Solutions by STC (SOLUTION AB)

Buy: Growth momentum set to continue

Equities
Internet Software & Services

Saudi Arabia

- Reported results that exceeded guidance, generated strong cash flow, and raised dividend pay-out in 2023
- Multiple levers in place to exceed the conservative guidance; focus continues on bolt-on acquisitions
- Reiterate Buy with increased target price of SAR420 (from SAR375) as we roll forward our DCF valuation

Growth momentum set to continue in 2024: Solutions reported 25.4% y-o-y topline growth in 2023 (versus its guidance of 19%-22% in 9M2023), EBITDA margin of 15.1% (versus its guidance of 13%-15%) despite one off provisions/impairments and 13.2% y-o-y growth in reported earnings. Solutions has maintained its track record of exceeding its guidance across key metrics, strong cash flow generation, and the momentum around bolt-on acquisitions and contracts. Company also increased its dividend pay-out to 60% for 2023 versus 56% in 2022. We believe that revenue guidance of 8%-11% along with EBITDA margin guidance of 13%-15% for 2024e may prove to be conservative. In 2024 CCC will contribute for the full year, Devoteam will also add to the earnings while the additional PPP projects (Remat Riyadh) increase the percentage of recurring revenue/earnings for the business.

Robust balance sheet position, focus on bolt-on acquisitions: Solutions ended 2023 with net cash position of SAR2.73bn (6.3% of market cap) which can further support bolt-on acquisitions to drive growth in the near term. On 4 February 2024, Solutions completed a 40% stake acquisition in Devoteam Middle East at an EV of SAR741.7m, which could bring synergies with Solutions' core business (systems integration) and strengthen its leadership in the ICT market.

Private sector contribution increased: Solutions recorded growth in each customer segment. The private sector, a focus segment for Solutions, was up 48% y-o-y and its contribution increased to 21% (18% in 2022); STC contribution increased to 35% (from 31% in 2022) while the government exposure was limited to 44% (51% in 2022). The high margin business segments core ICT services maintained its contribution (54%) while IT managed services increased to 30% from 25% last year.

Maintain Buy and raise TP to SAR420: We view Solutions as a beneficiary of increased government spending and higher private sector capex on digitization initiatives amid a benign macro backdrop in Saudi. We raise our DCF-based TP to SAR420 (from SAR375) mainly on the back of the roll forward of our DCF to Feb 2024, implying a target PE multiple of 26.0x in 2025e which we think is warranted in the context of our estimated earnings CAGR of 23.9% during FY23-26e. Our target price implies c9.9% upside. We retain our Buy rating.

MAINTAIN BUY

TARGET PRICE (SAR)	PREVIOUS TARGET (SAR)
420.00	375.00

SHARE PRICE (SAR)	UPSIDE/DOWNSIDE
382.00	+9.9%

(as of 12 Mar 2024)

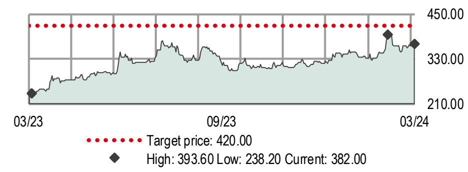
MARKET DATA

Market cap (SARm)	45,840	Free float	20%
Market cap (USDm)	12,222	BBG	SOLUTION AB
3m ADTV (USDm)	17	RIC	7202.SE

FINANCIALS AND RATIOS (SAR)

Year to	12/2023a	12/2024e	12/2025e	12/2026e
HSBC EPS	9.96	13.33	16.21	18.91
HSBC EPS (prev)	11.98	14.72	17.46	na
Change (%)	-16.9	-9.4	-7.2	na
Consensus EPS	10.95	12.70	14.64	16.83
PE (x)	38.4	28.6	23.6	20.2
Dividend yield (%)	1.6	2.1	2.5	3.0
EV/EBITDA (x)	25.8	20.2	16.7	14.1
ROE (%)	39.1	42.5	41.4	39.5

52-WEEK PRICE (SAR)



Source: Refinitiv IBES, HSBC estimates

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Disclosures & Disclaimer

This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it.

Issuer of report: HSBC Bank Middle East Ltd, UAE branch

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https://www.research.hsbc.com

Financials & valuation: Solutions by STC

Buy

Financial statements

Year to	12/2023a	12/2024e	12/2025e	12/2026e
Profit & loss summary (SARm)				
Revenue	11,040	12,789	14,610	16,264
EBITDA	1,669	2,068	2,436	2,782
Depreciation & amortisation	-234	-219	-231	-225
Operating profit/EBIT	1,387	1,829	2,184	2,537
Net interest	69	82	102	131
PBT	1,405	1,881	2,286	2,668
HSBC PBT	1,405	1,881	2,286	2,668
Taxation	-210	-281	-341	-398
Net profit	1,192	1,597	1,941	2,265
HSBC net profit	1,195	1,600	1,945	2,270
Cash flow summary (SARm)				
Cash flow from operations	1,715	2,207	2,312	2,663
Capex	-112	-155	-172	-188
Cash flow from investment	1,338	-155	-172	-188
Dividends	-595	-714	-956	-1,162
Change in net debt	-179	-1,338	-1,184	-1,314
FCF equity	1,604	2,052	2,140	2,476
Balance sheet summary (SARm)				
Intangible fixed assets	626	590	556	523
Tangible fixed assets	594	566	541	536
Current assets	9,446	11,223	12,924	14,644
Cash & others	2,588	3,926	5,110	6,424
Total assets	11,516	13,229	14,872	16,553
Operating liabilities	7,453	8,280	8,934	9,508
Gross debt	710	710	710	710
Net debt	-2,728	-4,066	-5,250	-6,564
Shareholders' funds	3,324	4,207	5,191	6,295
Invested capital	625	173	-22	-228

Ratio, growth and per share analysis

Year to	12/2023a	12/2024e	12/2025e	12/2026e
Y-o-y % change				
Revenue	25.4	15.8	14.2	11.3
EBITDA	19.9	23.9	17.8	14.2
Operating profit	19.5	31.9	19.4	16.1
PBT	19.9	33.9	21.5	16.7
HSBC EPS	13.5	33.9	21.5	16.7
Ratios (%)				
Revenue/IC (x)	24.5	32.1	194.3	-129.7
ROIC	283.5	407.8	2567.0	-1779.9
ROE	39.1	42.5	41.4	39.5
ROA	11.0	12.9	13.8	14.4
EBITDA margin	15.1	16.2	16.7	17.1
Operating profit margin	12.6	14.3	14.9	15.6
EBITDA/net interest (x)				
Net debt/equity	-81.4	-95.9	-100.4	-103.6
Net debt/EBITDA (x)	-1.6	-2.0	-2.2	-2.4
CF from operations/net debt				
Per share data (SAR)				
EPS Rep (diluted)	9.93	13.31	16.17	18.88
HSBC EPS (diluted)	9.96	13.33	16.21	18.91
DPS	6.00	7.97	9.68	11.30
Book value	27.70	35.05	43.26	52.46

Valuation data

Year to	12/2023a	12/2024e	12/2025e	12/2026e
EV/sales	3.9	3.3	2.8	2.4
EV/EBITDA	25.8	20.2	16.7	14.1
EV/IC	69.0	241.9		
PE*	38.4	28.6	23.6	20.2
PB	13.8	10.9	8.8	7.3
FCF yield (%)	3.5	4.5	4.7	5.4
Dividend yield (%)	1.6	2.1	2.5	3.0

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2023a
GHG emission intensity*	NA
Energy intensity*	NA
CO_2 reduction policy	No
Social Indicators	**12/2023a**
Employee costs as % of revenues	5.8
Employee turnover (%)	NA
Diversity policy	No

Governance Indicators	12/2023a
No. of board members	9
Average board tenure (years)	5.0
Female board members (%)	0
Board members independence (%)	33.3

Source: Company data, HSBC

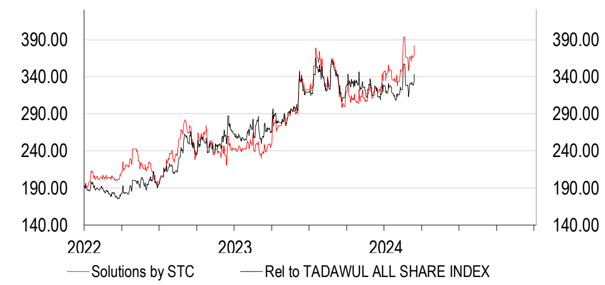
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (SAR)	382.00
Target price (SAR)	420.00
RIC (Equity)	7202.SE
Bloomberg (Equity)	SOLUTION AB
Market cap (USDm)	12,222

Free float	20%
Sector	Internet Software & Services
Country/Region	Saudi Arabia
Analyst	Ankur Agarwal, CFA
Contact	+971 4 423 6558

Price relative



Source: HSBC

Note: Priced at close of 12 Mar 2024

Investment thesis

Solutions continued its strong performance in 2023 as it delivered revenue growth of 25.4% y-o-y (vs its guidance of 19%-22%) as EBITDA margin came at the upper end of the guidance (13%-15%) at 15.1%. Reported EBITDA margins included one-off impairments/provisions and – if excluded – would have expanded 94bp to 16.8%.

Solutions has a track record of progressively raising its guidance which was the case since its listing, and we believe that amidst a benign macro backdrop of high oil prices, higher government spending, and private sector capex, 2024 will be similar. We believe the current 2024e revenue growth guidance of 8%-11% is conservative and expect Solutions to inch up the guidance through the year; hence we pencil in for revenue growth of 15.8% y-o-y for 2024e.

Solutions: Progressive guidance upgrades since IPO

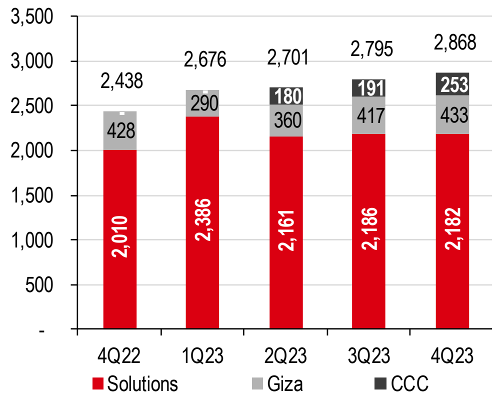
Guidance	During IPO			3Q 21	2021 Actual
Revenue	5% - 9%			5% - 9%	+13%
EBITDA margin	13.25%			13.3%	14.2%
Capex intensity	2.5%			2.5%	2.0%
Guidance	**At the Beginning**	**1Q 22**	**2Q 22**	**3Q 22**	**2022 Actual**
Revenue	5% - 9%	5% - 9%	9% - 11%	11% - 14%	+22%
EBITDA margin	13% - 15%	13% - 15%	13% - 15%	13% - 15%	15.8%
Capex intensity	2% - 2.5%	2% - 2.5%	1.5% - 2%	1.5% - 2%	1.5%
Guidance	**At the Beginning**	**1Q 23**	**2Q 23**	**3Q 23**	**2023 Actual**
Revenue	11% - 13%	16% - 19%	19% to 22%	19% to 22%	25%
EBITDA margin	13% - 15%	13% - 15%	13% - 15%	13% - 15%	15.1%
Capex intensity	1.5% - 2%	1.5% - 2%	1.5% - 2%	1.5% - 2%	1.0%
Guidance	**At the Beginning**				**HSBC estimate**
Revenue	8% -11%				15.8%
EBITDA margin	13% to 15%				16.2%
Capex intensity	1.0% to 1.5%				1.2%

Source: Company data, HSBC calculations

2023 performance outpaced IT services market

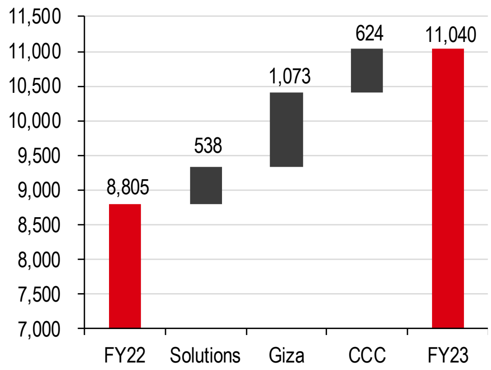
The revenue growth was primarily driven by strong growth in IT managed services (30% of group revenue) and Core ICT services (54% of group revenue), up 40% y-o-y and 26% y-o-y, respectively, boosted by the higher contribution from the acquisitions of CCC and Giza. While revenue growth excluding the two acquisitions was only 6%, management highlighted that they routed certain services through CCC and Giza, leading to a lower contribution from the Solutions legacy business. Overall, the recent acquisitions of CCC and Giza contributed 6% and 14% respectively to 2023 revenue, and we expect a higher contribution in 2024e due to CCC full year contribution in 2024e vis-à-vis nine months in 2023, which should also be supportive of the revenue trajectory.

Revenue breakdown by entity (SARm)



Source: Company Data

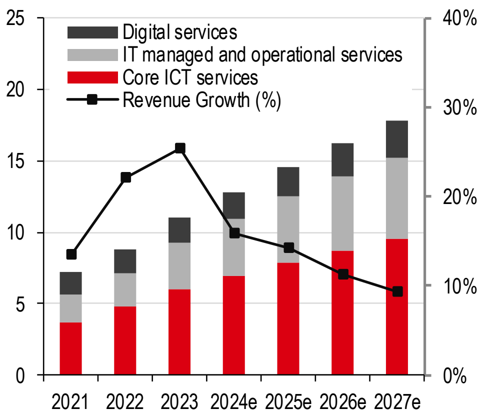
Incremental revenue contribution from recent acquisitions (SARm)



Source: Company Data

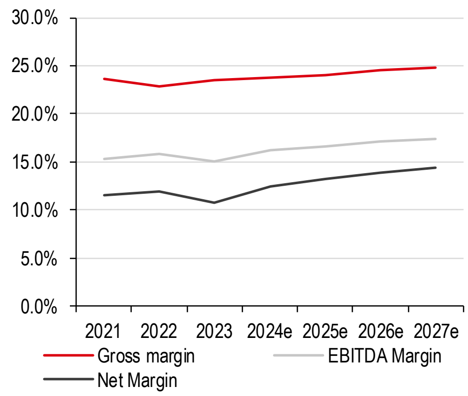
2023 EBITDA margin of 15.1% was negatively impacted from the one-off impairment charge on accounts receivables/contracts and still exceeded guidance of 13%-15% due to higher gross margin on the back of revenue mix. We expect 2024e gross margin to remain stable but expect lower provisions/impairments; and hence we expect EBITDA margin of 16.2% (vs guidance of 13%-15%). The net profit for 2023 was also affected by foreign exchange losses and higher ZAKAT expenses related to GIZA and CCC consolidation. We expect 2024e net profit excluding impairment/FX to grow 18% y-o-y especially on lower impairments. Further upside to our earnings estimate could arise from the contribution from its recent acquisition of a 40% stake in Devoteam which we have not reflected in our estimates.

core ICT and IT managed services continue to drive the growth (SARbn)



Source: Company data, HSBC estimates

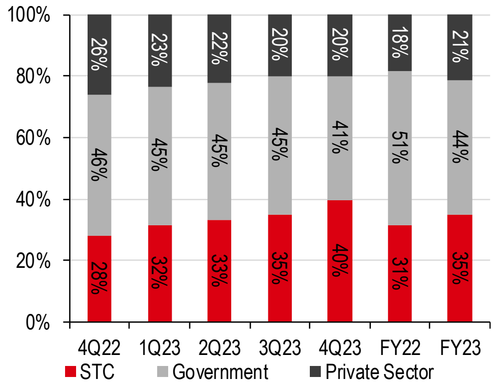
Revenue mix supporting margins which inch up in the medium term



Source: Company data, HSBC estimates

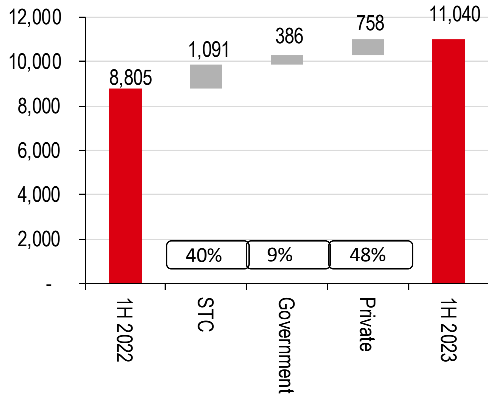
Strong private sector growth demonstrates its internal capabilities. During 2023, private sector revenue grew by 48% y-o-y, and the sector's contribution increased to 21% from 18% in 2022. The revenue contribution from STC increased to 35% (from 31% in 2022), while the dependency on the government sector is fading out, as revenue contribution was down to 44% from 51% last year.

Revenue contribution by customer type



Source: Company Data

Revenue movement by customer (SARm)*



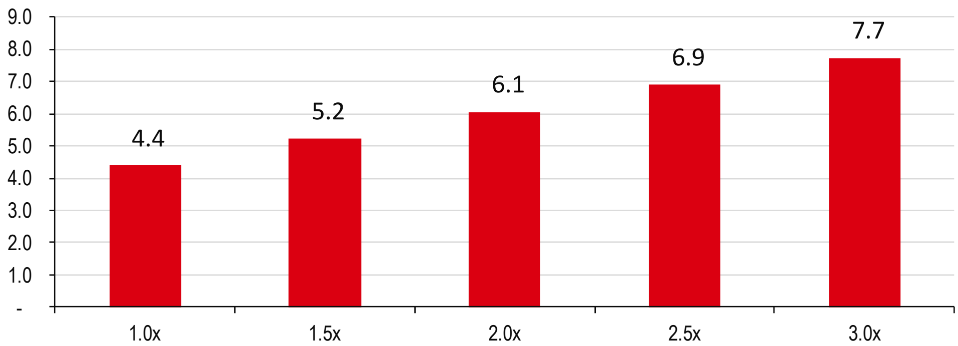
Source: Company data
*the % numbers denote y-o-y growth by customer type

Balance sheet strength to support multiple bolt-on acquisitions

The potential value accretive acquisitions supported by healthy balance sheet strength could be another catalyst for Solutions as it expressed its intentions to invest and partner with various ICT companies in the region and globally. Solutions had already integrated its recent acquisitions CCC and Giza, and these are instrumental in driving growth in 2023. During February 2024, it acquired a 40% stake in Devoteam Middle East at an enterprise value of SAR 741.7m. The Devoteam acquisition is a strategic fit as it generates synergies with Solutions' core business (systems integration) and strengthens its leadership in the ICT market. It also complements Solutions' offering with digital consulting and business transformation capabilities and reinforces its one-stop-shop value proposition for clients in the IT services market.

Solutions reported net cash of SAR2.7bn (6.3% of market cap) for 2023. We estimate that, based on 2023 EBITDA and assuming a Net Debt/EBITDA of 1.0x-3.0x, the company can easily deploy SAR4.4bn-7.7bn over a period of time on bolt-on acquisitions similar to the recently completed Giza Systems, CCC, and Devoteam transactions.

Solutions' balance sheet headroom assuming a Net Debt/EBITDA range of 1.0x to 3.0x 2023 EBITDA (SARbn)



Source: Company data, HSBC analysis

Solutions' recent investments aimed to drive growth and enhance internal capability

Announcement	Date of announcement	Value (SARm)	Stake	Period of financial impact	Business segment	Country
Investment in Nile's Next Generation Access Device for Enterprise Networks	1-Aug-23	USD175m from various investors*	NA	NA	Core ICT	USA
Solutions provides financing to Giza Arabia	27-Jul-23	233	Debt	for 3 years	Core ICT	Egypt
Devoteam SAS (France) and ORTLL Investment to acquire 40% stake in Devoteam Middle East	18-Jun-23	EV of 741.7	40.0%	Feb-24	Digital	KSA/ UAE
Acquisition of 100% of Contact Center Company (CCC)	3-Apr-23	450	100.0%	2Q 2023	IT managed	KSA
Completion of acquisition of stakes in Giza Systems Company and Giza Arabia	4-Oct-22	158	88.2%	4Q 2022	Core ICT	Egypt

Source: Company Data

*The investors include March Capital and Sanabil Investments, etc, along with strategic participation from Solutions, Prosperity7, Liberty Global Ventures, and STC CIF (Corporate Investment Fund)

Additionally, Solutions announced a series of new contracts with STC and others to provide ICT services across all its major segments. Beyond STC, it signed a contract with National Centre for Government Resources (SAR444m), Aramco (SAR329m), and Riyadh Municipality or Remat Riyadh (c5% of Solutions' revenue over the duration of the contract), which demonstrates its business capabilities and scope outside the support of STC. The Remat Riyadh contract is a recurring and growing revenue stream linked to the parking transactions in the city, and the company intends to focus on more such contracts in the medium term.

While the major contracts that they have announced are with STC or the government, the private sector was the fastest growing segment for Solutions in 2023. The new projects provide greater visibility on the order book but do not reflect the growing importance of the private sector, where they have multiple smaller clients. Recent acquisitions have also helped Solutions diversify its client base more towards the private sector.

Building strong order book through contracts from STC and Others

Material contract announcement	Date of announcement	Value (SARm)	Duration	Period of financial impact	Business segment	Country
Contract with STC						
Contract with STC to renew contract of bulk-SMS services	25-Jan-24	120	2 years	1Q 2024	IT managed	KSA
Contract with STC to renew the contract of Microsoft EA licenses with support services	15-Jan-24	191	3 years	1Q 2024	IT managed	KSA
Contract with STC to provide and manage software licenses for STC	9-Nov-23	112	3 years	4Q 2023	IT managed	KSA
Multiple contracts with STC to build, expand, and manage cloud infrastructure platforms	26-Sep-23	300	2 years	4Q 2023	IT managed	KSA
Contract with STC to establish and develop the internet and communications networks for STC	6-Aug-23	382	2 years	3Q 2023	Core ICT	KSA
Contract with STC Bank to provide managed SMS service	15-May-23	132	4 years	2Q 2023	IT managed	KSA
Contract with STC to provide bulk-SMS service and connecting Solutions devices to SMSC of STC	8-Dec-22	138	1 year	4Q 2022	IT managed	KSA
Several contracts with STC to provide IT managed and logistical services for a number of projects	1-Dec-22	373	3 years	4Q 2022	IT managed	KSA
Contract with STC to establish and develop the internet and communications networks for STC	6-Jul-22	298	2 years	3Q 2022	Core ICT	KSA
Contract with STC to execute Oracle software licenses renewal project	13-Apr-22	195	3 years	2Q 2022	Core ICT	KSA
Contract with STC to implement a Centralized Storage Server and Internet Gateway	29-Dec-21	156	2 years	1Q 2022	Core ICT	KSA
Contract with STC to operate, maintain and support, IT Components	27-Oct-21	140	2 years	1Q 2022	IT managed	KSA
Contracts with STC to support building a modern data center in NEOM.	24-Oct-21	201	3 years	4Q 2021	Core ICT/Digital	KSA
Contract with Others						
Framework agreement with Center3 to design and build the infrastructure for Data Center Halls and Meet Me Rooms	8-Feb-24	max 150	3 years	2Q 2024	Core ICT	KSA
Revenue sharing contract with Remat Riyadh Dev to build, manage, operate, and maintain smart public parking spaces in Riyadh City	23-Jan-24	+5% of Solutions revenues	10 years	3Q 2024	Core ICT/IT managed	KSA
Contract with Aramco to provide supercomputing infrastructure and related services	13-Nov-23	329	5 years	4Q 2023	Core ICT	KSA
Partnership with Nile to Deliver Secure Network as a Service	16-May-23	NA	NA	NA	Core ICT	KSA and GCC
Contract with National Center for Government Resources (NCGR)	26-Apr-23	444	42 months	3Q 2023	IT managed	KSA

Source: Company data

Summary of estimate changes

We reflect the strength of 2023 results excluding one-offs (impairments and FX), the company's track record of being conservative in its guidance, and broader outlook in our revised estimates.

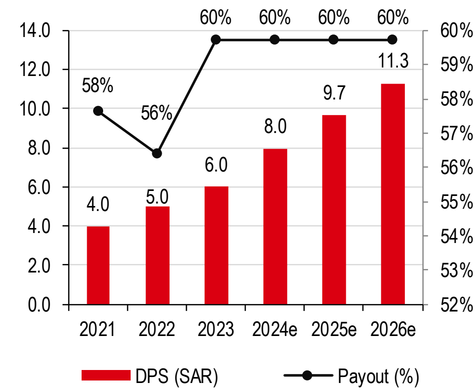
Our revenue estimate is higher than the traditionally conservative management guidance and higher than the KSA IT services market expected growth for 2024e and in the medium term. We expect EBITDA margins to be marginally above the 2023 margin and upper end of the margin guidance due to the revenue mix, as we do not foresee material one-offs such as impairment of receivables.

During 2023, Solutions recorded an FX loss of SAR54m, due to its exposure to Egypt as the currency devalued by c37%; the average SAR EGP rate of 5.137 in 2023 vs 8.182 in 2022. The EGP further devalued to 13.011 since the start of March 2024. About 70% of Giza revenues are dollarized, and management deployed effective hedging mechanism to mitigate the impact of FX losses on the remaining 30% of non-dollarized revenues. We do see natural hedging to FX loss, as most of the workforce is in Egypt; hence we factor for lower FX losses in 2024e. Further upside to our earnings estimate could arise from the contribution from its 40% stake in

Devoteam, which we did not incorporate in our estimates. Roll-forward of our DCF analysis to the end of February 2024, lower working capital, and higher net cash are key reasons for our revised target price of SAR420 (from SAR375), which implies an upside of 9.9%. We retain our Buy rating on the stock given its balance sheet strength, which we believe can support further bolt-on acquisitions and continued earnings momentum.

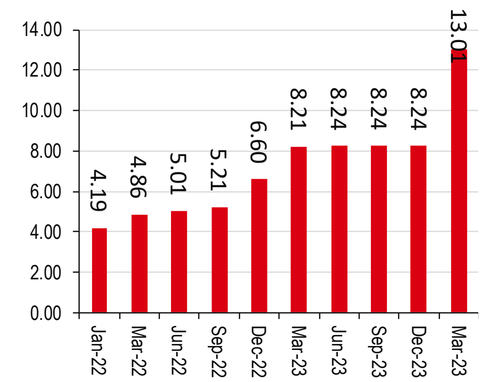
Solutions announced a dividend of SAR6.0 per share (SAR5.0 in 2022) which implies a pay-out ratio of 60% for 2023 (56% in 2022). We expect Solutions to continue a 60% pay-out ratio in the medium term. We introduce our 2026 estimates.

Solutions dividend evolution



Source: Company data, HSBC estimates

Devaluation of EGP vs SAR



Source: Refinitiv

Solutions – Summary of estimate changes, 2024e-2026e

SARm	New			Old			Change		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Revenue	12,789	14,610	16,264	12,609	14,598		1.4%	0.1%	
Growth (%)	15.8%	14.2%	11.3%	16.5%	15.8%				
Gross profit	3,037	3,519	3,983	2,967	3,436		2.4%	2.4%	
Margin, %	23.7%	24.1%	24.5%	23.5%	23.5%				
EBITDA	2,068	2,436	2,782	2,129	2,460		-2.9%	-1.0%	
Margin, %	16.2%	16.7%	17.1%	16.9%	16.9%				
EBIT	1,829	2,184	2,537	1,861	2,174		-1.7%	0.5%	
Margin, %	14.3%	14.9%	15.6%	14.8%	14.9%				
Net profit	1,600	1,945	2,270	1,767	2,095		1.4%	0.1%	
Margin, %	12.5%	13.3%	14.0%	14.0%	14.3%				

Source: Company data, HSBC estimates

Valuation and risks

		Valuation	Risks to our view
Solutions by STC SOLUTION AB **Buy**	Current price: **SAR371.00** Target price: **SAR420.00** Up/downside: **+9.9%**	Our DCF-based target price of SAR420 is derived using a WACC of 8.4% (unchanged). We determine our WACC based on D/V (where V=Debt + Equity) of 15%, beta of 0.8, equity risk premium of 6.5%, which is 100bp higher than our strategists' latest assumption of 5.5% for Saudi to reflect the greater risk of the IT sector and potential M&A in other markets beyond Saudi Arabia. We use a risk-free rate of 3.5%, in line with HSBC strategists' latest assumptions, and cost of debt of 5.5% (all unchanged). Our target price of SAR420.0 implies upside of 9.9% and we retain our Buy rating on the stock given its strong balance sheet, clear intent to pursue value-accretive bolt-on acquisitions, and our expectation of continued earnings momentum.	**Downside risks**: (1) Key customer concentration as STC, the largest shareholder, is also the largest single client; (2) further sell-down by STC; (3) increased competition from international and local players; (4) slowdown in IT spend by corporates; and (5) an increase in trademark fees from current levels.

Priced at 12 Mar 2024
Source: HSBC estimates

Disclosure appendix

Analyst Certification

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From 23rd March 2015 HSBC has assigned ratings on the following basis:

The target price is based on the analyst’s assessment of the stock’s actual current value, although we expect it to take six to 12 months for the market price to reflect this. When the target price is more than 20% above the current share price, the stock will be classified as a Buy; when it is between 5% and 20% above the current share price, the stock may be classified as a Buy or a Hold; when it is between 5% below and 5% above the current share price, the stock will be classified as a Hold; when it is between 5% and 20% below the current share price, the stock may be classified as a Hold or a Reduce; and when it is more than 20% below the current share price, the stock will be classified as a Reduce.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation or resumption of coverage, change in target price or estimates).

Upside/Downside is the percentage difference between the target price and the share price.

Prior to this date, HSBC’s rating structure was applied on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock’s domestic or, as appropriate, regional market established by our strategy team. The target price for a stock represented the value the analyst expected the stock to reach over our performance horizon. The performance horizon was 12 months. For a stock to be classified as Overweight, the potential return, which equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated, had to exceed the required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock was expected to underperform its required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands were classified as Neutral.

*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Rating distribution for long-term investment opportunities

As of 31 December 2023, the distribution of all independent ratings published by HSBC is as follows:

Buy	58%	(13% of these provided with Investment Banking Services in the past 12 months)
Hold	36%	(13% of these provided with Investment Banking Services in the past 12 months)
Sell	6%	(9% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see "Stock ratings and basis for financial analysis" above.

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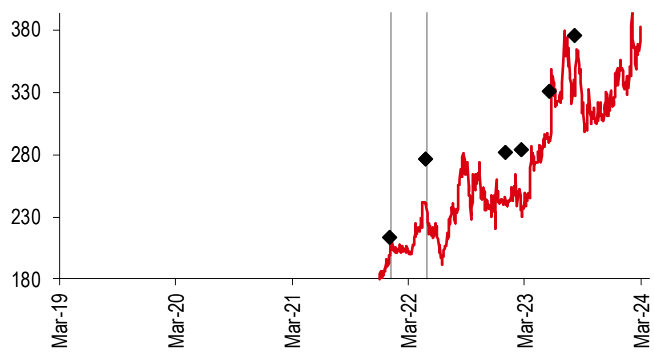
Share price and rating changes for long-term investment opportunities

Solutions by STC (7202.SE) share price performance SAR Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
N/A	Hold	17 Jan 2022	Ankur Agarwal
Hold	Buy	09 May 2022	Ankur Agarwal

Target price	Value	Date	Analyst
Price 1	213.00	17 Jan 2022	Ankur Agarwal
Price 2	276.00	09 May 2022	Ankur Agarwal
Price 3	281.00	15 Jan 2023	Ankur Agarwal
Price 4	283.00	05 Mar 2023	Ankur Agarwal
Price 5	330.00	31 May 2023	Ankur Agarwal
Price 6	375.00	20 Aug 2023	Ankur Agarwal

Source: HSBC

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HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price date	Disclosure
SOLUTIONS BY STC	7202.SE	382.00	12 Mar 2024	–

Source: HSBC

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