

Company

Arabian Internet & Communications Services

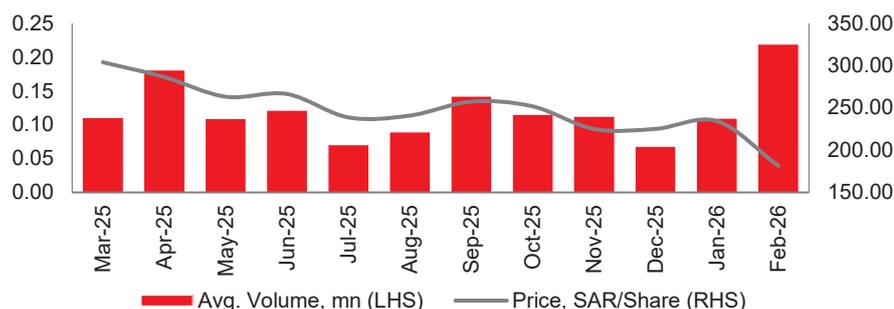
4Q25 Result Review

Rating**Buy****Bloomberg Ticker****SOLUTION AB****Date**

26 February 2026

Results

Target Price SAR	245.0
Total Return	39.7%

**4Q25 revenue growth meets our expectations**

Solutions by STC's revenue grew by 5% YoY in 4Q25. Revenue rose at a slightly better pace (+6% YoY) in FY25. The IT Managed & Operational Services segment clocked the highest growth rate (+10.4% YoY), followed by Core ICT Services (+3.2% YoY), and the Digital Services segment (+2.8% YoY).

Net profit decreases both in 4Q25 and FY25

Net profit declined by 15% YoY in 4Q25, and by 6% YoY in FY25. The FY25 net profit was primarily weighed down by increases in cost of revenue, G&A expenses, and the zakat & tax charge.

U Capital View

Solutions' FY25 profitability was hurt by one-off income and zakat provision reversal included in FY24. We expect the company to post improved performance from FY26 onwards, given its leading market position, strong parent support and a favorable environment for the tech sector. Hence, we maintain our price target on its stock.

Current Market Price (SAR)	181.4
52wk High / Low (SAR)	326.7/181.4
12m Average Vol. (mn)	0.1
Mkt. Cap. (USD/SAR mn)	5,803/21,768
Shares Outstanding (mn)	120.0
Free Float (%)	20.1%
3m ADTV (SAR mn)	27.1
6m ADTV (SAR mn)	28.9
P/E'26e (x)	12.6
EV/EBITDA'26e (x)	8.2
Dividend Yield '26e (%)	4.6%
Price Perf. (1m/3m) (%)	-22.1/-20.4

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For our last report

**Financial Summary**

SAR mn	4Q24	1Q25	2Q25	3Q25	4Q25	4Q25e	YoY	QoQ	Var.	FY24	FY25	YoY
P&L												
Revenue	3,731	2,824	2,902	3,098	3,907	3,871	5%	26%	1%	12,064	12,730	6%
Gross profit	738	616	656	707	699	755	-5%	-1%	-7%	2,783	2,678	-4%
Operating profit	406	371	446	462	362	405	-11%	-22%	-11%	1,661	1,641	-1%
Net profit	327	361	446	417	279	366	-15%	-33%	-24%	1,597	1,503	-6%
BS												
Sh. Equity	4,008	4,364	3,598	3,993	4,287		7%	7%		4,008	4,287	7%
Ratios												
GPM	19.8%	21.8%	22.6%	22.8%	17.9%	19.5%				23.1%	21.0%	
OPM	10.9%	13.1%	15.4%	14.9%	9.3%	10.5%				13.8%	12.9%	
NPM	8.8%	12.8%	15.4%	13.5%	7.1%	9.5%				13.2%	11.8%	
EPS, SAR	2.75	3.08	3.72	3.47	2.35	3.05				13.42	12.62	
RoE (TTM)					37.0%							
TTM P/E (x)					14.5							
Current P/B (x)					5.1							

Source: Financials, Tadawul, Bloomberg, U Capital Research

Disclaimer

Recommendation

BUY

Greater than +10%

HOLD

Between
0% and +10%

SELL

Lower than 0%

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