Company

Arabian Internet and Communications Services Co.

2Q26 Result Review

Rating

Buy

Bloomberg Ticker

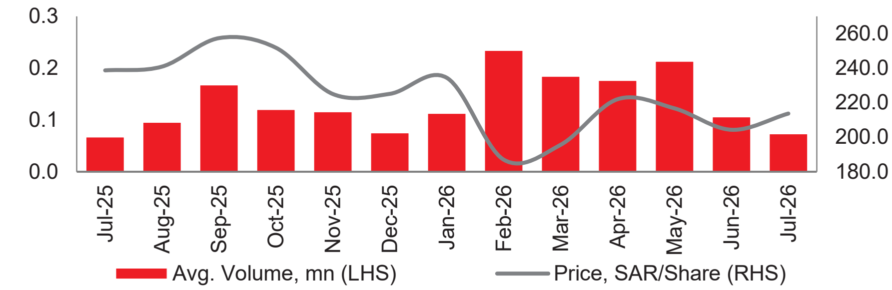
SOLUTION AB

Date

30 July 2026

Results

Target Price SAR	237.1
Total Return	15.5%



Current Market Price (SAR)	213.6
52-week High | Low	271.6 | 170.1
Price Perf. (1m | 3m)	4.5% | -3.9%
Mkt. Cap. (USD/SAR mn)	6,914 | 25,608
Free Float	21.0%
3m ADTO (000 shares)	109.2
6m ADTO (000 shares)	154.2
3m ADTV (SAR 000)	23,575.6
6m ADTV (SAR 000)	32,103.5
P/E 27e	14.5x
P/B 27e	4.7x
DY 27e	4.4%

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Revenue surged 12% YoY, in line with our estimates

The company posted 2Q26 revenue of SAR 3,240.0mn, up 12% YoY, in line with our estimates. For 1H26, revenue increased 9% YoY to SAR 6,243.0mn. The increase is primarily driven by momentum in each of Core ICT Services, growing by 28.6% YoY, and IT Managed and Operational Services by 3.3%.

Profitability up 2% YoY, ahead of our estimates

Net profit for 2Q26 increased 2% YoY to SAR 453.0mn. For 1H26, net profit stood at SAR 824.0mn. The growth was led by an increase in gross profit. However, the increase in operating and zakat expenses, absence of one-off gains, and lower finance income resulted in net margin compression.

U-Capital view

Strong topline growth and expansion of nearly 2% YoY in gross margins highlight the materializing benefit from projects mainly from Core ICT Services with government and selective private-sector contracts. The company has strong pipeline visibility, and we expect further growth in the medium term. The stock is currently trading at FY27e P/E of 14.3 with a dividend yield of 4.4%. We have a Buy rating on the stock with a target price of SAR 237.1/share.

Financial Statements

SAR mn	2Q25	3Q25	4Q25	1Q26	2Q26	2Q26e	YoY	QoQ	Var.	1H25	1H26	YoY
P&L												
Revenue	2,902.0	3,097.6	3,907.2	3,002.0	3,240.0	3,089.4	12%	8%	5%	5,725.0	6,243.0	9%
Gross profit	656.0	706.7	699.0	586.0	788.0	639.6	20%	34%	23%	1,272.0	1,374.0	8%
Operating profit	446.0	462.2	362.2	399.0	506.0	409.4	13%	27%	24%	817.0	905.0	11%
Net Profit	446.0	416.8	278.7	370.0	453.0	365.4	2%	22%	24%	807.0	824.0	2%
BS												
Shareholders' Equity	3,598.0	3,992.7	4,287.3	4,622.2	4,151.0		15%	-10%		3,598.0	4,151.0	15%
Ratios												
Gross margin	22.6%	22.8%	17.9%	19.5%	24.3%	20.7%				22.2%	22.0%	
Operating margin	15.4%	14.9%	9.3%	13.3%	15.6%	13.3%				14.3%	14.5%	
Net profit margin	15.4%	13.5%	7.1%	12.3%	14.0%	11.8%				14.1%	13.2%	
TTM RoE (%)					34.6%							
TTM P/E (x)					16.6							
Current P/Bv					5.8							

Source: Financials, Tadawul, Bloomberg, U Capital Research

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Greater than 10%	Between 0% and +10%	Lower than 0%

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