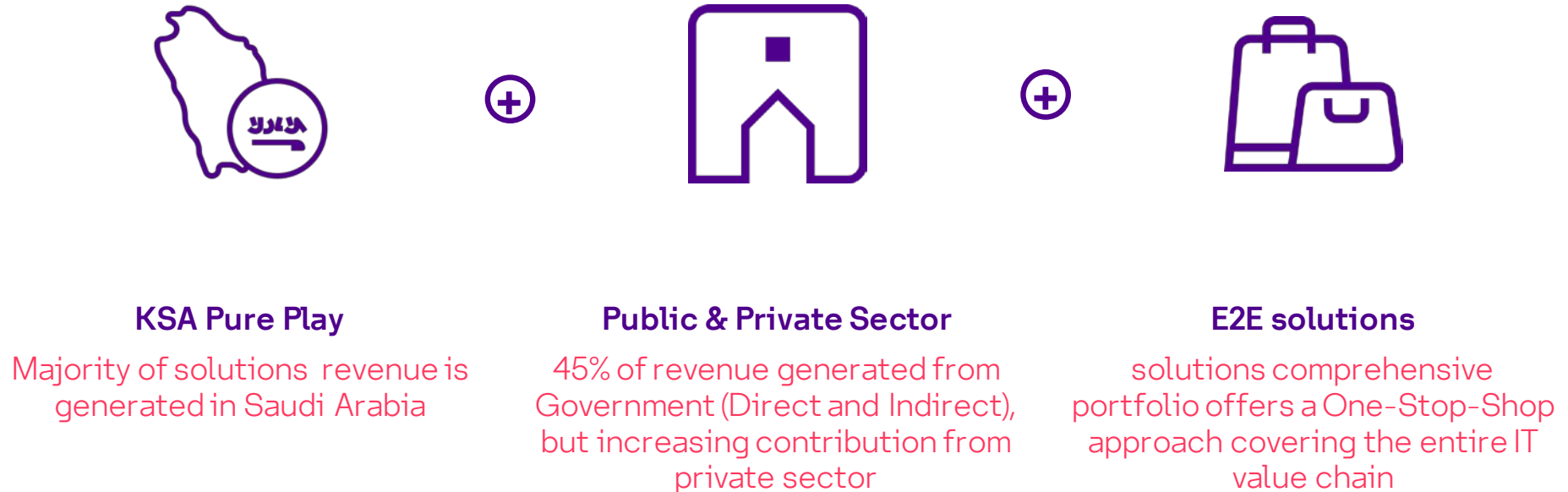
- Finance
- Accounting
- Business process engineering

Financial Performance, SAR mn

	2021	2022	YoY
Revenue	755	915	21.2%
EBITDA Margin	13.1%	11.2%	-1.9%
Total Assets	522	575	10.2%
Total Debt	-	-	

Market Positioning

solutions currently has ~20% market share in the Saudi Arabian IT market



Competitive Landscape

solutions is in an unrivalled position to maintain its leadership position in Saudi Arabia



solutions competitive positioning



solutions' key strengths:

- Access to customers
- Cross-selling
- Sharing brand equity
- Sharing best practices
- Opportunities as customers



International Competition

- International players are solutions' partners rather than competitors



Local Competition

- Fragmented local industry primarily focused on reselling hardware and software with minimal professional services
- Other telco operators represent limited threat as they underinvested in their infrastructure for years



High barriers to entry



+25 years track record



Regulatory compliance



Customer relationships



Local experience



Delivery capability (large & complex projects)

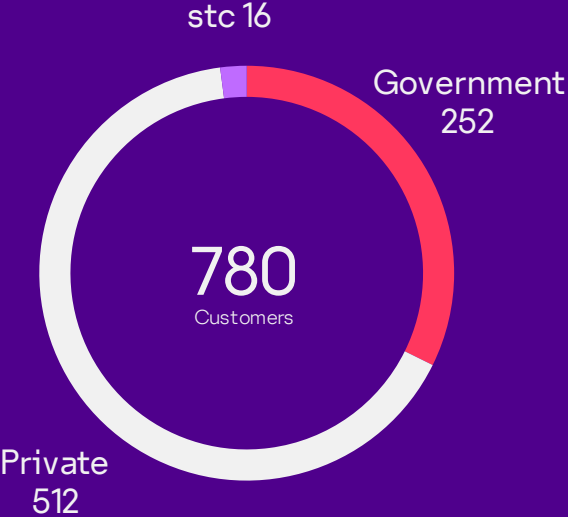


Market reputation

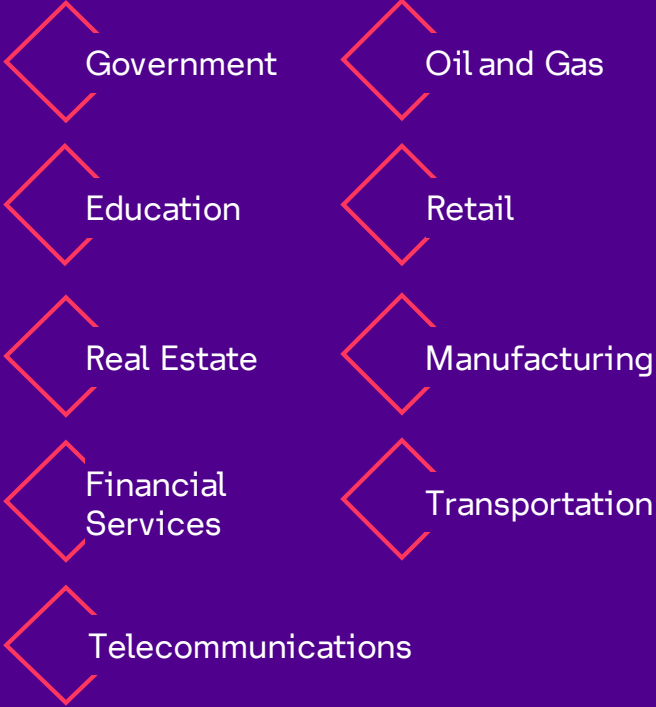
Customers and Offerings Analysis

solutions have a diversified customer base across the kingdom and different industries

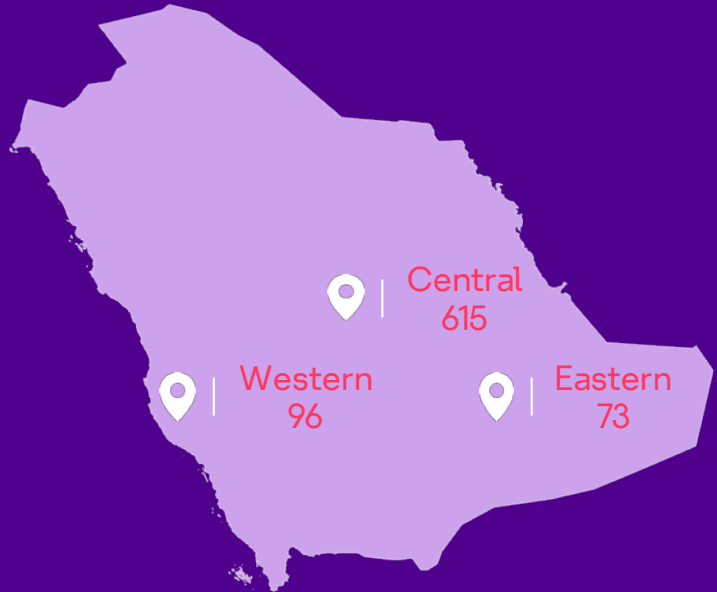
Customers by Segment



Industries



Clients by Region



Partnerships

Well-balanced partner ecosystem to diversity our offerings



180 +

Partners including Cisco, Microsoft, Dell, VMWare, Huawei.



9 Agreements

Signed under VAP scalable program to penetrate the SME segment



45%

growth in partner revenue



38 new

Niche digital and emerging tech partners

with significant recognition from our international partners



Cloud Partner of the Year 2022



Fellow Traveler 2022 Award
Enterprise Networking Partner of the year 2022
The Partner of the Year 2022
Excellent Global Sales Partner Award 2022



Dell Cloud & Services Partner of the Year 2022 by Mindware



Strategic Partner of the Year 2022



Enterprise Partner of the Year 2022



System Integrator Partner of the year 2021



Partner of the Year 2022



Telecom Partner of the Year 2022



Partner of the Year 2022



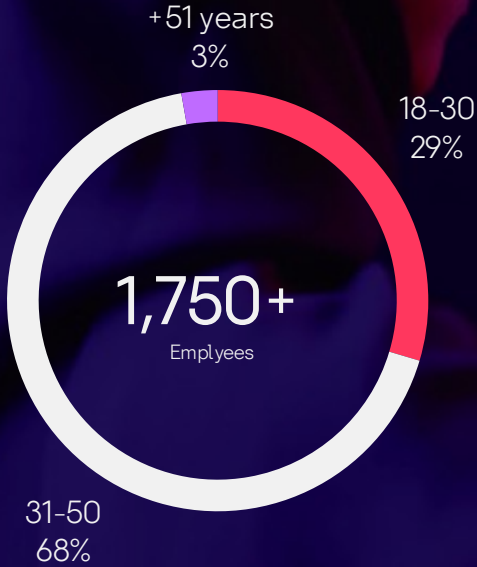
Enterprise Partner of the year 2022
Tiering Up Partner of the Year 2022



Human Capital Analysis

solutions work towards elevating skill level and achieving diversified employee base

Employees Age

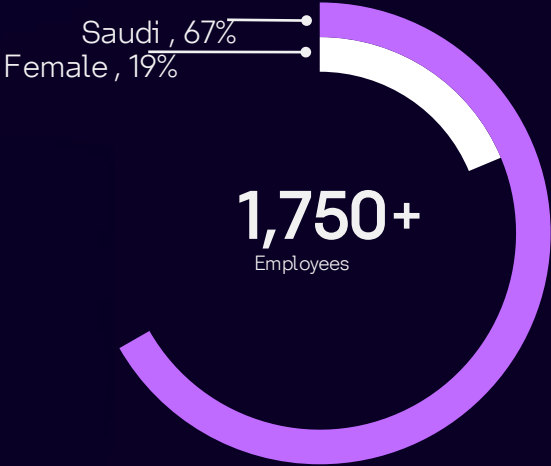


Training Hours



Hours of training have been conducted during the first half of 2023

Employees Profile



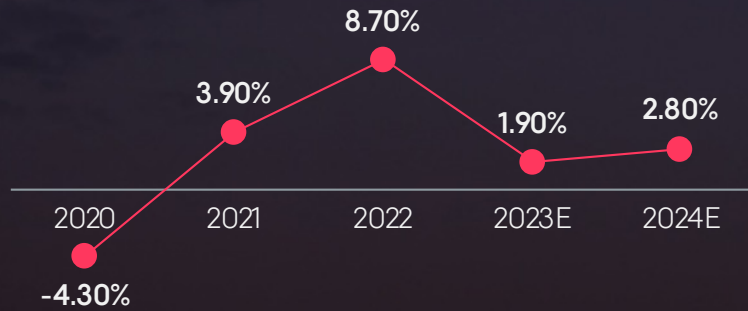
2 KSA's Macro-Economic Environment

A silhouette of a person looking through a telescope mounted on a tripod. The person is leaning forward, and the telescope is pointed towards the right. The background is a dark, gradient sky.

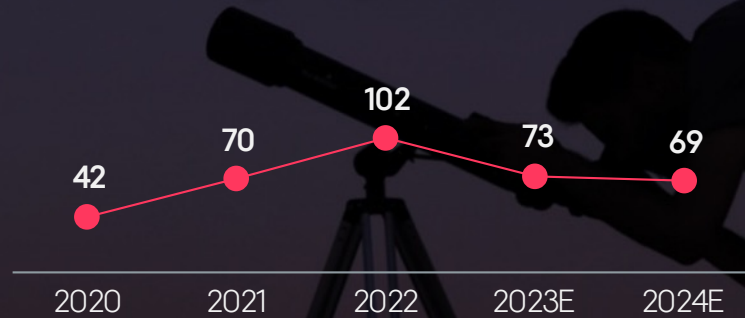
Macro-Economic Environment

Robust economic outlook supportive for the ICT sector in the kingdom

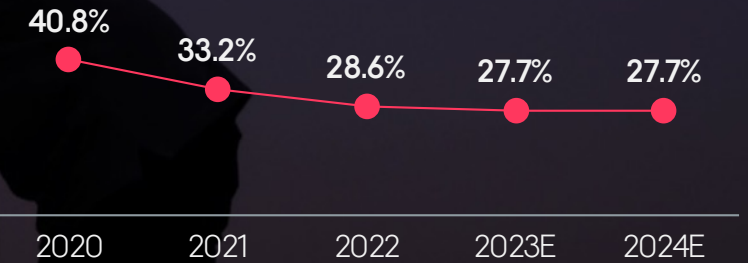
Real GDP Growth (%)



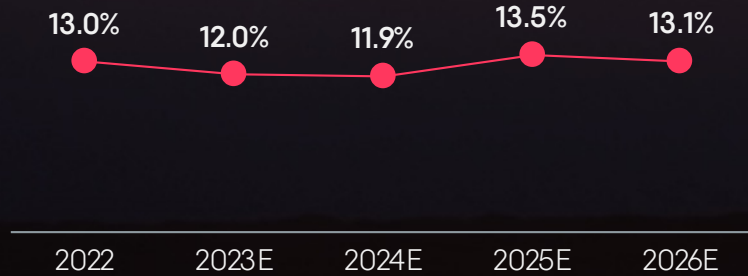
Brent Oil Price / Barrel (USD)



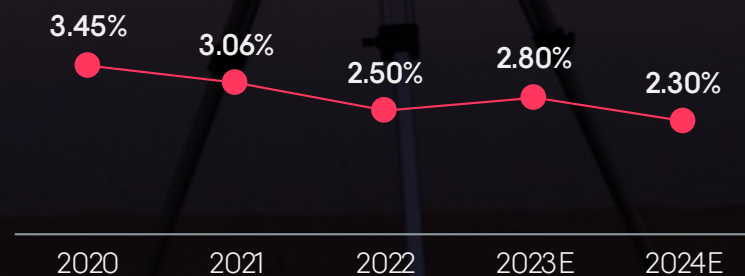
Government Expenditures % of GDP (%)



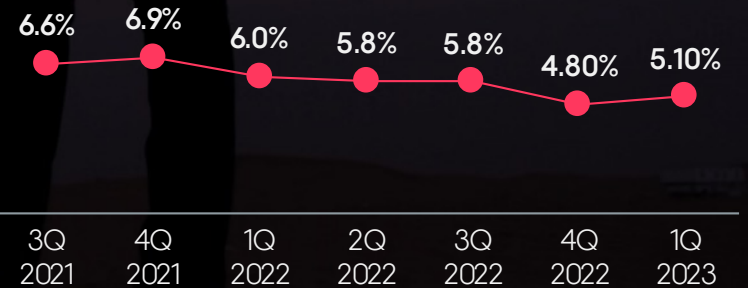
KSA IT Growth (%)



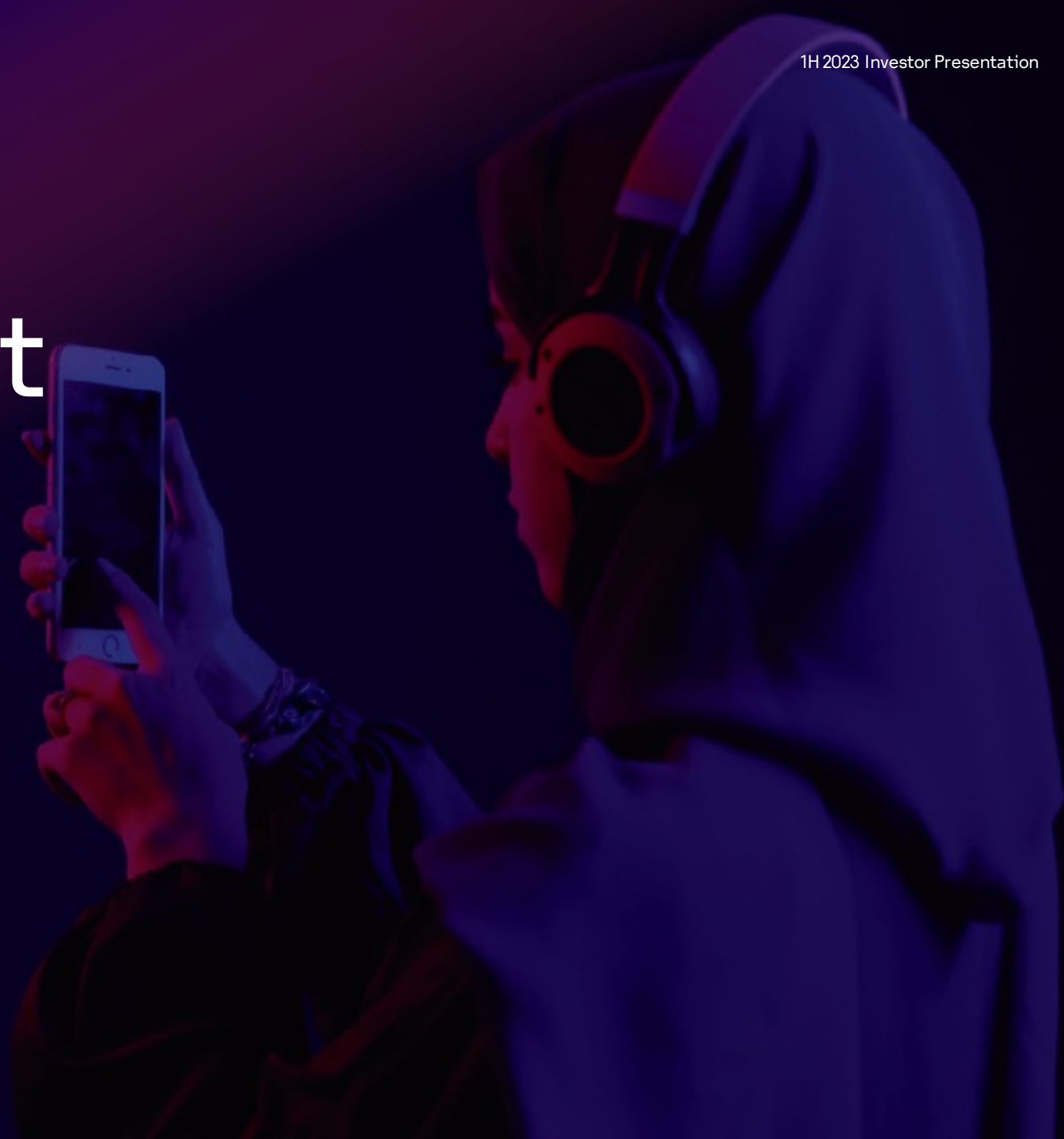
Inflation Rate (%)



Saudi Unemployment Rate (%)

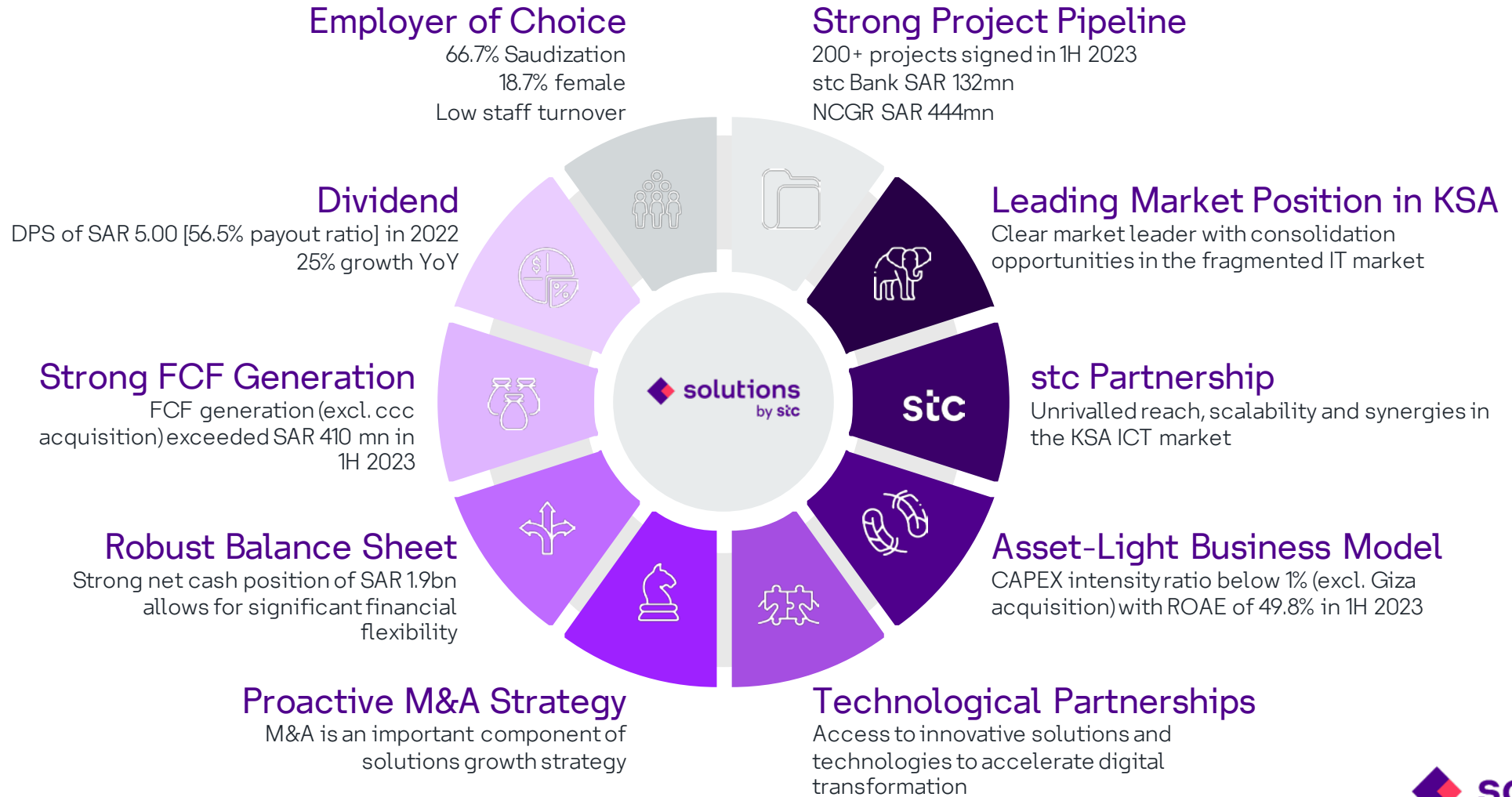


3 Investment Thesis



Investment Thesis Update

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



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.

4 Strategy Highlights



 solution's
Strategy

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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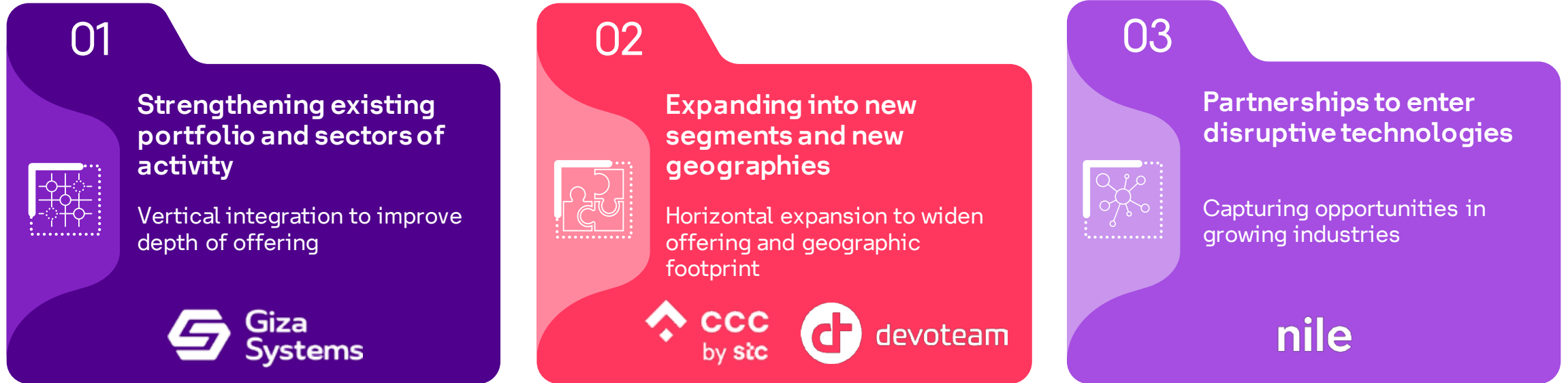


M&A Strategy



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 Overview

Binding offer for 40% of Devoteam announced on the 18th of June 2023



Transaction Details and Strategic Rationale

Transaction details:

- The binding offer to acquire 40% in Devoteam Middle East was announced on 18 June 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



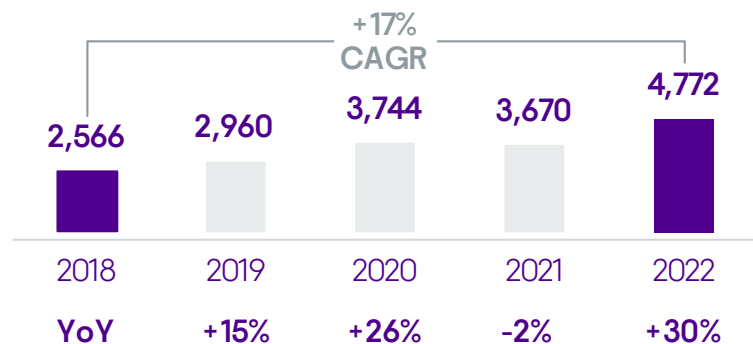
A person wearing headphones and holding a smartphone, with a large red number 5 overlaid on the image.

5 Historical financial performance

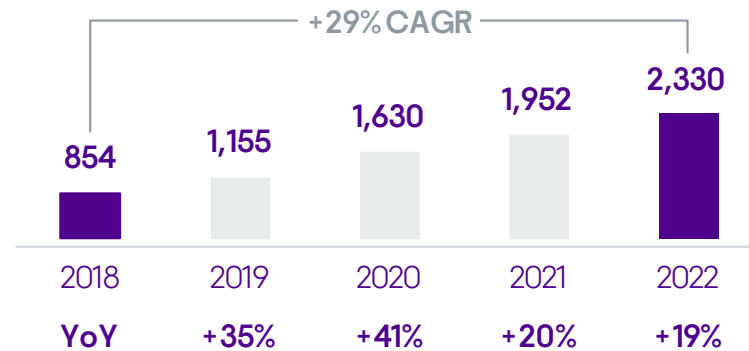
Historical financial performance

Expansion across all business segments and channels during the last five years...

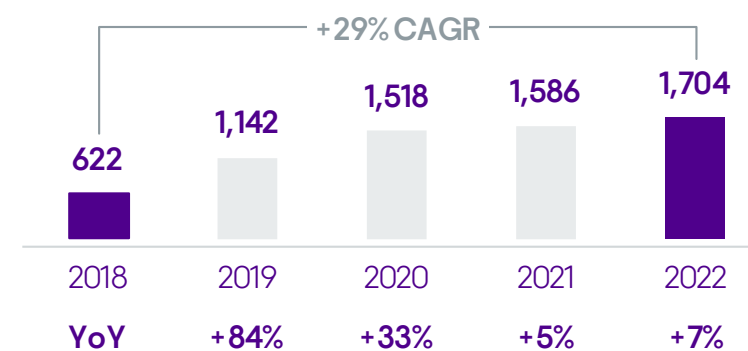
Core ICT Services Revenue Trend (SARmn)



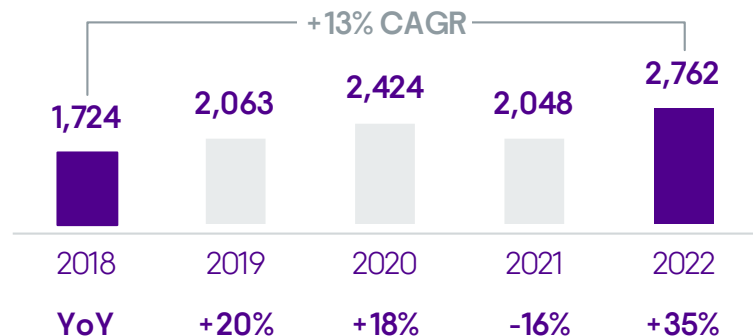
IT Managed & Operational Services Revenue Trend (SARmn)



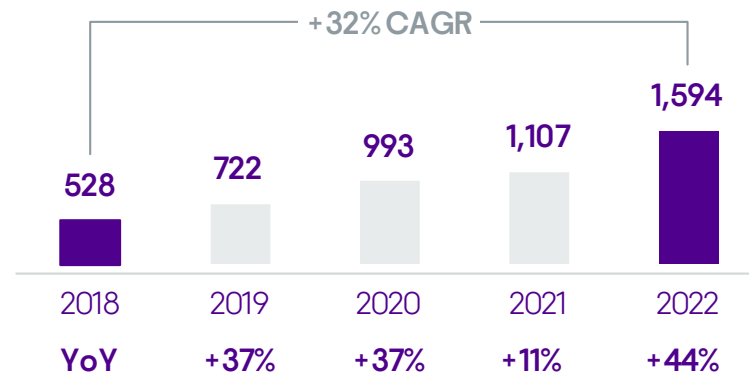
Digital Services Revenue Trend (SARmn)



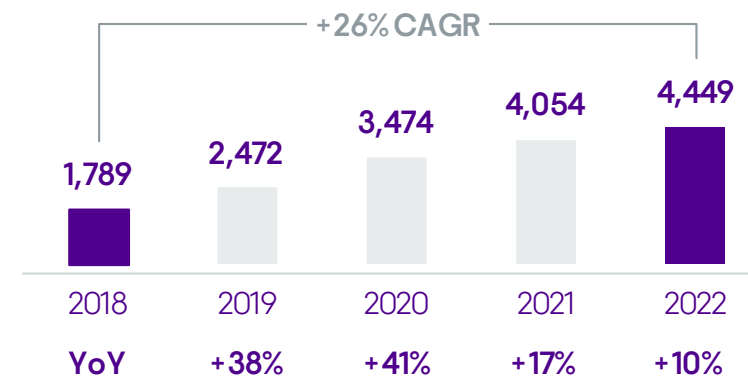
Revenue from stc (SARmn)



Revenue from Private Sector (SARmn)



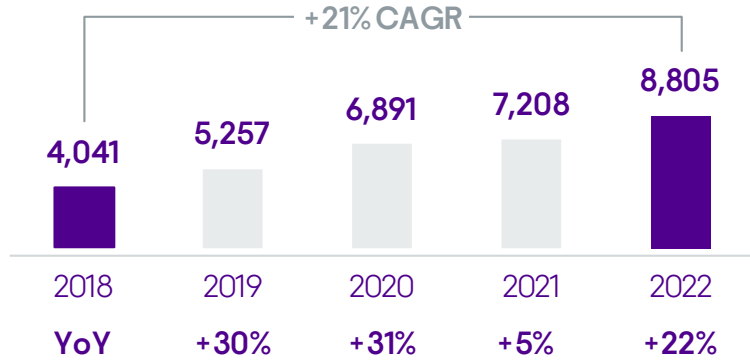
Revenue from Government (SARmn)



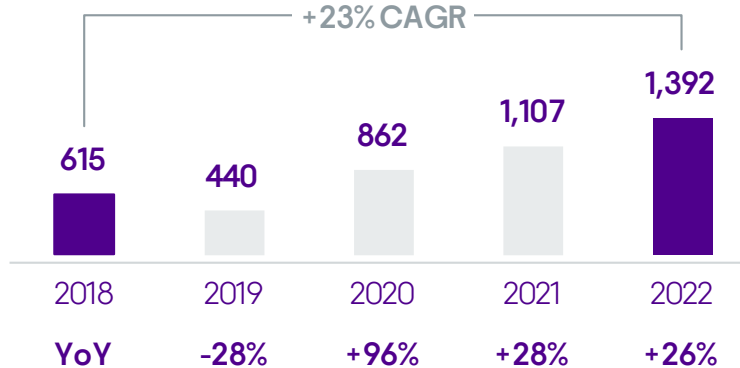
Historical financial performance

...resulted in consistent growth and solid profitability

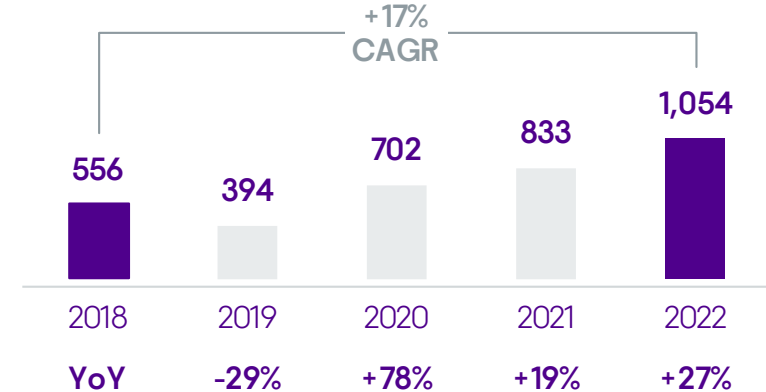
Revenue Trend (SARmn)



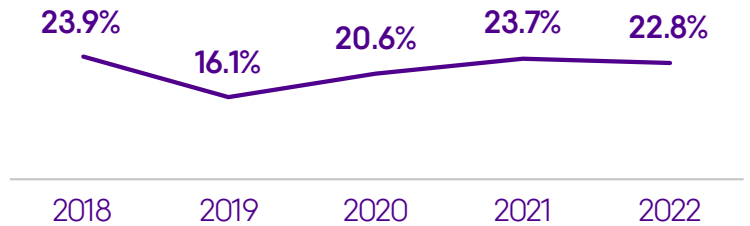
EBITDA Trend (SARmn)



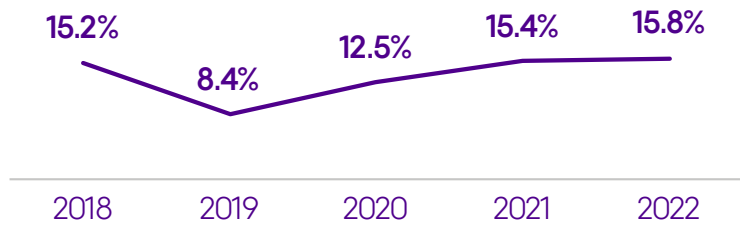
Net Profit Trend (SARmn)



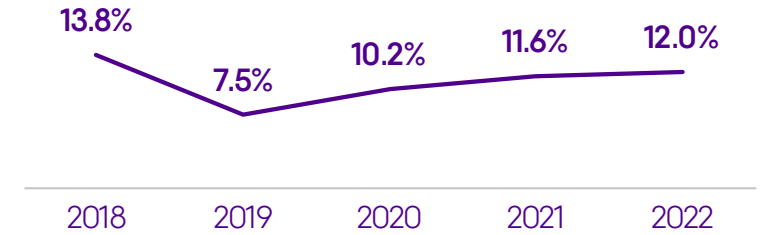
Gross Profit Margin (%)



EBITDA Margin (%)



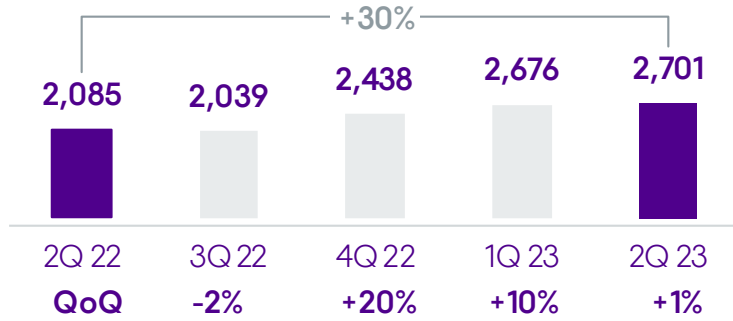
Net Profit Margin (%)



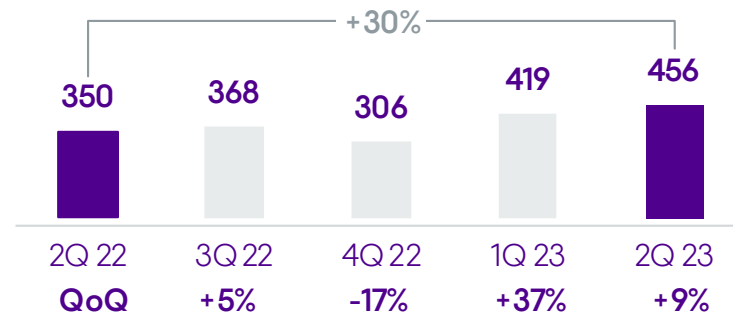
Quarterly financial performance

Solutions accelerated growth and improved margins in 2Q 2023

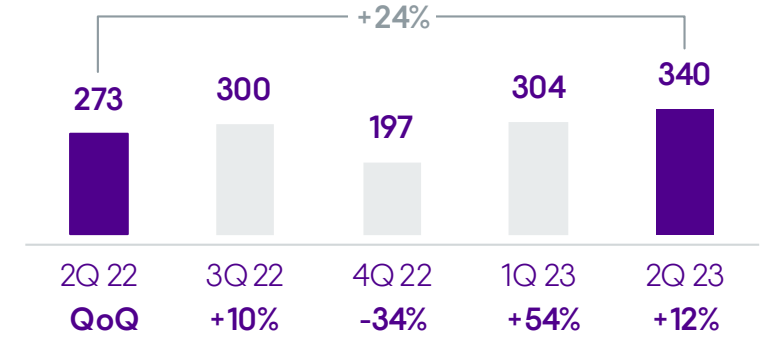
Revenue Trend (SARmn)



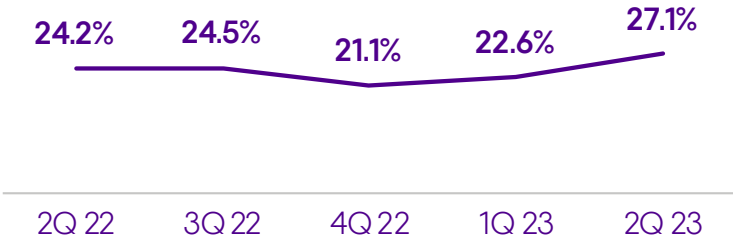
EBITDA Trend (SARmn)



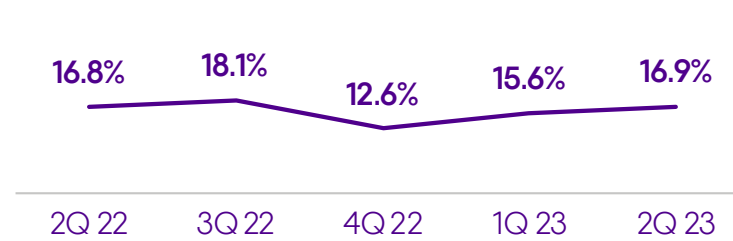
Net Profit Trend (SARmn)



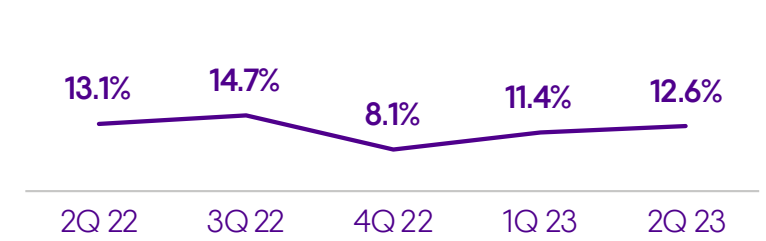
Gross Profit Margin (%)



EBITDA Margin (%)



Net Profit Margin (%)





Appendix



YtD performance vs. FY 2023 Guidance

Outlook, Guidance and Targets

solutions upgrades 2023 revenue growth guidance to 19%-22% from 16%-19% previously

	2023 Outlook	1H 2023 results	FY 2023 Guidance
Oil Price	\$75 / bbl		
KSA GDP Growth	1.9%		
KSA Fiscal Budget	SAR 16 bn surplus		
KSA IT Growth	2023: +12% 2022-2026 CAGR: 12.7%		
KSA IT Spending % of GDP	1.2%		
Revenue Growth		24%	19% to 22%
EBITDA Margin		16.3%	13% to 15%
Capex Intensity		0.9%	1.5% to 2%

b Awards

Awards

Awards, recognition, and certifications



tmforum

Implementation
Conformance Certificate
eTOM 20.5



Blue Ocean Award for supply
chain management from
IPSC



procurement
MIDDLE EAST

Procurement Digital
Transformation



Two Stevie Awards: Gold and
Bronze



solutions' CFO awarded CFO
of the Year 2021 (Public
Sector)



Best Work Environment for
Women



servicenow

IT and Customer Services
Digitization



CISO 50 and Future Security
Awards 2021 based on efforts
in security transformation
from Tahawultech.com



Certified Great Place to
Work for high-trust, high-
performing workplace
culture



Certified Dammam7DC Gold
by Uptime Institute



First place for quarterly
performance in most video
games from GAME MODE



Outstanding Change
Management Strategy Award
from the GCC GOV HR
Awards



Top 3 nominees for project
of the year from the Project
Management Institute



Appointed as Corporate
Members of the IAOP



Highly Commended Honour
at GLOTEL AWARDS 2021

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Thank You